

QR

QUARTERLY RETURN 107
SPRING 2018

PERUVIAN MOSS IS A GROWING INDUSTRY

AGM

Members joined us for our AGM, which took place on Friday 9 March in Gateshead.

AWARD-WINNING COCOA IN WEST AFRICA

Almost 20% of Shared Interest lending goes to cocoa co-operatives across the globe.

RWANDAN COFFEE IS A BEAUTIFUL CUP

Coffee production in Rwanda is focused on quality rather than quantity.

SHAREDINTEREST
INVESTING IN A FAIRER WORLD



WAYS TO INVEST

Did you know there are a number of ways you can top up your Share Account? (The maximum investment is £100,000).

BANK TRANSFER

If you have access to online banking, you can transfer funds directly to your Share Account. All you need is our bank account number 70062793 and sort code 08-90-06.

STANDING ORDER

You can also set up a standing order with your bank. All you need is our bank account number and sort code as above.

Don't forget to use your ten digit Share Account number as a reference.

CHEQUE

There are two ways you can use a cheque to make further investments into your Share Account. You can take the Bank Giro Credit Slip at the bottom of your statement along with your cheque to your bank. Alternatively, you can send cheques directly to our Newcastle office. Cheques sent directly to us must have your ten-digit Share Account number written on the back. All cheques should be made payable to Shared Interest Society.

ONLINE DEBIT CARD INVESTMENT

If you are registered for our online member portal, you can make investments using your debit card. If you are not registered and would like more information please get in touch with our membership team at membership@shared-interest.com or tel 0191 233 9102

WELCOME

Thank you to those members who attended our AGM, which took place at The Northern Design Centre in Gateshead on Friday 9 March. It was great to see so many of you on the day. We really appreciate your input, particularly those who travelled a long distance to join us.

Many participated in the afternoon Strategic Review Workshop where we discussed some of the key themes coming from the research. With input from the Shared Interest team, members gave their views on certification, governance, climate change and Asia. You can read more about this and the AGM on pages 4 and 5.

As we produce this edition of QR, we are fortunate to have members of our overseas team in the office, and their presence brings home the real impact of our work. In this issue we are delighted to bring you news that we are supporting a brand new product with your investment. Sphagnum moss grows at 3,200 metres above sea level, and the Andean highlands are one of the most challenging terrains to farm. However, a group of women are seeing the fruits of their labour pay off, and thanks to our support, they can pay the farmers for their moss on delivery to their factory.

Almost 20% of Shared Interest lending goes to cocoa co-operatives. On pages 8 and 9 you can read about two customers

in Africa, who are overcoming many challenges to produce award-winning quality cocoa.

In your Winter QR, you may remember reading about the regional member days planned for 2018. Check the schedule at the back of this edition to see if we are coming to a city near you. The events will be held during May and June, and we would love to see you there. If you would like to come along, please complete your invite enclosed and post it back to us. Our Freepost address is already printed on the postcard so there is no need to include postage.

We are looking forward to meeting as many of you as possible over the coming months. In the meantime, we hope you enjoy your latest copy of QR.

Patricia Alexander (MD)

FAIRTRADE FORTNIGHT

Monday 26 February - Sunday 11 March

Our volunteers were busy across the UK, making sure Shared Interest was included in a number of events over Fairtrade Fortnight. Despite the weather leading to some events being cancelled, they gave out literature, ran stalls and delivered presentations to audiences from Edinburgh to Jersey, attending 19 events in total.

If you would like to invite a Shared Interest volunteer to an event in your area, please get in touch using our Book a Speaker form on our website, or give us a call on 0191 233 9102.

COME ON IN TO FAIRTRADE

FAIRTRADE FORTNIGHT 2018
26 FEBRUARY - 11 MARCH



COUNCIL COMMENT

I have had a broad and varied career, beginning as a Geography teacher in Northampton, before setting up an activity holiday business in the Peak District. In between these two roles, I wrote a book about my travels through Asia, as well as spending time as a Town Planner and Youth Worker.

With a keen interest in international development, I became a member of Shared Interest over 20 years ago.

I was delighted to receive the phone call

from Shared Interest Company Secretary, Tim Morgan, to say that I was selected to sit on Council. What interests me most is the broad range of products supported by our finance. During my time served, I have seen commodities such as shea nuts, sesame seeds, avocados, and flowers become part of the portfolio. Of course, this growing list of new customers means that demand for our lending also grows.

