

**ANNUAL REVIEW**

**2011**

**SHARED INTEREST**  
**FOUNDATION**

*Building a fairer world*



# CONTENTS

SHARED INTEREST FOUNDATION	01
REVIEW OF THE YEAR	02
FINANCIAL OVERVIEW	03
RWANDAN PRODUCER SUPPORT PROJECT	04
SWAZILAND PRODUCER SUPPORT PROJECT	06
OTHER PROJECTS	08
AIMS FOR 2012	12

## SHARED INTEREST FOUNDATION



Shared Interest Foundation is an international development charity based in the North East of England. Established in 2004, the charity offers funding, education and training in order to improve livelihood opportunities for people in the developing world.

Working with a number of ethical and fair trade partner organisations, including the World Fair Trade Organisation (WFTO), training projects remain the main focus of the Foundation's operations.

To date, most of the Foundation's work has taken place in Africa in collaboration with a number of partners on the ground, including various local non-government organisations (NGOs), to ensure its projects are

appropriate to the local context and the needs of beneficiaries. The beneficiaries' working ventures are either fair trade registered or operating within fair trade principles.

A Livelihood Security Fund has also been implemented by Shared Interest Foundation, which is specifically for use by businesses that have suffered from unexpected threat-inducing incidents such as natural disasters.

As a member of the Fairtrade Foundation, Shared Interest Foundation supports its work promoting Fairtrade to consumers, and also works alongside Shared Interest Society: sharing its aim to help even the most marginalised of communities to build a more sustainable future by accessing the fair trade market.

# REVIEW OF THE YEAR

BY SHARED INTEREST CHAIR, KATE PRIESTLEY



I feel that I can speak from the heart as well as from personal experience in opening the very first standalone Annual Review for Shared Interest Foundation.

I was lucky enough to join Foundation Manager, Andrea van Wagtendonk in Rwanda as she completed the final evaluation of our Big Lottery funded three-year project there in the summer. Seeing at first hand the impact of our work was a huge privilege. We were welcomed everywhere with genuine warmth. Most importantly I was able to see real evidence of sustainability and impact in the projects I visited; although the project has reached its end, the Foundation's legacy will live on in producers' livelihoods for many years to come, and we would like to implement some follow up work should further funding make this a possibility.

As we look back on our Rwanda project, however, we are also looking forward with our Swaziland project, which began in October 2010. Funded with a grant of £502k from Comic Relief, we have recruited all of our in-country staff, established a new office and begun the training. These developments will enable the training of 135 businesses over the project's three-year life span. Alongside this, extensive research has been carried out into the needs of Ethiopian coffee farmers, which we hope to see come into fruition in 2012 with a pilot training course. In South Africa, our craft development project has seen us raise £16k in order to continue our work with in-country partner Fetola, while we awarded two grants through our Livelihood Security Fund.

There cannot be any UK charitable organisation that has not been affected by the effects of the challenging economic climate. In light of this, Shared Interest Foundation's achievements this year have been a source of pride and we wish to thank all of our staff, volunteers, donors, funders and supporters in making our plans become reality. Next year will see us working to diversify our income sources even further, particularly in relation to the unrestricted income needed for project development. Individual donations are essential in the planning stages of all projects as this unrestricted income enables us to research potential projects and run pilot schemes which help to secure further funding and grants from organisations such as the Big Lottery Fund and Comic Relief.

When you remember that through our Swaziland project alone, we estimate that over 3,000 people will benefit, and in Rwanda the income of 50 businesses has more than doubled following our work there, it is vital that we are able to channel funds where they are needed most and continue to ensure that more communities are given the support they require in order to earn the fair living they deserve.

## FINANCIAL OVERVIEW

Shared Interest Foundation relies on two main funding streams, restricted and unrestricted funding.

Our larger projects which are funded by organisations such as the Big Lottery Fund and Comic Relief are restricted as the money received can only be used to support these specific projects.

Unrestricted funding comes from individual and group donors. These funds are much more flexible and can be used to support a variety of projects. Unrestricted income for the year was £100k below budget, reflecting the challenging economic climate in which we are working.

Unrestricted project spend for the year was scaled back and other running costs reduced where possible but the net result was a reduction in unrestricted funds of £72k as opposed to the budgeted reduction of £20k.

