

A man wearing a wide-brimmed straw hat and a blue striped shirt stands in a lush green coffee plantation. The background is filled with coffee trees and leaves, with sunlight filtering through the canopy.

Impact Report

Fair2C

Fiscal year 2022/2023

Word of the Board of Directors

Dear members,

In June, Fair2C completed its second full fiscal year. **And what a year it has been!** With the capital you have provided, we have successfully financed various Fairtrade certified small farmer organizations in Latin America. We have grown our community of impact investors and communicated actively on social media. Fair2C is committed to full transparency about the use of funds, and aims to bring consumers closer to the reality of small farmers.



Some of you donated your dividends from the fiscal year 2021-2022 to fund Fair2C's marketing activities. Thank you for your generosity! This will allow us to organize a promotional event in autumn 2023. We will be able to showcase the process behind Fairtrade coffee while raising awareness about Fair2C's mission and recruiting new members.

In August 2022, we welcomed Innovationsfonds der Alternativen Bank Schweiz as a member, a non-profit entity that supports and accompanies start-up projects on behalf of Alternative Bank Schweiz (ABS). The interest of an established institution such as ABS in Fair2C shows that our consumer cooperative has the potential to encourage a wider audience to support Fairtrade certified organizations. At Fair2C, we believe in Fairtrade because it enables small farmers in the Global South to sell their products on fair commercial terms, empowering entire rural communities.

Word of the Board of Directors

Despite rising interest rates, market volatility and banking system failures, Fair2C was able to provide financing facilities on stable terms. Our investees have managed to maintain operations and meet their obligations with coffee buyers and financiers. In these uncertain times coupled with extreme climatic events, Fair2C strives to be a strong partner for the farmer organizations we support.

In order to better protect coffee farmers, Fairtrade International has decided to increase its minimum price from USD 1.40 to USD 1.80 per pound of Arabica coffee (our investees' product), effective August 1, 2023. The premium paid for organic products will also change from USD 0.30 to USD 0.40 per pound. At Fair2C, we applaud this decision, which will help small farmer organizations face challenges such as abrupt changes in the market price of coffee, higher production costs or crop loss.

In the next fiscal year 2023-2024, we hope to significantly increase the number of Fair2C members. The more we grow, the more impact we will have on the small farmer organizations we work with! We thank you for your continued support and look forward to developing Fair2C with you.

Your Board of Directors,

Christine Hofstetter

Daniel Gerber

Claudia Hafner

Introduction

The FairCapital Consumer Cooperative (Fair2C) achieves its impact by enabling additional sales into the Fairtrade system through **pre-financing the production and export of Fairtrade certified products** (with a focus on coffee for now). This generates incremental and stable income to small farmers and a Fairtrade premium that they can then invest in the sustainable development of their communities.

This second impact report focuses on the contribution of Fair2C and its investees to the following Sustainable Development Goals (SDGs): 1. No Poverty, 2. Zero Hunger, 5. Gender Equality, 8. Decent Work and Economic Growth and 12. Responsible Consumption and Production. Only organizations that benefited from a financing solution from Fair2C during the fiscal year 2022-2023 are included:

- **Procafe** (Nicaragua)
- **Norcafe** (Peru)
- **Juan Santos Atahualpa (JSA)** (Peru)
- **Norandino** (Peru)
- **UCA SJRC** (Nicaragua)

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.



A close-up photograph of a coffee branch. The branch is covered with large, vibrant green leaves and clusters of coffee cherries. Some cherries are bright red, indicating they are ripe, while others are green, indicating they are unripe. The background is a soft-focus view of more coffee plants and a clear sky.

Who We Are



The Challenge

Fairtrade certified farmer organizations usually buy the product from their members and then sell it to their clients. However, they must have sufficient cash to pay farmers directly on delivery of the product, as it can take weeks or even months before the payment from the customer is received.

Access to prefinancing during the harvest season is therefore crucial.

Insufficient working capital means that farmer organizations cannot buy enough product from their members to export to international clients willing to trade at Fairtrade conditions.