This year, we supported over 397 organisations, helping almost 375,000 individuals in 60 countries. We pledged to

reach £40m in Share Capital by 2020, which would be a fantastic achievement, especially as it will be our 30th anniversary year. If we all do one small thing to support this aim, such as passing your copy of QR on to a friend, we will be able to reach more producers in vital need of finance.

Geoff Shearn
Member of Council

You can contact Shared Interest Council at sicouncil@shared-interest.com

MANAGING YOUR SHARE ACCOUNT ONLINE

While we are aware that many of you still prefer paper communication, we are conscious of the environmental and financial impact.

For this reason, we encourage people to manage their Share Account online if they can. As a result, over a third of members are registered to use our online portal, 'Our Shared Interest.'

By signing up, you can view your latest and previous statements, change selected personal details, as well as topping up your investment and making withdrawals. For

security purposes, all online withdrawals are made into your nominated bank account. If your Share Account has more than one signatory, any transactional requests need to be approved by all parties before being actioned.

Instead of receiving your quarterly statement and newsletter in the post, you will receive an email from us with a link through to the portal, where everything will be available to view online.

Our membership team can register you for this online service over the telephone.

Please call us on **0191 233 9102** and we will take you through some security questions before getting you started. Alternatively, you can send us an email at membership@shared-interest.com with your contact number and the best time to get in touch and we will give you a call.

Of course, you can opt to take online access and continue to receive your mailing by post. Please specify that you wish to do this when signing up.



OUR 28TH AGM

Our 28th Annual General Meeting (AGM) was held at the Northern Design Centre on the banks of the River Tyne in Gateshead.

Following a welcome from Chair, Mary Coyle, Managing Director, Patricia Alexander gave an overview of the year.

She explained that, despite continuously challenging circumstances here in the UK, investment continues to grow and we reached £40m in January this year. Patricia went on to say that a recent Dalberg report highlighted a \$210 billion gap in the finance provision for smallholder farmers. Therefore, we know there is still a massive need and plenty of scope for growth.

She told us: "We now have 11,509 signatories on Share Accounts, with the average age of our members remaining at 63. The Shared Interest team collectively speak ten different languages, and we have 22 staff here in the UK and 12 colleagues within our offices in Costa Rica, Ghana, Kenya and Peru.

"Our 78 volunteers play a vital role in word-of-mouth promotion. We found this most effective when reaching out to new investors. We are also finding our regional events an effective way of engaging with our members across the UK.

"Member accounts grew by 457, which is the highest rate in almost 20 years. We are seeing more investors opening Share Accounts online with a debit card and using

our member portal to manage payments and withdrawals. This means we are continuously reducing the amount of printed materials we require.

"In terms of lending, this year we supported over 397 organisations, helping almost 375,000 individuals in 60 countries, 30% of whom were women. We actually lent out your investment 1.64 times last year. We have also seen a variety of new products supported by our lending, which included sesame seeds in Nicaragua, sphagnum moss and chia seeds in Peru, and avocado in Mexico."

We were fortunate this year to have regional representatives join us for the day. Paul Sablich from our Peru office, Rachel Ngondo from Kenya and Andrew Ridley, our Regional Manager for the Northern Hemisphere and Pacific Rim, gave an update on the success stories and challenges faced in the region. Kodzo Korkortsi, our Programme Manager from Ghana detailed the training and capacity building projects delivered by our charitable arm, Shared Interest Foundation.

Finance Director and Company Secretary, Tim Morgan reflected on the 2016-17 financial year. Referring to the period as 'a really strong year', emphasising that lending levels were high, especially after the first quarter. Bad debt formed part of the discussion theme in the annual Q&A session, with the cost this year returning to a more normal level after the provision made for one large producer facility caused a spike in the previous year.

Other financial points for 2016-17 included:

- **95% of our lending is made in US Dollar's and Euro's. The Euro interest rates charged to customers were retained at last year's levels but we were forced to make three rate rises in the US Dollar lending rate, as the US Federal Reserve raised their base rate.**
- **The majority of our Share Capital is deposited in GBP with our main banker, Santander UK plc. Interest earned on these deposits fell from £450k in 2016 to £147k, as UK interest remained low.**
- **The running costs for the Society were very similar to last year which was a very good achievement given the weaker pound.**
- **The interest rate on Share Capital was 0.25% for the financial year ending 30 Sept 2017.**
- **There was no charitable donation to Foundation proposed in the year.**
- **The result was a small surplus before members' interest.**



STRATEGIC REVIEW

As discussed in our last issue of QR, the Society has embarked upon a full strategic review to give direction for the next five years, and members play an important part in this process.

