



Impact Report

Fair2C

Fiscal year 2021/2022

Introduction

Fair2C achieves its impact by enabling additional sales into the Fairtrade system through **prefinancing the production and export of certified products** (with a focus on coffee). This generates incremental income to smallholder farmers and a Fairtrade premium that they can then invest in the sustainable development of their communities.

The first impact report of Fair2C focuses on how its five investees contribute to selected Sustainable Development Goals (SDGs) with their Fairtrade sales and resulting premium:

- Global Cafes (Colombia)
- Lima Coffee (Peru)
- Asobagri (Guatemala)
- Procafe (Nicaragua)
- Norcafe (Peru)

FairCapital SA - Fair2C's investment manager - gives Fair2C access to a portfolio of Fairtrade producers as well as all administrative services. The information in this impact report comes from third-party sources, like audited financial statements of the investees, their internal documents or publicly available information.



Achievements so far

In its first full fiscal year, Fair2C has achieved the following...

Create a community of 50 cooperative members while gathering CHF 285'000 in capital

Establish a 3-persons independent Board with high-skilled finance, marketing and sustainability professionals

Work with 5 farmer cooperatives, supporting more than 3'700 small producers

Prefinance the harvest and export of almost 14 containers of coffee from 4 countries (Peru, Colombia, Guatemala, Nicaragua)

Contributions to SDGs

2 ZERO HUNGER



Target 2.3

"By 2030, double the agricultural productivity and incomes of small-scale food producers."

- Fairtrade conditions coupled with additional working capital for direct export increase incomes of farmers.
- 5/5 investees are farmer cooperatives who are Fairtrade certified. Therefore, they have access to Fairtrade minimum prices (safety net in case of price volatility) and premium (additional funds for sustainable development).
- Most cooperatives use some of the funds of the Fairtrade premium to renew their sustainability-related certifications, including Fairtrade, to keep benefiting from these trade conditions.



Contributions to SDGs

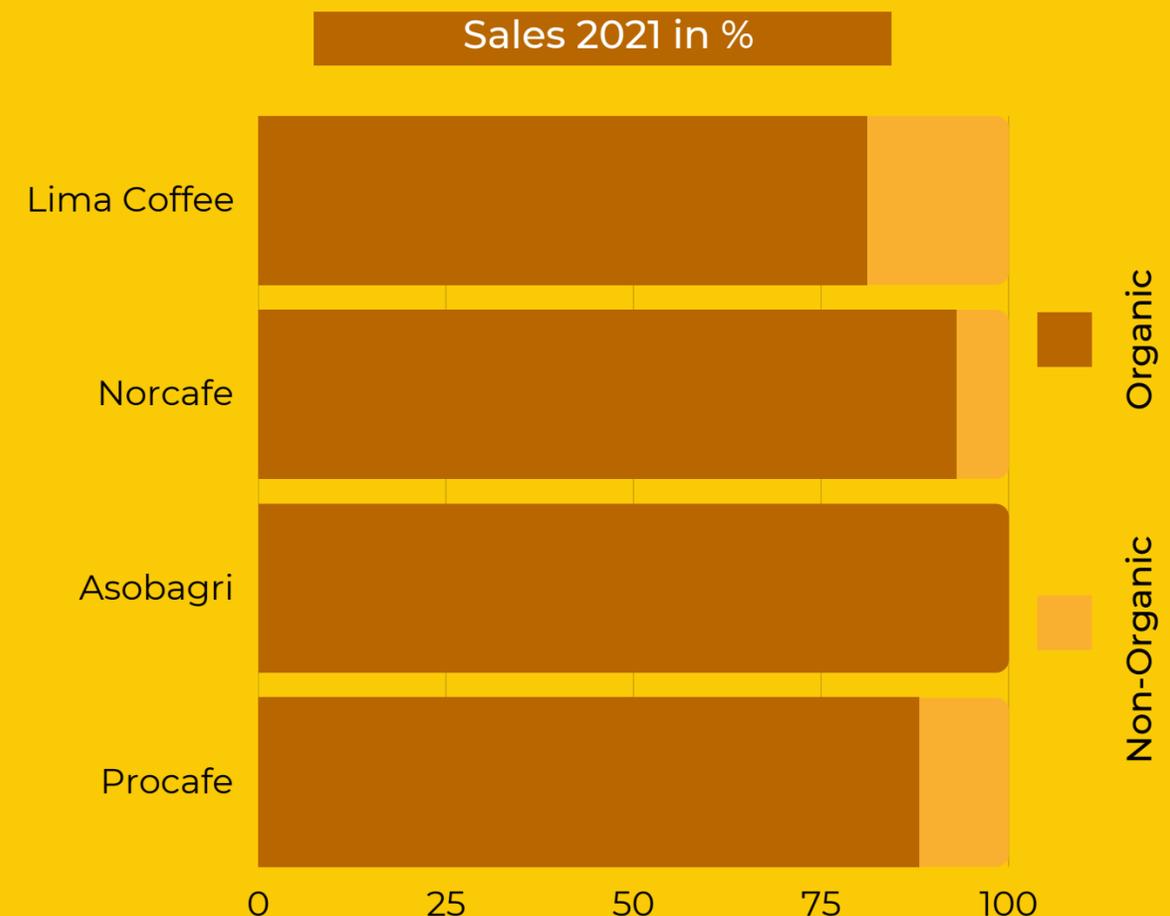
2 ZERO HUNGER



Target 2.4

"By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality."

