



QR

QUARTERLY RETURN 100
SUMMER 2016

CELEBRATING 100 ISSUES OF DOING AMAZING THINGS

A TRUE SENSE OF IMPACT

Why your investment
makes a huge difference.

IT STARTED WITH THE SUN

Fullwell Mill's Adam
Brett tells us how it
all began.

HONEY, BLUEBERRIES & DREAMS

What the future
holds for Chilean
co-operative, Apicoop.

SHAREDINTEREST

INVESTING IN A FAIRER WORLD



HELLO AND WELCOME TO A VERY SPECIAL EDITION OF QR - OUR 100TH ISSUE.

We have marked the occasion with personal messages from customers like Chilean honey and blueberry co-operative, Apicoop, and coffee producers, Bukonzo Farmers in Africa.

Their stories speak volumes about the difference your investment makes to people's livelihoods.

In April, we reached another milestone: £35 million in Share Capital. This means that our finance can reach even more people in marginalised communities. To convey this impact, we have included a 'pull-out and keep' supplement featuring 100 thank you photographs of the customers you support.

Here's to the next 100 issues of QR and the impact they will represent.

Until next time,



Patricia

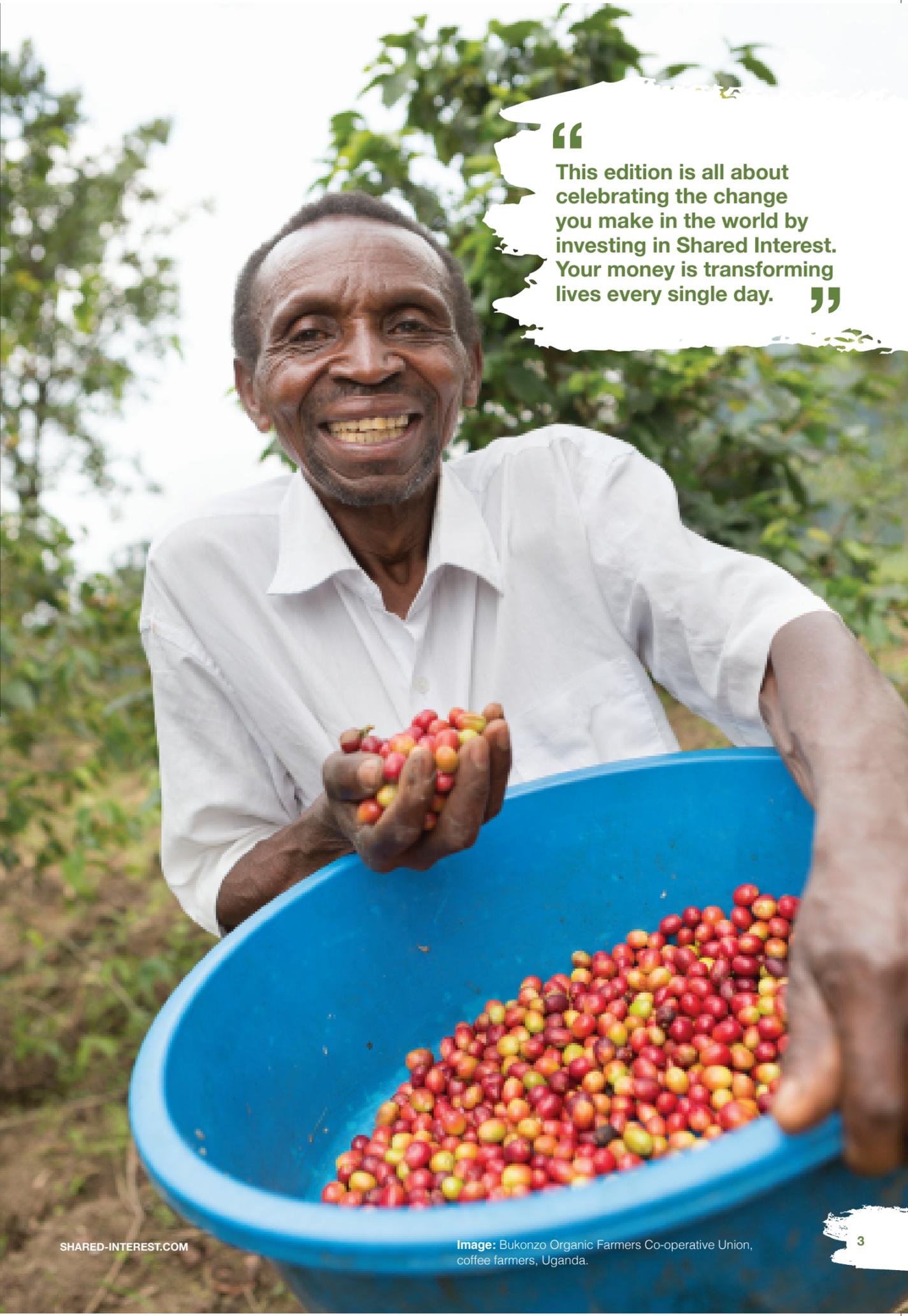
Managing your Share Account

For identification purposes, when making payments into your Share Account, please remember to use your Shared Interest account number. You will find this number at the top of your statement, or within the Account Details section of our online portal. It is 10 digits long and begins with the number 10. Please contact our membership team if you need any help locating your account number on 0191 233 9102 or email membership@shared-interest.com

If you think you may have forgotten to use your account number in the past, please get in touch with our membership team as we do have some unidentified member funds because of this.

Last year, we unveiled a new and improved online portal called Our Shared Interest. This enables you to update personal details, and also make transactions online. For security purposes, all online withdrawals will be made into your nominated bank account.

If you want to register for the portal, please call or email our membership team.



“ This edition is all about celebrating the change you make in the world by investing in Shared Interest. Your money is transforming lives every single day. ”



Image: Patricia on her visit to a Rwandan women's co-operative Work of Art.

COUNCIL COMMENT

In congratulating QR on its 100th issue, it is worthwhile recognising that the Council, in 1990, and a few months later, QR, were both created in the earliest years of Shared Interest as two vital and special means of communication between the members and the Society.

Shared Interest has always emphasised that its members were at the heart of the organisation and Council's role was, and still is, to ensure the right balance between social objectives and the financial interest of the Society.

No more so than in the promotion of fair trade; in the early days by financing buyers of fair trade imports but increasingly by direct support for fair trade producers across the world. This growth has been built both on the wider recognition of products in traditional markets of coffee and handcrafts but also in the broader range of goods now carrying the Fairtrade mark, including for instance cotton and gold.