In this situation, farmers are often forced to sell to local intermediaries at the market price (or below). They are therefore vulnerable to price volatility and receive no premium to invest in their farms or communities.

As a result, small farmers are unable to earn a decent income from their plantation and remain trapped in poverty.

Our Approach

Fair2C's Mission

Fair2C supports Fairtrade certified farmer organizations with financing solutions and helps raise awareness for Fairtrade Max Havelaar products. We are a community of impact investors, both private and legal persons, organized democratically as a cooperative where each member has a voice.

Financing Facilities

Credit lines are the most common form of financing provided by Fair2C. They help farmer organizations cover their financing needs during the harvest season. This enables them to buy more production from their members under Fairtrade conditions and then export it to their international customers.

Partnership with FairCapital

FairCapital SA has been appointed as service provider to Fair2C, giving the consumer cooperative access to a portfolio of 40+ Fairtrade farmer organizations as well as all administrative services. FairCapital's portfolio was initially developed with the support of institutional investors like Stiftung Abendrot.



Achievements

Develop a community of **55 cooperative members**, which includes both private individuals and legal entities.

Support **8 farmer organizations** representing over **11'000 small farmers** and their families in 4 countries of Latin America

Already gather **CHF 360k in capital** and ensure its rotation, providing **financing solutions for a total of USD 1.5M.**

Prefinance the production and export of **29 containers of coffee** (16 in the fiscal year 2022-2023).



Key Financial Information

Balance Sheet

Total Assets

USD 375'968 *

Total Liabilities with Third-Parties

USD 86'572

Total Shareholders' Equity

USD 289'396

*Most assets are credit lines to farmer organizations.

Profit and Loss Statement

Revenues

CHF 20'918

Operating Expenses (incl. audit and management fee)

CHF 7'216

Operating Result

CHF 13'702

Financial Expenses

CHF 1'509

Exchange Rate Loss (net of hedging)

CHF 8'000

Direct Taxes

CHF 606

Profit of the Year

CHF 3'587

A man wearing a red long-sleeved shirt and a straw hat with a black and white patterned band is shown in profile, working in a coffee plantation. He is reaching into a coffee bush, likely picking coffee cherries. The background is a lush green coffee plantation under a blue sky with light clouds.

*Contributions
to SDGs*

Contributions to SDGs

2 ZERO HUNGER



Target 2.3

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

Fair2C focuses on prefinancing the production and export of Fairtrade certified products because Fairtrade conditions coupled with additional working capital increase the incomes of farmers.

5/5 investees are farmer organizations who are Fairtrade certified.

As a result, they have access to the Fairtrade minimum price (safety net in case of price volatility) and the Fairtrade premium (additional funds for sustainable development).