During 2010/11 we have concentrated on starting the major Comic Relief funded project in Swaziland as well as concluding the first Rwanda project. As a result we have been spending the restricted funds received in the previous year and have therefore reduced the year-end holding of these.

### Income and expenditure

	Year ended 30 September 2011			Year ended 30 September 2010		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£'000	£'000	£'000	£'000	£'000	£'000
Donations & grants	82	68	150	176	406	582
<b>Total income</b>	<b>82</b>	<b>68</b>	<b>150</b>	<b>176</b>	<b>406</b>	<b>582</b>
Cost of fundraising	31	-	31	30	-	30
Charitable activities	121	234	355	112	50	162
Governance costs	2	-	2	2	-	2
<b>Total expenditure</b>	<b>154</b>	<b>234</b>	<b>388</b>	<b>144</b>	<b>50</b>	<b>194</b>
<b>Net (deficit) /surplus</b>	<b>(72)</b>	<b>(166)</b>	<b>(238)</b>	<b>32</b>	<b>356</b>	<b>388</b>
Funds brought forward	181	361	542	149	5	154
<b>Funds carried forward</b>	<b>109</b>	<b>195</b>	<b>304</b>	<b>181</b>	<b>361</b>	<b>542</b>

The following is an unaudited extract of the full audited financial statement of the organisation. The full accounts are available to download from the website or by requesting a copy from the Company Secretary.

# RWANDAN PRODUCER SUPPORT PROJECT



This year saw the completion of our first long term project. Over the last three years, thanks to a grant of £245,000 from the Big Lottery Fund, we have provided training and mentoring in business skills and fair trade practices to 50 fair trade handicraft businesses that provide a livelihood for over 9,000 people.

1,178 jobs were created throughout the lifespan of the project and the income of all except one of the businesses has increased and for many of them it has more than doubled.

# BURANGA CASE STUDY

Buranga is a women's co-operative that makes jewellery from recycled paper, based in the outskirts of Kigali.

The group consists of 36 women all of whom are affected by HIV/AIDS and many of whom were raped during the genocide. As a result of the Rwandan Producer Support Project this group now has a business plan and over the course of the project they have managed to triple their income.

President of Buranga, Odette Murebwayire said: "Shared Interest Foundation trained us in product pricing, market research, promotion techniques, operation and finance. The sales before the training were low, because we never used to market our products. Because of the marketing training we designed business cards and other marketing material and even opened a small shop in the local market. So now our income has not just doubled, it has tripled.

"We are now able to eat two meals a day instead of one a day before. We can send our children to school and plan for the future. We have a co-operative savings scheme now and through that some people have even been able to buy mattresses and are no longer sleeping on the mud. We see a bright future for our women."

Andrea van Wagendonk, Shared Interest Foundation Manager said: "This was the most inspiring overseas trip I've done because the impact of our work was so obvious. The Foundation provided the training but the producers did all the hard work of putting it into practice."



## SOCIAL IMPACT

In May 2011 we carried out an independent evaluation of the project which highlighted the social impact of our work.

Since the beginning of the project:

- The number of children attending school has increased by 86% because their parents/guardians can now afford to buy uniforms, shoes and books
- Consumer goods have been purchased and luxuries such as second hand clothes, sugar and soap have been bought
- Producer group members have been able to purchase livestock (goats, cows or rabbits) which in turn produce milk or breed and can be sold and thereby generate a profit
- The nutrition of members has improved and many of them are now able to afford two meals a day
- Producers are now able to access health care as they are able to pay from the mutual health insurance which was not previously possible
- Houses have been renovated and mattresses purchased, some have even moved from a mud built structure to one made from concrete
- Producer groups have cited an increase in confidence, hope and respect.

# SWAZILAND PRODUCER SUPPORT PROJECT

Following on from the success of the Rwandan Producer Support Project, this year we embarked on a new three-year training project in Swaziland which is being funded by a grant of £502k Comic Relief.

The impetus for our work in Swaziland came from producers themselves. We were originally approached in 2007 by the country's leading handicraft organisations with a request for training.

The project began in October 2010 and we have since appointed all members of the staff team and established an office. We also recruited 135 handicraft businesses to take part in the training which commenced in July 2011, covering business and financial skills, pricing and costing, good governance, market access, product development and HIV/AIDS in the workplace training.