This growth generates its own increased demand for finance and the challenge for Shared Interest must be to grow its investor base and the support from its current members. Indeed if just half of our members could introduce one extra investor, we might be able to satisfy the extra £10 million of demand that has been identified for Shared Interest finance. Growing its Share Capital from £1 million in 1991 to £35 million in 2016 is no doubt a stunning achievement, and the results have been well documented in the 100 issues of QR, but there is still this growing and unmet demand.

The Council reflects the hope that future issues will be able to report continuing success at home and abroad.

The Council

The 100th issue of QR coincides with Patricia Alexander's 10th anniversary as Managing Director. Here she shares her thoughts on how Shared Interest has developed over that time.

"When I joined Shared Interest in 2006, our in-country presence was being established as the Costa Rican office had just opened and Rachel Ngondo was being recruited to head up our Kenyan base. I am delighted to say that Rachel is still with us today. In fact, I think I am the fourth longest-serving member of staff, which is quite an achievement for a team of our size. Back then we had 24 staff, which has now risen to 38; Share Capital was at £19.2m compared to over £35m

today. Our charitable arm – Shared Interest Foundation – was yet to secure a major grant, and had only one member of staff holding the fort.

Thanks to the hard work and commitment of our staff, volunteers, members, donors, and other stakeholders, we have achieved a huge amount in a decade.

You only get a true sense of the impact Shared Interest has by visiting the projects we support. One of the organisations I visited was called Undugu. They channelled their profits into the slum area of Nairobi so I went out and visited a project where they were running a school, which was literally just a tin shack. The children were given one meal and it was probably the only one they would have that day. I didn't sleep that night and remember returning to

the UK, walking to catch the train to work in the pouring rain and thinking about the far worse conditions producers face each day.

Another trip that stands out is one to Peru, where we met Brazil nut producers, Candela. Parts of their community were completely isolated with no internet or telephone. We travelled from one producer group to another on tiny rafts. One memorable experience was carrying out the grand opening of a new storage facility, built to prevent the nuts from being eaten by wild pigs. Another image I will never forget is being greeted in Rwanda by a group of women and children who were dancing and singing to welcome us into the village. Someone captured this on film and I still have this as a screen saver on my computer. It is the first photograph I see when I start work every day.