Contributions to SDGs

2 ZERO HUNGER



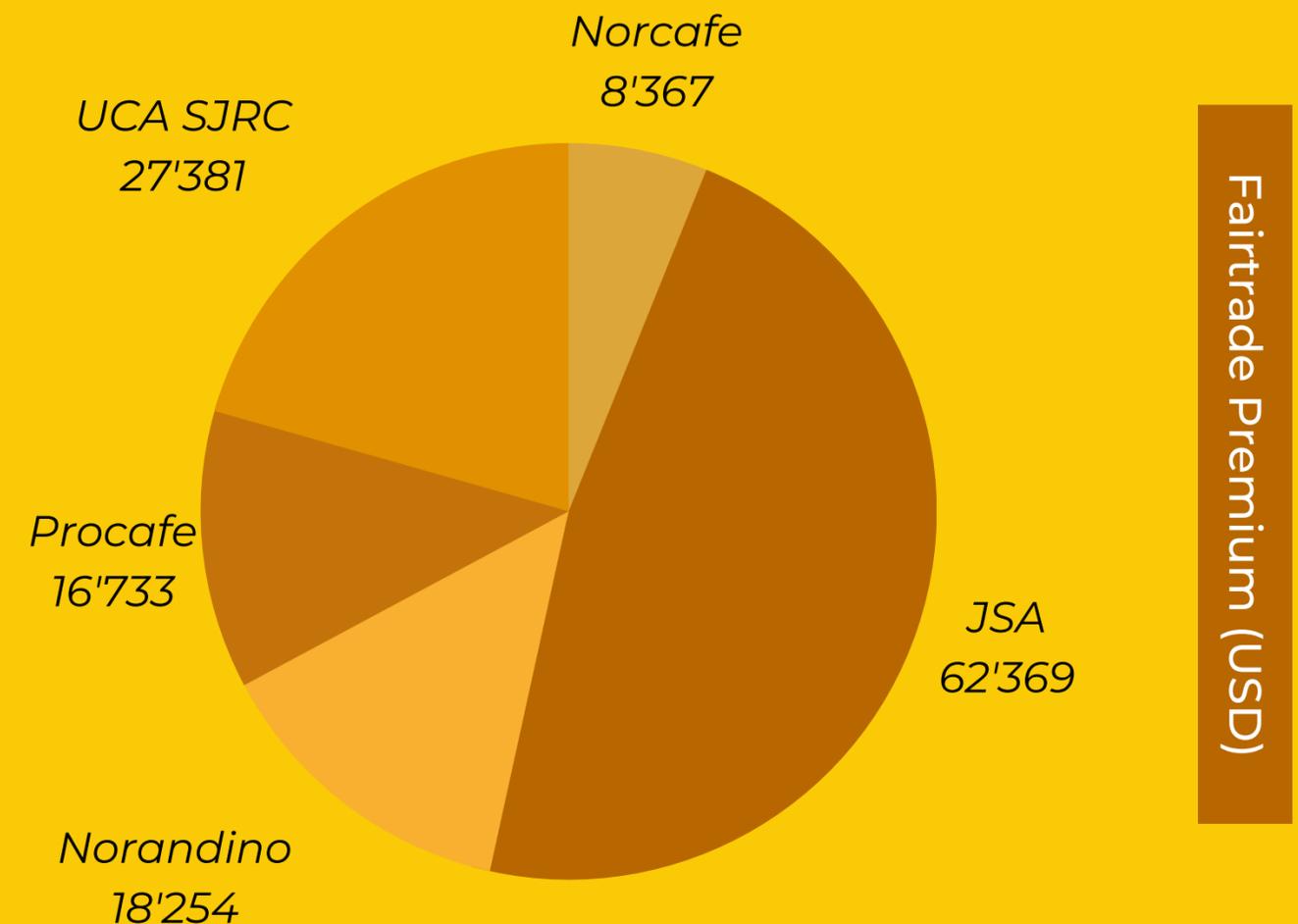
Target 2.3

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

In the fiscal year 2022-2023, Fair2C prefinanced 16 containers of Fairtrade certified coffee, which enabled investees to generate **additional revenues of USD 1'634'167**.

This includes **USD 133'704 of Fairtrade premium** (USD 0.20 per pound of coffee) (see figure) that the small farmers can spend as they see fit for the development of their community.

Farmer organizations distribute the Fairtrade premium in different projects according to a plan approved by the General Assembly. Examples of Fairtrade premium use will be provided later in the report.