## SWAZILAND

Swaziland has the highest rate of HIV/AIDS and the lowest rate of life expectancy in the world.

Of its population of just over 1 million:

- 42% of pregnant women attending ante-natal care centres are HIV positive
- 26% of the population aged between 15 and 49 years are HIV positive
- There are more than 80,000 orphans in the country and children head 15% of total Swazi households
- Around 63% live below the poverty line, subsisting on 60 cents a day.

# QUAZI DESIGN CASE STUDY



**Quazi Design is one of Swaziland's leading lights in the handicraft market. The relatively new business produces stunning eco-conscious jewellery and home accessories. The company is an active member of Swaziland International Fair Trade Association (SWIFT) and a strong advocate of fair trade principles.**

They currently employ 10 women producers from the local area and further afield. All the women have contracts and are offered permanent work and have bank accounts to assist in saving.

Doron Shaltiel, Managing Director of Quazi Design said: "The women have become like a family to each other and are happy to come to work as it's a supportive and safe environment. We are getting positive feedback on our products and are hoping that we can grow and employ more women."

Doron continues, describing her hopes for Shared Interest Foundation's Swaziland project and the impact she envisages it will have:

"We are very excited to be part of the project. It comes at a great time for us, as we are a new business and will appreciate the potential training and networks that will arise from the project.

"We are one of the smaller businesses that export high quality and design-led products from Swaziland and I can say with certainty that we have learned a lot from the other handicraft players in Swaziland. We are lucky to be part of a country network that shares best practices, shares customers and collaborates on products, retail and lots more.

"We are therefore also happy to support smaller less formal businesses in how to grow sustainably and what we have learnt along the way. It is an exciting time to be part of handicrafts in Swaziland."



# OTHER PROJECTS

Shared Interest Foundation is dedicated to supporting businesses in the developing world. We run a number of projects, predominantly in Africa which continue to rely on donations from our supporters to allow us the flexibility to channel funds where the need is greatest.

## LIVELIHOOD SECURITY FUND

When disaster strikes in the UK, we are used to the support and infrastructure that allows affected businesses to quickly get back on their feet. But when disaster strikes in the developing world, the chances are that businesses don't have the financial support to continue to operate. It is precisely for this reason that Shared Interest Foundation launched the Livelihood Security Fund.

This year we made two grants that enabled the affected organisations to get up and running again:

Organisation	Need	Value and use of grant
CESMACH, Mexico	Hurricane Matthew damaged coffee production, October 2010	£5k to purchase 15,385 coffee plants
Perfection Plus, Kenya	Fire destroyed building and equipment following lightning strike, March 2011	£13k (alongside the insurance money claimed) to replace computers & laser machine

### CESMACH

In early October 2010, Hurricane Matthew crossed over the Mexican state of Chiapas causing severe damage to the land used by Fairtrade and organic coffee producer, Campesinos Ecológicos de la Sierra Madre de Chiapas (CESMACH).

The group's local area suffered landslides and broken bridges. Carlos Omero Velasco López, President of CESMACH estimated that 70% of the group's farmlands and coffee plantations were devastated and of the crop produced by the remaining 30% roughly half was likely to have been damaged.

The coffee producers and their families rely on their coffee sales to survive with 75% of their income derived from coffee. This is exactly the sort of 'shock' that the Livelihood Security Fund responds to – the aim of the grants being to reduce the impact of shocks on producer groups, securing their assets and/or business base and improving their chances of sustainability after their initial recovery from an emergency.

The grant allowed 15,385 coffee plants to be bought from small-scale organic coffee producers who are members of the co-operative. This funding was complemented by other sources of funds and the

organisation's own resources which will enable the hurricane-damaged land where plants have been lost to be reinstated more quickly.



## SKILLS FOR SUSTAINABLE LIVELIHOODS PROJECT (SOUTH AFRICA)



**Shared Interest Foundation has worked alongside in-country partner Fetola - a specialist Enterprise Development, Corporate Social Investment and accredited Skills Training organisation - for several years now, supporting disadvantaged South Africans to work their way out of poverty.**

This year we instigated the Skills for Sustainable Livelihoods project, which commenced in November 2011. South Africa has the largest national economy in Africa and is an important driver of progress in the continent. But despite a healthy growth rate much of the country still suffers from significant poverty. Apartheid has left the black population in particular under-educated and disadvantaged in both social and economic terms.