Although, together we have achieved so much, there is still a lot to do here in the UK, in terms of making fair trade more mainstream. My hope for the next 10 years is that, with your support, Shared Interest continues to go from strength to strength, and that the products we finance have even greater availability on the high street. After all, whether it is investing in fair trade through consumer choices, or investing in Shared Interest with your money or time, our message remains: "Your investment may not make you rich but it will enrich the lives of others."

DID YOU KNOW?

Shared Interest has received a Queen's Award for Enterprise twice in the Sustainable Development category.

IT STARTED WITH THE SUN

Adam Brett founded Tropical Wholefoods in 1991 with Kate Sebag, after setting up the Ugandan partner business, Fruits of the Nile in 1990.



Since then he has worked with fair trade food businesses, sourcing products for the European market in Pakistan, Burkina Faso, Zambia, Guyana, Zanzibar, Tanzania, Afghanistan and South Africa. He has also worked for other food businesses, NGOs and government departments in Africa and Asia.

The company continues to import Fairtrade food ingredients and sell them under the Tropical Wholefoods brand, whilst also producing other snack and health food products for a variety of UK and European food businesses.

We caught up with Adam at our recent member event in York where he was key speaker and asked what motivates him to be so dedicated to his work.

"I was born and grew up in Uganda," Adam explained, "and returned there in my mid-twenties after I completed my studies in the UK. It was then

that I met Kate and we shared the same aim of wanting to help Ugandan farmers sell their fruits at good prices in European markets, including the UK. We discovered that drying the fruit seemed to be the best route to get it to market in a sustainable and cost effective way.

"By simply using the sun, the farmers could add value, extend shelf life, and make the fruit more transportable, meanwhile retaining waste at the point where it is grown.

"Fruits are dried in the sun when fresh and fully ripe to capture flavour – and with our solar drying systems, no preservatives or sugars are added. We set up a network of farmer suppliers with Fruits of the Nile and soon we were importing our first sun-dried bananas and pineapples."

Using the same business model, Tropical Wholefood's second supplier partner was Gebana Afrique in Burkina Faso – who

still supplies them with dried mangos and cashews. Apricots, almonds and walnuts were to come next from Mountain Fruits in Pakistan.

Fullwell Mill continues to be a long-term trading partner with many suppliers of different and innovative raw material products. In fact, they regularly use Shared Interest funds to buy almonds, apricots, dried cherries, apricot kernels, and dried apples from Mountain Fruits, and to provide working capital for purchasing stocks from other fair trade partners.

Adam continues: "Mountain Fruits is based in the central Hunza region of Pakistan and in the early days of our partnership, we visited the organisation and its founder, Sher Ghazi, regularly.

"After the 9/11 attacks, however, and the increased presence of the Taliban, it has been more and more difficult to visit the area. We still work really closely with Mountain Fruits but there are hurdles."

For instance, Fairtrade certification officers could not visit because of the severity of the situation following a travel ban in the region. Adam explained that visiting their producers will always prove challenging because of Fullwell Mill's aim of building new and unique avenues of trade in disparate communities. "The idea," he said, "is to create sustainable economic activity in areas severely affected by global insecurity, which impacts greatly on how we are able to work with an organisation on the ground.

"Above all else, Fullwell Mill wants to enable people in that environment to produce the highest quality product that they can, using non-exploitable labour, purchasing, and processing in an environmentally sustainable way."

Their most recent innovation, pyrolysis, involves producing commodities with as little waste as possible. The word is coined from the Greek-derived elements pyro meaning 'fire' and lysis meaning 'separation'.

Adam said: "The process involves applying heat to waste material, which generates gas. This gas is then burned to create heat for energy. A lot of waste is created producing something like a cashew nut. The main bulk of the raw nut harvested from the tree is actually waste. Huge layers of skin are peeled off and discarded before you reveal the nut itself. This is bad for the environment as the shells contain toxic substances.

"However, we discovered that you can turn this waste material into heat, while neutralising the nasty toxins. We have applied these methods not just to cashew waste, but also waste from dried fruit processing like mango. This makes it much easier to convert resulting

DID YOU KNOW?

If fruits are sun-dried when fresh and fully ripe, no preservatives or sugars are added.