Over the past few months, our staff team has been conducting research, and we have held workshops for Board, Council, staff and volunteers. Our members' survey received an excellent response, with 29% of members providing input. Following this consultation, we were keen to talk to members face-to-face, and for this reason, we invited AGM attendees to join our Strategic Review workshops to explore the following key themes:

1. Certifications
2. Governance
3. New Markets
4. Climate Change

Headline feedback included:

1. Although many certifications and labels were discussed, members were more

familiar with Fairtrade, Rainforest Alliance and UTZ. There was also a consensus that there was a lot of consumer confusion over labels in the UK. There was considerable debate on the costs of certification and concerns for producers. Members generally supported the concept of going beyond fair trade but with priority given to Fairtrade certified producers. There was also a strong view that the focus should be on producers that adhered to the 10 fair trade principles.

2. Following a discussion on the growing problem of governance in East African co-operatives, it was agreed that capacity building was important and members discussed the potential for raising donations for Shared Interest Foundation to enable them to carry out governance training.

Members discussed risk and were generally happy with the level of risk taken. "We don't make an investment with Shared Interest unless we can afford to lose it but, we would have questions about the organisation if repeated losses were made."

3. There was broad agreement that Shared Interest should expand into Asian countries such as the Philippines, Sri Lanka, Thailand and Vietnam but without reducing the lending capacity in existing countries. Members discussed the potential for a specific campaign, such as a bond, to increase the funds available.

4. It was agreed that climate change was one of the biggest challenges. There was considerable debate on the best way to build resilience, particularly when producers generally cultivate one product. There was also discussion around the difficult balance between short and long-term benefits, particularly in communities experiencing extreme poverty.

If you have a view on any of the above themes, please get in touch with our membership team. We will also provide you with a more detailed overview of the strategic review in a future issue of QR.

PERUVIAN MOSS IS A **GROWING** INDUSTRY

At 3,200 metres above sea level, the Andean highlands are one of the most challenging terrains to farm. Income from small-scale farming is little and unpredictable, but the women there have found an opportunity in wild moss.

Sphagnum moss is vital for the development of orchids, which is a growing industry here in the UK, as well as the USA, France, Taiwan, Japan, China, Thailand, Hawaii, and Singapore.

Founded in 2010, Inka Moss helps farmers in the highlands of Peru to benefit from this growing market. Sphagnum moss is a valuable commodity, as it acts as a natural anti-bactericide, humidity collector and absorbs heavy metals; characteristics that make it ideal for various crops, which require high amounts of moisture, especially orchids.

The moss grows at high altitudes and is collected by the local communities living amidst challenging climatic conditions, including the cyclical weather phenomenon referred to as El Niño. This occurs every few years when a vast pool of water in the western tropical Pacific Ocean becomes abnormally warm. The effects on the Peruvian central mountains are periods of heavy rain, which make the harvesting more complicated.

To counteract the risk this poses, founder and General Manager Marco Piñatelli has spent over a decade researching new areas where sphagnum moss

grows. They are now working with over 50 farming groups, creating a more sustainable supply chain, whilst developing the communities in which it grows. In fact, they are even working with the Government on conservation plans, including providing specialised training to the moss producers.

Inka Moss achieved Fairtrade certification in 2016 and has recently been awarded the title of a B Corporation. To be referred to as a B Corp, an organisation must meet high environmental and social impact standards, as well as showing public transparency.

Marco Piñatelli, Founder and General Manager said: “This year, we are focused on improving our production process. We ask farmers to transport their moss to our processing plant in Jauja town while it is still wet, where our specialised machinery helps maintain optimum quality. The moss is placed carefully on drying platforms before being cleaned of any impurities, and arranged and packed according to the fibre size specified by the client in question. We then send it to Callao Port in Lima for shipping.”

“We approached Shared Interest for finance so that we can pay the farmers for their moss on delivery to our factory. To meet with demand, we also need to acquire larger stock levels and provide buyers with larger size bags depending on their specifications.”

“The loan has also given us the opportunity to include more remote communities within our supply chain.”