Contributions to SDGs

2 ZERO HUNGER



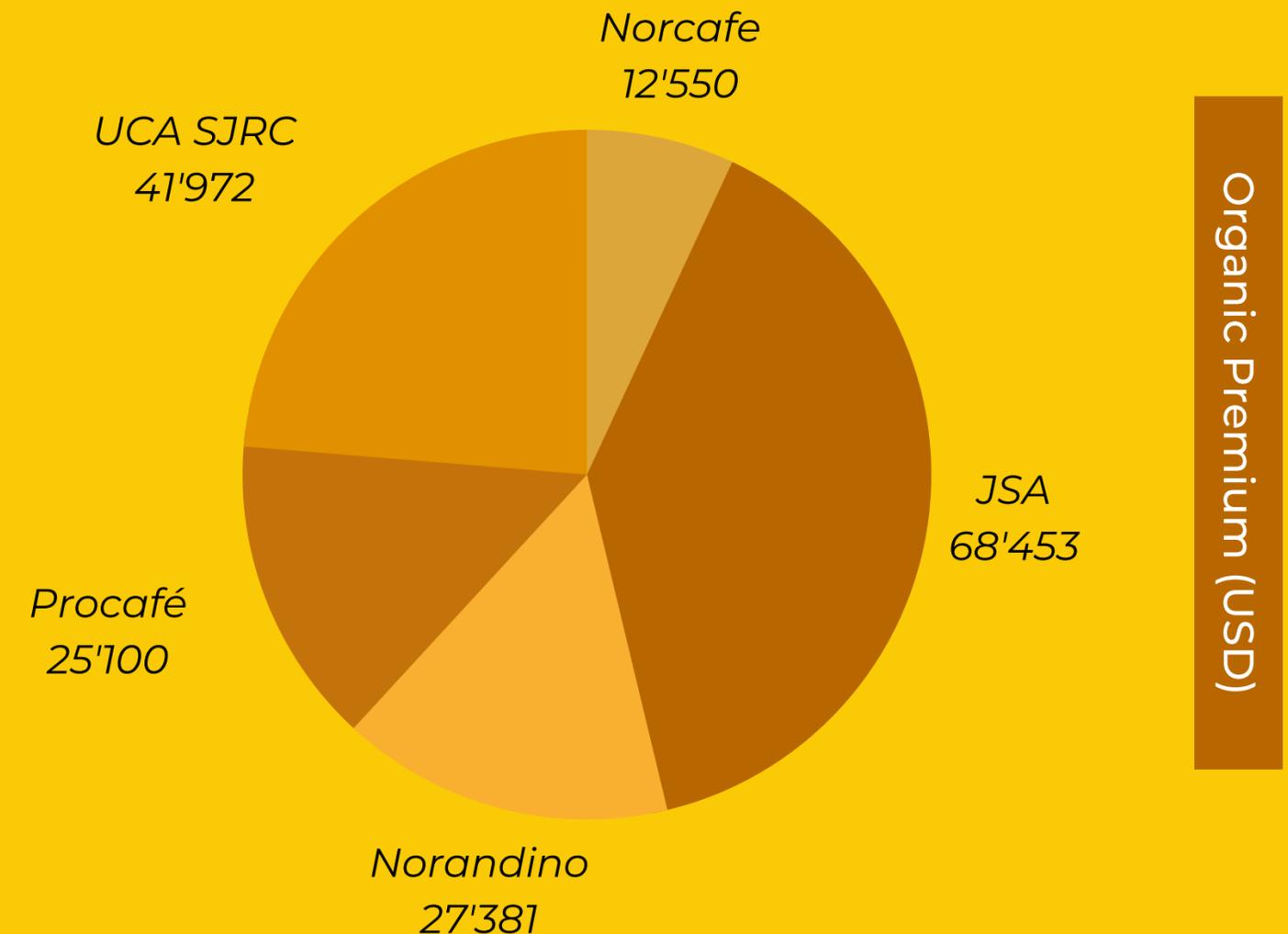
Target 2.4

"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."

In addition to Fairtrade, **5/5 investees** also hold an organic certification. By commercializing organic products, farmer organizations demonstrate their commitment to restorative and environmentally friendly production.

To incentivize farmers to get organic certified, they receive a premium of USD 0.30 per pound of organic coffee.

Of the 9 export contracts financed by Fair2C during the fiscal year 2022-2023, 8 were certified both Fairtrade and organic (FTO) and generated **USD 175'456 of organic premium** (see figure).



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."

Technical assistance enables the implementation of 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.

Over the last years, reforestation in the context of agriculture has also become a key issue. On a larger scale, since 2010 Norandino has been implementing one of the largest reforestation initiatives in the northern region of Peru.