HONEY, BLUEBERRIES & DREAMS

In different circumstances, you may describe Chino Henriquez as a natural leader. However, this would be in conflict with the ethos of the co-operative of which he is General Manager. Chino describes himself as a cog in the system and explains that he would not be capable of doing this without the team back home.

Nevertheless, it is true to say that Chino has steered Chilean co-operative, Apicoop, through some life-changing challenges, including diversification from honey into blueberries, and more recently, a volcanic eruption that wiped out a substantial amount of their crop and could have been fatal to some of the bees they so lovingly nurture. This latest natural disaster is not an isolated incident; Apicoop workers face constant adversity with frequent earthquakes and volcanic eruptions.

Chino faces these hardships head on, explaining that they are a way of life and something to overcome. "Yes, this was a real pain in the neck," Chino says, "We lost 5,000 hives which is a significant number for the beekeepers in that area of Southern Chile, which isn't very far from where I live. In fact, I could see the volcano smoke from my house. Luckily, because we are a co-operative, we don't just rely on one area for our production, but the hives in the Ensenada area, 200 km south of Paillaco, were pretty badly hit."



With 28 permanent employees and 400 seasonal blueberry pickers to oversee, there is no time for sadness or hesitancy, he explains:

"What must follow is hard work and perseverance to get things back in order and move forward once again. The moment that you are there, you ask how can we help. This is the first stage so people feel that they are not alone. Yes, by the end of the season they have lost bees, hives, and honey production, but the co-op will sort out a plan. The solution we found was to pay the beekeepers in advance for next year's crop. They belong to a family; there is no need for them to feel alone."

Unfortunately, within four hours the hives and surrounding landscape were covered in hot ash. Amazingly, however, when the hives were dug out, the beekeepers found that their bees had survived. Chino thinks this was down to the type of ash: "It was like a stack of small marbles. This meant there was air between one marble and another so no lack of oxygen. If the ash had been denser, they wouldn't have survived."

The hives were moved to a neighbouring area and are now fully recovered. However, it will take far longer for the landscape to return to its former state. Chino says: "It will take around 10 years at the very least for the landscape to recover. In fact, in a couple of centuries, this will become a highly-fertilised area. In the short term, we look forward to seeing trees starting to grow again."

Apicoop farmers diversified into blueberry production almost a decade ago with Shared Interest loans in 2007 and 2008 providing funding for the project. Another loan followed to buy machinery to help with packaging.

So what does the future hold for Apicoop? "Honey, blueberries and dreams", Chino replies with a smile. The dream entails a brand new purpose-built facility stretching over 4,000 square metres. Designed by the workers themselves, Chino explains how it has been a labour of love:

"Everybody in the co-op had a say in this project; every single department was consulted in the design of the building which is due to open in October 2017." In the meantime, Chino is keen to let Shared Interest investors know that their support really is changing lives. He concludes:

"Please do trust that you are directly supporting development in different parts of the world, in areas that need it even more than ours. After all, the dreams of an entire community may never see fruition just because of a lack of funds. Thanks to Shared Interest, we can work together to create livelihoods and make dreams a reality all over the world."

DID YOU KNOW?

Honeybees and bumblebees are all female. However, bumblebees work longer hours than the native honeybee.



LIFE TURNS ON THE DETAILS

If you were to visit the lush slopes of Mount Kenya, with its green, rolling landscape and surrounding farms, you may not expect to see field workers on motorbikes armed with collecting containers, receipt books, and mobile phones.



It is an organisation called **Ten Senses Africa** that has revolutionised nut farming in this way. Starting out with the export of macadamia nuts in 2005, Ten Senses has since introduced cashews because of the increased international demand for this type of nut.

Before Ten Senses was established, individual farmers were selling to middlemen who paid low prices. Now, Ten Senses collect the nuts from the farmers and pay them on receipt, direct from one mobile phone to another. The transaction is tracked and matched to the receipt against a WhatsApp photo – hence the need for motorbikes, lightweight equipment, and technology.

Production staff used to have the thankless task of scraping discolouring from some individual nuts. This was caused by dampness from the

macadamias sitting on the ground while awaiting collection. Now, the nuts are gathered quickly and taken to an overnight storage area where they are collected every few days by a truck. This allows Ten Senses to know more about the produce going to the processing unit and enables them to export high quality nuts.