Marco concluded: “We know this alliance is going to keep going for the following years because there are many more goals to achieve.”

“Since becoming a B Corp, our commitment is not only financial but social and environmental, a characteristic that we have in common with Shared Interest, making them the best organisation we could ask for help to reach all our goals.”



“Shared Interest extended a friendly hand, adjusting to our possibilities at the time when we needed it the most.”

“This year, we have received a higher income than usual thanks to the moss harvesting we do with Inka Moss.”

“We thank Shared Interest for the trust and support since the beginning.”



SHARED-INTEREST.COM



For more information on Inka Moss, visit inkamoss.com



AWARD WINNING COCOA IN WEST AFRICA

Cocoa is a complex crop, which requires nurturing and favourable weather conditions to thrive. Almost 20% of Shared Interest lending goes to cocoa co-operatives across the globe, many of whom are based in West Africa.



Ivory Coast and Ghana are the top two cocoa producing countries in the world. In Ghana, cocoa production accounts for just under a sixth of the country's GDP. Over three-quarters of the country's farmers define themselves as smallholder farmers, meaning the cocoa farms are owned and maintained by farmers who live on the property. Cocoa is so important to the economy, it appears even on Ghanaian money.

Ivory Coast supplies 30% of the world's total cocoa. Large corporates like Nestle and Cadbury receive much of their cocoa from the Ivory Coast and cocoa alone is responsible for almost two-thirds of the trade revenue coming into the country.

Changes in weather can dramatically affect harvest times – causing fluctuations from year to year. During the past two years, poor rainfall has caused quality issues in the regions, and subsequently prices have fallen. In 2017, the International Cocoa Organization relocated their London office to Abidjan – with the priority to tackle the fall in prices.

Two cocoa co-operatives in the regions tackling these challenges are Shared Interest customers ECAMOM and Fanteakwa.

ECAMOM, Ivory Coast

ECAMOM works with over 2,000 cocoa farmers in Méagui to produce dried cocoa beans, which they sell in bulk. In 2016, they doubled their production volume, thanks to a good harvest and financial help from Shared Interest.

Founded in 2006 by 300 cocoa farmers, membership has now grown to 2,442 individuals, who are part of 10 producer co-operatives. Last year ECAMOM won the Alassane Ouattara Prize for Best National Co-operative for the 2016/2017 cocoa season.

In 2014, the co-operative introduced a new variety of cocoa called 'Cocoa Mercedes'. This new variety yields in 18 to 24 months, compared to the old type, which takes between two and a half to five years to grow. Its introduction gives ECAMOM the opportunity to transform their business, and they plan to replace the old variety by 2020.

This small co-operative has grown to be one of the key players in the Ivory Coast cocoa market and has achieved the following using their Fairtrade Premium:

- Construction of primary schools for two communities.
- Drilling of boreholes in five communities to provide fresh water.
- Free distribution of cocoa seedlings to members.
- Health insurance for staff.
- Interest-free for school fee loans to producers.

ECAMOM Accountant, Hélène Kouamé, said: "The Shared Interest credit facility has made it possible for our co-operative to realise its potential. We have been able to increase our annual production volume from 4,000 metric tons (MT) before we received the facility to 10,000 MT during the last cocoa season.

"I am very thankful to them for the trust placed in us, the small producers. This is a great opportunity to improve every aspect of our activities, to be able to increase jobs and to take care of vulnerable populations. It is a bit like a ray of sunshine on our environmental, social and economic activities. Once again, many thanks to Shared Interest for kindly assisting co-operatives in Ivory Coast; there are so many of us benefiting from this intervention."

Fanteakwa, Ghana

Founded in 2011, with just over 1,000 farmers, Fanteakwa has plans to establish 800 hectares of new cocoa farms using a loan from Shared Interest.

Cocoa yield in Ghana has been falling over the past two years, due to fungus diseases attacking old cocoa trees. Illegal gold mining is also responsible for rapid deforestation, which affects the yield of cocoa farms. Fanteakwa is addressing these issues with a project to help young farmers expand their crops. The project is expected to attract more youth into cocoa farming and discourage illegal gold-mining in their communities.

Fanteakwa is a major development partner in their district. Since inception, they have provided the following social amenities to their community:

- A water tank to provide fresh drinking water.
- One block of three classrooms and office for the Saamang society.
- Free farm maintenance equipment.
- Free training for the members in good agricultural practices.
- Surveillance groups against illegal gold miners.