Contributions to SDGs

1 NO POVERTY



Target 1.2

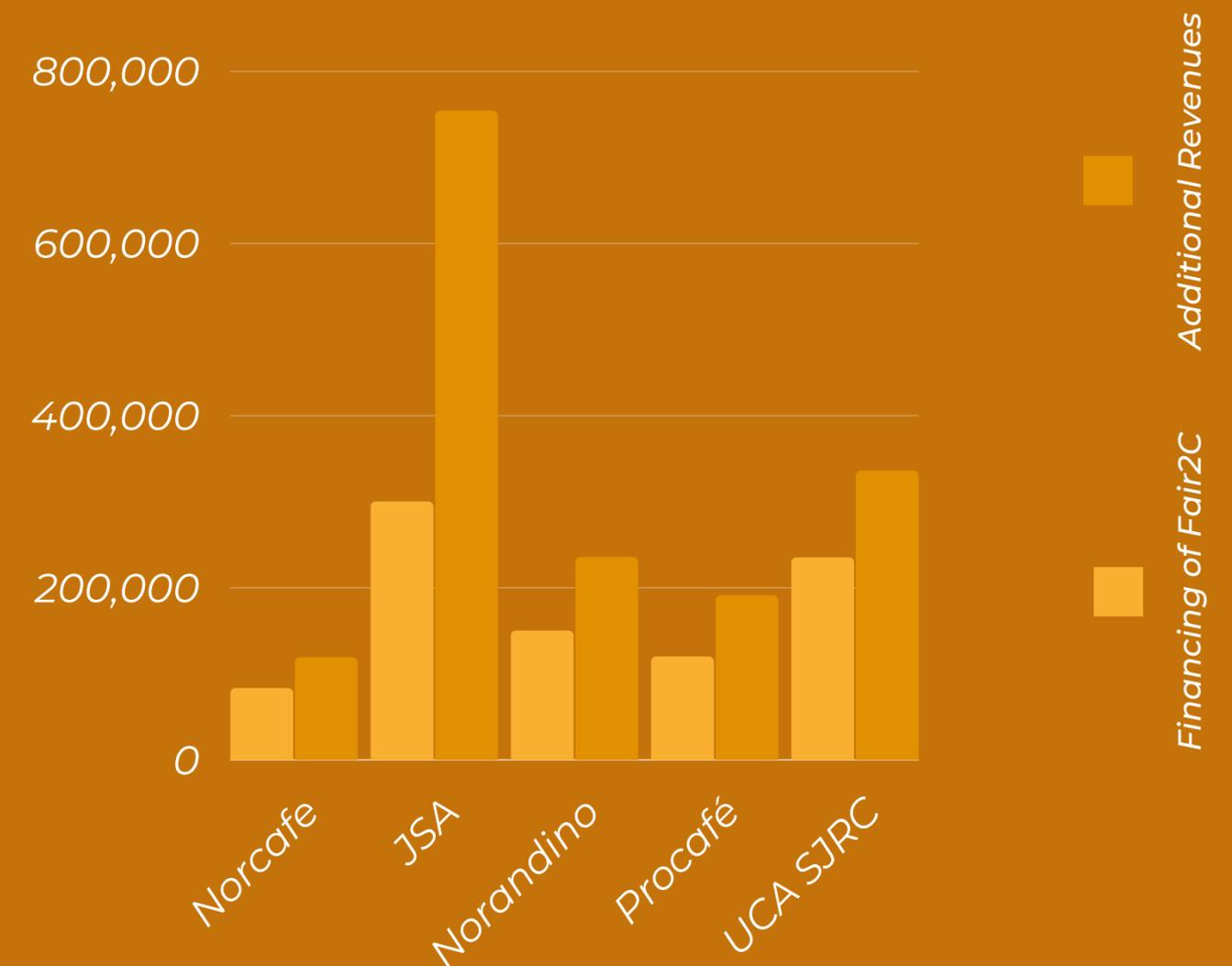
"By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty."