- Cooperatives can demonstrate their commitment to a restorative and environmentally friendly production by exporting certified organic products.
- In addition to Fairtrade, **4/5 investees** also hold an organic certification. The percentage of sales classified as organic is high across these organizations (see figure).
- Plus, technical assistance enables to implement agricultural practices that improve productivity and protect the environment within farming communities. **5/5 investees** provide technical assistance to their farmers, using part of the funds of their Fairtrade premium.



Contributions to SDGs

1 NO POVERTY



Target 1.2

"By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty."

- In 2021, more than 3'700 farmers were part of the five investees' organizations.
- The investments of Fair2C enable farmers to increase their sales at Fairtrade prices and receive a higher Fairtrade premium.
- These additional funds improve their financial situation and contribute to reduce poverty in the rural communities where the investees operate.



Contributions to SDGs

1 NO POVERTY



Target 1.5

"By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters."

- The pandemic caused by the virus COVID-19 is a recent example of such a **collective crisis**. Asobagri and Global Cafes used their Fairtrade premium to support their members and employees during that time.
- Some cooperatives like Global Cafes allocate a fixed percentage of their Fairtrade premium to their equity. This enables them to be better prepared to face **unexpected events**.
- Cooperatives are also used to support their members in **personal crises**. With the Fairtrade premium, Asobagri offers its members assistance in case of emergencies and natural disasters, contributes to funeral costs or covers health expenses. Due to the lack of public healthcare, Procafe schedules medical consultations every week for its members and provides free medicines, also using the Fairtrade premium.





Contributions to SDGs

5 GENDER
EQUALITY



Target 5.5

"Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life."

- Investing in Fairtrade certified cooperatives means supporting the advancement of female farmers, as Fairtrade has been actively addressing the gender gap in agriculture.
- The Fairtrade standards – that cooperatives must respect in order to benefit of the Fairtrade conditions – were designed to foster gender equality, for instance with zero tolerance of discrimination or the local development of programs to support women. Fairtrade also encourages female participation in decision-making.
- Women fill key leadership positions on the board and management team of 3/5 investees. For example, in Procafe, 40% of the board of directors members and 60% of the management team (including the general manager) are women.

Contributions to SDGs

8 DECENT WORK AND ECONOMIC GROWTH



Target 8.2

"Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation."

- The Fairtrade premium especially helps cooperatives to offer good work conditions and the possibility for economic growth to their members, notably through the modernisation of operations and infrastructures. For instance, with the funds of the Fairtrade premium, Norcafe is setting up a laboratory, computer system and quality control in its premises.
- Cooperatives also modernize the infrastructure of their members. Procafe, Asobagri and Global Cafes all work on improving individual farms using the funds of the Fairtrade premium. For instance, by building individual wet mills or coffee dryers, installing moisture meters to control humidity, conducting soil analysis to determine the optimal fertilization, or improving wastewater management.



Global Cafes



Fair2C

Contributions to SDGs

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Target 12.3

"By 2030, halve per capita global food waste at the retail and consumer level and reduce food losses along production and supply chains, including post-harvest losses."

- Food losses in agriculture happen frequently in the Global South. With low and unstable market prices, harvesting can sometimes seem like a waste of money and time for the farmers. Lack of access to technology, training and adequate infrastructure for storage, processing or transport can also lead to a decline in product quality, reducing sales and income.
- Thanks to the Fairtrade minimum price, producers' vulnerability to volatile prices is reduced. In addition, the Fairtrade premium gives them the possibility to invest in their plantation whereas cooperatives are also encouraged to provide technical assistance.
- 5/5 investees use part of the Fairtrade premium they receive to offer technical assistance to their members and upgrade individual and collective infrastructures.





Contributions to SDGs

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Target 12.4

"By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle and reduce their release to air, water and soil."

- In addition to holding the organic certification, cooperatives can also show their commitment to sustainable production by reducing the chemicals used on their plantations.
- Organic fertilizers are alternative products that can be financed by the Fairtrade premium.
- For instance, Lima Coffee uses part of its Fairtrade premium to purchase organic fertilizers. Asobagri is even building its own installation to make organic fertilizers

Investees - Global Cafes

Global Cafes (FLO ID 30509) is a Colombian coffee cooperative which focuses on producing and selling conventional and Fairtrade coffee. The cooperative was founded in 2012 to support the development of its region by offering the best prices in the coffee market to the producers and selling high-quality and environmentally-friendly produced coffee. It also plans to get organic certified by 2023.