The connection between poverty, health, racial inequality and HIV prevalence encourages support for economic development and global partnerships. Many poor people earn a living by selling handicrafts. The crafts sector contributes approximately 2 billion Rand to GDP in retail sales, and comprises over 7,000 enterprises, providing a livelihood for approximately 38,000 people.

Despite the importance of the sale of handicrafts for the survival of many poor families, the vast majority of producers operate on an informal basis with no training in running a small enterprise, managing finances or developing products. As a result income is low and businesses struggle to survive or at best have limited potential for growth, and families remain in poverty. It has been shown that with appropriate training and support, enterprises will be more profitable and stronger and people will be enabled to work and earn themselves out of poverty.

The Skills for Sustainable Livelihoods Project aims to meet the needs of handicraft entrepreneurs by providing practical business skills and raising fair trade awareness among promising black-owned business and social enterprises. This will improve the long-term sustainability of these businesses by enabling them to work themselves out of poverty. Creating a pool of local expertise in the community will make these skills available for long term peer to peer support to other businesses in the future.



## RWANDAN ENVIRONMENTAL PROJECT

Trade is widely accepted as one of the most powerful routes out of poverty. Although many enterprises in Rwanda struggle to survive, the prospects and income of a group of 50 small businesses are being significantly improved by Shared Interest Foundation's three-year Rwandan Producer Support Project, providing training in business and financial skills, market access.

The Environmental Project is working with a 15 of these producer organisations to ensure that these improvements are sustainable, by providing additional practical environmental training and mentoring.

Rwanda is Africa's most densely populated country and is trying to overcome the limitations of its landlocked economy by leveraging regional trade. Resources are limited, and craft producers in particular face the additional complication of scarcity of raw materials and lack of understanding of environmental considerations.

Forest resources play an important part in the national economic growth, yet the Government Forest Department statistics suggest that as result of uncontrolled cutting of trees for fuel, overgrazing, soil exhaustion and soil erosion, 64% of forests were

lost between 1960 and 2007. Craft businesses in particular are finding it difficult to access sustainable sources of raw materials.

This project builds on the class room based training which was provided through the Rwandan Producer support Project. Taking on learning and feedback from the craft makers, the Foundation realised there was a need for more hands on training within the communities; providing practical training to craft makers in environmentally-sustainable production, consumption methods and the sourcing of environmentally sustainable materials.

The Foundation has delivered the first phase of this training in the Muhanga District, Southern Province, in a year-long nursery and tree planting project, providing 10,000 seeds.

The seeds have be planted in handicraft producers' farms with technical assistance from local environmental organisation, Rural Environmental and Development Organisation (REDO), and producers trained in how to develop nurseries in their villages. We would like to roll this out to other provinces in 2011/12 dependant on securing funds.

## DONOR CASE STUDY

Robin Tyler is an active and long standing supporter of Shared Interest Foundation. He donates as an individual, as a group through his local church and through his workplace Cotswold Fayre.

Robin is Sales Manager of gourmet foods supplier, Cotswold Fayre in Henley-on-Thames. During July to December 2010, Robin facilitated an agreement with the Cotswold Fayre that saw a percentage of all Fairtrade products sold being donated to the Foundation. In total £473 of unrestricted funding was raised.

Robin said: "I like the way that the Foundation helps people to help themselves. They support producer groups and give them the chance to create better livelihoods. This is something that resonates strongly with me and something that I am keen to support in any way I can."





# *AIMS FOR 2012*

Looking forward to 2012 it is clear that the main goal of Shared Interest Foundation is to raise the amount of unrestricted income available which will allow us the flexibility to channel these funds where the need is greatest.

In addition to this main objective we aim to continue our support of craft workers in Rwanda and Swaziland and in particular build the capacity of our in-country partner SWIFT (Swaziland International Fair Trade Association).

Finally we hope to be able to expand the Livelihood Security Fund to support fair trade farmers and craft makers following disasters that affect their ability to operate, ensuring that we are able to assist producers in their greatest time of need.

# ***SHARED INTEREST FOUNDATION***

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The complete Directors' Report and Accounts and the Social Accounts are available to download from our website.

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