Fair2C has provided **credit lines** for a total of USD 805'000 to its investees during the fiscal year 2022-2023 (see figure). In addition, another credit line of USD 83'237 offered at the end of the previous fiscal year was used in the new term.

These credit lines resulted in the export of 16 containers, which generated USD 1'634'167 of additional revenues for the investees.

To access funds from their credit line, investees must submit commercial contracts to Fair2C. Once these have been approved, funds are disbursed.

Financing vs Revenues (USD)



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."

Thanks to the funds of Fair2C, **5/5 investees** were able to purchase more Fairtrade certified coffee from their members.

More than **8'600 farmers** were part of these organizations, all small farmers.

A better financial situation contributes 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."

Farmers face a diverse range of challenges, such as rising prices for agricultural inputs like fertilizers, extreme climatic events leading to crop loss, or sudden changes in market prices. To improve their resilience in the case of unexpected events, farmer organizations need to build up solid reserves. For instance, UCA SJRC placed most of its last Fairtrade premium in a capitalization fund to strengthen its equity.

The Fairtrade premium also helps cover administrative and selling expenses, thereby improving profitability and generating a positive net profit that can be retained in the reserves. Moreover, most farmer organizations use part of the Fairtrade premium to pay their members a higher price for the coffee they deliver, guaranteeing their loyalty and thus a constant supply of coffee.

In addition, farmer organizations usually support their members in personal crises. For instance, Procafe has set up a social fund with part of its Fairtrade premium. This fund contributes to funeral costs, supports schools and covers health expenses like doctor visits and medicines.



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."

Historically, women's ability to work in agriculture has been less recognized than that of men. Despite representing almost half of small farmers in developing countries, they do not benefit from the same support in accessing crucial resources such as land, machinery, or loans ([Oxfam](#), [Fairtrade](#)). Furthermore, existing social structures reserve unpaid farm work and household tasks for women, preventing them from investing in income-generating farming activities ([World Bank](#)).

As Fairtrade International is actively addressing the gender gap in agriculture, working with Fairtrade certified organizations means supporting the inclusion and empowerment of female farmers. The [Fairtrade standards](#) – which farmers must respect in order to benefit from Fairtrade conditions – are designed to foster gender equality, for instance by prohibiting discrimination and encouraging women's participation in decision-making.

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."

In Fairtrade-certified organizations worldwide, women represent 25% of all farmers and workers, not counting all those who work on their husband's or family's land. Close to this reality, Fair2C's investees boast an average of 27% women among their members.

Women fill key leadership positions on the management teams and/or boards of directors of **4/5 investees**. About half of the management team at Procafe and UCA SJRC is made up of women. Moreover, both organizations count with a woman as general manager. For Juan Santos Atahualpa, women hold four of the seven positions on the board of directors, including the president.

In addition, thanks to the Fairtrade premium received, Juan Santos Atahualpa and Norandino organize training sessions for their employees on subjects such as workers' rights, sexual harassment and women's empowerment.



Contributions to SDGs

8 DECENT WORK AND
ECONOMIC GROWTH



Target 8.2

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

5/5 investees use part of the Fairtrade Premium to modernize operations and infrastructure. This enables them to offer their members good working conditions and the possibility of economic growth.

- Juan Santos Atahualpa is setting up a laboratory for the physical and sensory analysis of members' coffee. It has also purchased two machines for drying coffee and a piece of land to build a new warehouse.
- Norandino focuses on maintaining its existing processing plants for coffee and brown sugar, upgrading certain parts to further improve quality.





Contributions to SDGs

8 DECENT WORK AND
ECONOMIC GROWTH



Target 8.2

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

Moreover, farmer organizations tend to modernize the infrastructure of their members as well.

- Procafe uses part of its Fairtrade premium to carry out maintenance work on its members' farms, always with the aim of improving coffee quality and overall productivity.
- With the same objective, UCA SJRC has created tree nurseries to renew the plantations and has improved the wet mill infrastructure for coffee processing, also using the Fairtrade premium received.