The co-operative has created new jobs, improved the quality of cocoa and increased income for farmers by up to 20%. They have also purchased a vehicle with the loan from Shared Interest. Fanteakwa has extensive plans going forward including:

- Fish farming as an alternative livelihood for farmers.
- Establishment of a bakery for the female members as an alternative income.
- Bee-keeping project with the primary societies.
- Building an office for the Union together with input storage facility.

Fanteakwa Manager, Mark Obese, said: "The Shared Interest loan has enabled us to buy our first truck and very soon we will be earning additional income from it."

"Over the past year, we have been able to increase production, which has resulted in higher premium for us. The loan has contributed to motivating our youth by giving them a lucrative activity to do. More people between the ages of 18 and 40 are now getting involved in cocoa farming, thanks to the farm expansion project being financed by Shared Interest. New farms have been created and more trees planted than ever before in the history of the Union.

"I find that the loan has also fostered a sense of belongingness in our members; hence the growth of our membership."

"Our young members are now more aware that there is a future in agriculture and that they don't need to migrate to urban areas in search of employment opportunities because those opportunities are available right here."



RWANDAN COFFEE IS A BEAUTIFUL CUP

Coffee production in Rwanda is focused on quality rather than quantity. Known as the 'land of a thousand hills', many of the farmers grow their produce on hillsides and within lush, untamed valleys. They are often members of local coffee co-operatives, who organise the processing and distribution of their produce.

Founded by 11 female coffee farmers in 2009, Twongere Kawa Coko is one of these co-operatives. Although very small, they should not be underestimated.

The co-op's President, Thérèse, is very proud to say that the majority of its members are female and they have aspirations to expand their business further.

Rwandan coffee was first sold in 2002, a few years after the devastating genocide of 1994 left the country in turmoil. At that time, there were few places in the world more in need of economic growth and stability than Rwanda, and the production of high-quality coffee became an important focus for the country. Unable to compete with the low-grade mass production market already in place, the plan was to become a significant presence in the boutique, top end of the

market. Over time, coffee sales have grown to a point where today they represent 60% of Rwanda's export earnings, with tea sales making up a further 30%.

Quality is key for the co-operative, due to risk of non-payment from buyers if the standard is not met. The co-operative mitigates this risk by ensuring that their members deliver quality coffee through frequent training on good crop husbandry. This training has paid off and Coko's coffee is described as "a beautiful cup that highlights the best attributes found in Rwandan coffee".

Coko has been providing support for their farmers and the local community in a number of ways:

- The old coffee store is now being used for women's handcraft and sewing classes, to help women earn an extra

income outside the coffee season.

- They provide training to their members on management of small income-generating projects.
- They have supported women in accessing funds and raw materials to make decorative materials for homes, which are sold within their communities, raising additional income for the members.
- They also train their members on the importance of planting trees in order to prevent soil erosion and reduce effects of climate change.

OUR MEMBER EVENTS

We are holding a series of regional events across the UK, and would love it if you could come along and join us. You will find attached, an invite for all of our member events in 2018. Please tear off this invite and return it to us detailing which event(s) you would like to attend.

The events are your chance to hear more about the Society's recent lending, ask questions of Board, and meet fellow investors. We have also invited some of our customers to talk about their work.

If you have any questions email us at membership@shared-interest.com or call on 0191 233 9101.



- **EDINBURGH**

Key speaker:
Liberation Nuts

- **MANCHESTER**

Key speaker:
Dalit Candles

- **LONDON**

Key speaker:
TWIN Trading

- **BRISTOL**

Key speaker:
Koolskools

Book online at
www.shared-interest.com/events



LONDON

Friday 18 May, King's College



MANCHESTER

Thursday 24 May, Friends Meeting House



EDINBURGH

Thursday 14 June, St Andrew's and St George's West Church



BRISTOL

Friday 22 June, M Shed



Quarterly Return is the newsletter of Shared Interest Society. Shared Interest Society Ltd is a fair trade lending organisation and a member of Co-operatives UK. It uses the pooled investments of its members in the UK to make real and lasting improvements to people's lives in the developing world.

Shared Interest Society Ltd is registered with the Registrar of Mutual Societies, number 27093R. The Directors decide on what the interest rate payable to members will be. The interest rate since 1 October 2017 has been 0%.

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