In addition to its 71 members, Global Cafes works with more than 1'000 producers. These non-members have shown a strong loyalty to the organization thanks to the high prices paid and the quality of the services and technical assistance provided.

Global Cafes received a loan from **FairCapital** to build its own warehouse at the end of 2020 and obtained a credit line for its 2022 campaign. The cooperative started to directly export in 2021, which increased its working capital needs. Therefore, last year, together with two of its members and FairCapital, **Fair2C** funded a CHF 250'000 financing facility to Global Cafes. This allowed the cooperative to export 6 coffee containers with contracts worth USD 559'125.





Investees - Lima Coffee

Lima Coffee (FLO ID 34573) is a coffee cooperative based in Peru that was founded in 2015. At the beginning of 2022, it counted with 881 active members. Lima Coffee produces and sells conventional, organic and Fairtrade coffee. In 2021, more than half of its sales were certified both Fairtrade and organic (FTO).

A first loan from FairCapital was disbursed to Lima Coffee in 2020, followed by a credit line in 2021 that was then renewed in 2022.

Moreover, in mid-2021, the cooperative received a USD 143'753 credit line from Fair2C to cover its extra working capital needs. This support enabled Lima Coffee to finance one container of FTO coffee with a contract worth USD 100'398, including a Fairtrade premium of about USD 8'600. In addition, Lima Coffee could also export half a container of organic coffee with a contract worth USD 79'699.

Investees - Asobagri

The Guatemalan organization **Asobagri** (FLO ID 877) was established in 1986 and formally legalized in 1989. Starting off with 20 producers, it currently counts 2'000 members. The cooperative focuses on the production and commercialization of Fairtrade and organic certified coffee. In 2021, 100% of its sales were organic and 83% also Fairtrade.

In late 2020, **FairCapital** successfully arranged a loan of USD 450'000 with other investors. This financing facility enabled Asobagri to build a new warehouse, providing more space for storage and export of additional coffee.

In early 2022, Asobagri required some additional support to export its coffee. Thus, together with three of its members, **Fair2C** provided a working capital facility of USD 200'000 to export two containers of FTO coffee. These contracts were worth USD 270'239 to Asobagri, including a Fairtrade premium of about USD 17'000.





Investees - Procafe

The Nicaraguan coffee cooperative Procafe (FLO ID 27124) counts with 204 members and buys conventional coffee from 165 other small producers. The cooperative was founded in 2001 to facilitate the international commercialization of the organic coffee produced by its members, improving their incomes and living conditions.

Procafe produces and sells mostly organic and Fairtrade coffee. In 2021, 88% of its sales were considered as organic, of which 32% were also Fairtrade certified. At the end of 2021, FairCapital provided Procafe with a credit line to finance its 2021-2022 coffee campaign.

As it needed additional working capital for that harvest, Fair2C (with a USD 100'000 loan from FairCapital) offered to Procafe a USD 250'000 credit line to export three containers of FTO coffee in March 2022. These contracts were worth USD 362'689 to Procafe, including about USD 25'800 of Fairtrade premium.

Investees - Norcafe

Based in Peru, Norcafe (FLO ID 34328) is a Peruvian coffee cooperative that was founded in 2015 to improve its 558 members' living standards while involving local youth in coffee farming. Norcafe produces and commercializes conventional and organic Fairtrade coffee. In 2021, 73% of its sales were certified both organic and Fairtrade (FTO), whereas 20% was organic and 6% Fairtrade.

In mid-2020, Norcafe received a first loan from FairCapital to prefinance its sales to international clients. The following year, FairCapital provided the cooperative with a credit which was then renewed in 2022.

As Norcafe's working capital needs significantly increased for the 2022 campaign, it also obtained an additional USD 150'000 credit line from Fair2C in May 2022. For now, this financing facility has enabled the organization to export one container of FTO coffee with a contract worth USD 118'805, including about USD 8'600 of Fairtrade premium.





Conclusion

The objective of this report was to show the impact of your contributions to the mission of Fair2C. The focus was set on Fair2C's five investees and their achievement of specific SDGs.

The organisations supported by Fair2C started as individual farmers who joined strength to improve their living conditions. The Fairtrade certification enabled them to obtain better prices and get access to international markets. Plus, the additional Fairtrade premium received has fostered their sustainable development. In turn, the financing provided by Fair2C contributed to increase the supply of Fairtrade certified products to its own members.

Thank you, Fair2C members! Your support allows more small producers to take full advantage of the Fairtrade system and ultimately reduce poverty in the Global South.

For more information,
write us at info@fair2c.ch

More about Fairtrade and
the SDGs under this [link](#).