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 developing countries. With low and unstable market prices, harvesting can sometimes seem like a waste of money and time for 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, farmers' vulnerability to volatile prices is reduced. In addition, the Fairtrade premium gives them the possibility to invest in their plantation whereas farmer organizations 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 organic certifications, farmer organizations can also demonstrate 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, Juan Santos Atahualpa used part of the last Fairtrade premium received to buy organic fertilizers and distribute it to 215 of its members.

To help its members achieve proper fertilization using organic alternatives, UCA SJRC offers technical support using part of the Fairtrade premium funds.

A close-up photograph of a person's hands holding a bright yellow plastic basket. The basket is filled with numerous small, round, red coffee cherries. The person is wearing a light-colored shirt with a blue floral pattern and a blue and white checkered shirt underneath. The background is a soft-focus green field.

*Fair2C's
investees*



Fair2C's Investees

In that last part, you can find the description of the eight farmer organizations that were supported by Fair2C since the beginning of its operations:

- **Global Cafes** (Colombia)
- **Lima Coffee** (Peru)
- **Asobagri** (Guatemala)
- **Procafe** (Nicaragua)
- **Norcafe** (Peru)
- **Juan Santos Atahualpa** (Peru)
- **Norandino** (Peru)
- **UCA SJRC** (Nicaragua)

In addition, Fair2C has a partnership with Prospero, an Irish charity specialized in Fairtrade. In 2023, Fair2C provided CHF 50'000 to Prospero to lend it to the Guatemalan farmer cooperative Asobagri.

Global Cafes

Global Cafes (FLO ID 30509) is a Colombian coffee cooperative focused on the production and sale of conventional and Fairtrade coffee. The cooperative was founded in 2012 to support the development of its region. It offers the best prices on the coffee market to farmers and sell high-quality, environmentally-friendly coffee. Global Cafes also plans to obtain the organic certification by 2024.

In addition to its 80 members, Global Cafes works with 630 certified farmers and 500 other suppliers. These non-members have shown 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 began exporting directly in 2021, which increased its working capital needs. Therefore, in April 2021, together with two of its members and FairCapital, **Fair2C** funded a CHF 250'000 financing facility to Global Cafes. This enabled the cooperative to export 6 coffee containers with contracts worth USD 559'125.





Lima Coffee

Lima Coffee (FLO ID 34573) is a coffee cooperative based in Peru that was founded in 2015. At the beginning of 2023, it counted 814 active members. Lima Coffee produces and sells conventional, organic and Fairtrade coffee. In 2022, almost half of its sales were both Fairtrade and organic (FTO) certified.

A first loan from **FairCapital** was disbursed to Lima Coffee in 2020, followed by a credit line in 2021, which was then renewed in 2022 and 2023.

To cover its extra working capital needs, the cooperative received an additional USD 143'753 credit line from **Fair2C** in July 2021. This support enabled Lima Coffee to export:

- One container of FTO coffee with a contract worth USD 100'398 (including a Fairtrade premium of about USD 8'400)
- Half a container of organic coffee with a contract worth USD 79'699.

Asobagri

The Guatemalan organization **Asobagri** (FLO ID 877) was created in 1986 and officially legalized in 1989. Starting with 20 farmers, it currently counts 1'509 members. The cooperative focuses on the production and commercialization of Fairtrade and organic coffee. In the 2021-2022 campaign, 97% of its sales were certified as both Fairtrade and organic (FTO).

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

In January 2022, 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 represented a value of USD 270'239 to Asobagri, including a Fairtrade premium of about USD 16'700.





Procafe

The Nicaraguan coffee cooperative **Procafe** (FLO ID 27124) has 204 members and buys conventional coffee from 75 other small farmers. Founded in 2001, Procafe produces and sells mainly certified coffee. In 2022, 46% of its sales were considered both Fairtrade and organic (FTO).

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 25'100 of Fairtrade premium.

In November 2022, **Fair2C** offered Procafé a new USD 120'000 credit line. With these funds, the cooperative was able to export two containers of FTO coffee with a contract valued at USD 190'715, including a Fairtrade premium of about USD 16'700.

Norcafe

Based in Peru, **Norcafe** (FLO ID 34328) is a coffee cooperative founded in 2015 to improve the living standards of its 574 members while involving local youth in coffee farming. Norcafe produces and commercializes conventional and organic Fairtrade coffee.

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 line, which was then renewed in 2022.

As Norcafe's working capital needs increased significantly for the 2022 campaign, it also obtained an additional USD 83'237 credit line from **Fair2C** in May 2022. This financing facility enabled the organization to export one container of FTO coffee during Fair2C's fiscal year 2022-2023. The contract was valued at USD 118'805, including about USD 8'400 of Fairtrade premium.





Juan Santos Atahualpa

Operating since 2011, **Juan Santos Atahualpa** (FLO ID 29078) currently has 648 members. This Peruvian cooperative focuses on the production and commercialization of certified coffee. In 2022, 65% of its sales were certified both Fairtrade and organic (FTO), 21% organic and 13% Fairtrade (FT).

Exports to international clients represent a majority of the organization's sales (72% in 2022). In 2021, **FairCapital** provided Juan Santos Atahualpa with an initial credit line to finance its harvest campaign. This financing was then renewed in 2022 and 2023.

Fair2C provided the cooperative with an additional USD 150'000 credit line in August 2022 and another of the same amount in May 2023. This continued support enabled Juan Santos Atahualpa to export:

- Two containers of FT coffee with a contract valued at USD 224'307 in 2022 (including a Fairtrade premium of about USD 16'700)
- Five and a half containers of FTO coffee with contracts worth USD 529'351 in 2023 (including a Fairtrade premium of about USD 45'600) thanks to the possibility of rotating the credit line.

Norandino

Founded in 1995, **Norandino** (FLO ID 18075) is a Peruvian organization that regroups 13 associations and cooperatives. It counts a total of 6'778 members, all small farmers. Due to its size, Norandino has its own transformation facilities, also offering processing services to neighboring cooperatives.

Norandino commercializes coffee, granulated brown sugar, cocoa beans and its derivatives, most of them with certifications like Fairtrade or organic. In 2022, international coffee sales accounted for 65% of its operating income. The majority (65%) was certified both Fairtrade and organic (FTO).

In addition, since 2010, the farmer organization has been implementing one of the most important initiatives of reforestation in the northern region of Peru. It received the GOLD standard certification in 2014, which allows Norandino to trade carbon credits on the voluntary market.



FairCapital offered the organization a credit line in September 2022 to facilitate its coffee exports. Nevertheless, due to the scale of Norandino's operations, additional working capital was required. In October 2022, **Fair2C** was able to cover part of these needs with a USD 150'000 credit line. This enabled Norandino to export two containers of FTO coffee with a contract worth USD 235'297, including a Fairtrade premium of about USD 18'200.



UCA SJRC

UCA SJRC (FLO ID 2967) is a Nicaraguan union of 8 smaller cooperatives, which has brought together 472 small coffee farmers. Its objective is to support the socio-economic development of its members while promoting entrepreneurial vision.

The organization has focused on the production and commercialization of organic coffee since the start of its operations in 1993. During the 2021-2022 campaign, over 90% of its sales were Fairtrade certified, the majority of which also organic.

A first credit line from **FairCapital** was disbursed to UCA SJRC at the end of 2021 and was then renewed one year later. In February 2023, **Fair2C** also supported the organization with a USD 235'000 credit line to export three containers of FTO coffee during its 2022-2023 coffee campaign. These contracts were worth USD 335'693 to UCA SJRC, including a Fairtrade premium of about USD 28'000.

Conclusion

The objective of this report was to show the impact of the capital you have provided to the mission of Fair2C. The focus was set on the contribution of Fair2C and its investees to the 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 farmers 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](#).