The farmers receive better prices, are paid immediately and there are no risks associated with payment by cash. Malcolm Curtis, Customer Relationships Manager, visited Ten Senses in February 2016. He said: “We hear a lot about mobile technology so it was very interesting to see it in action at Ten Senses. The way the team had built their processes and data collection around existing software such as Instagram was fascinating and great to understand how quickly the farmers were paid.”

By registering all 700 growers, monitoring where all the cashew trees are located, and estimating the expected volume of nuts, the introduction of mobile field workers has proved successful. Monitoring the location of the trees helps to determine the volume of nuts expected in a particular season. This type of advancement is vital to Kenyan livelihoods as cashew production alone provides an income for thousands of farmers in the coastal region.

Boniface Nganga, Operations Manager, Ten Senses, said: “The loan from Shared Interest came at just the right time and has allowed us to expand and improve our business. We are now exporting better quality nuts and the farmers are being paid on time.”

Macadamia nuts are grown by smallholder farmers who are members of their village associations. The farmers bulk their nuts in collection centres in the village; they are then transported to the factory warehouses operated by Ten Senses.



Since 2009, Ten Senses has been buying nuts from farmers. They own a truck, which is used for transportation. Farmers are paid cash on delivery of the nuts.



At the warehouse, there is a spot check to determine quality. A reject rate of more than 30% means that the entire lot from the farmer is rejected.



Once accepted, the nuts are then processed. This entails the removal by hand of nuts that are immature, damaged or mouldy. The nuts also pass through a metal detector to remove any pieces of metal.



The nuts-in-shell are further dried, peeled, size graded and vacuum packed.



DID YOU KNOW?

Ten Senses has set up tree nurseries, giving seedlings to their best-producing farmers.

FARMING FOR THE FUTURE

Bukonzo Organic Farmers Co-operative Union started out as a group of six organic coffee farmers who were keen to spread their message of environmental awareness. Based in Kasese town in western Uganda, their main problem was the financial return on their crop.

With organic production being labour intensive, the farmers found they were not getting the best price compared to conventional coffee. By tapping into the Fairtrade market, Bukonzo has been able to overcome this problem, while also quadrupling their membership from 500 in 2011 to almost 2,000 farmers.

The co-operative has made a huge impact on the community, particularly on the lives of women, as they are now getting more involved with coffee production. Traditionally a 'man's crop', Bukonzo is one of the few coffee co-operatives in Africa which is managed by women.

Farmers are continuing to embrace organic methods, growing coffee under trees, and using goat manure instead of artificial fertilisers, which also helps to conserve the soil in this hilly and erosion-prone area. They have also encouraged members to co-own the coffee farms with their children, allowing the farms to be passed down through generations to maintain the coffee farming culture.

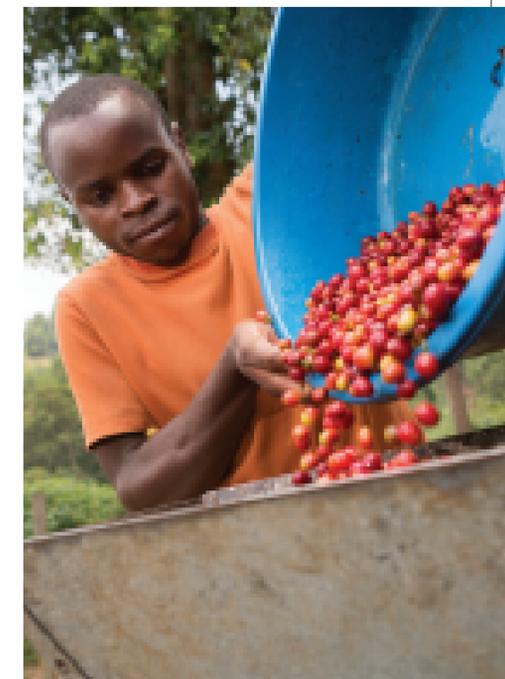
The future looks bright for Bukonzo as they action a three-year plan to increase their membership to 2,400, build 23 new micro washing stations, upgrade their coffee hulling plant, and also install their own coffee grading plant (which they currently outsource).

Bukonzo is using a Shared Interest loan to provide pre-finance to farmers. This year they plan to start installation of a coffee roasting plant so they can start selling roasted coffee to the local market.

Kabugho Josinta, General Manager, said: "The loan from Shared Interest has allowed us to double our coffee sales and pay the farmers on time. With the increased income from coffee sales, the farmers have been able to educate their children."

DID YOU KNOW?

Bukonzo farmers also keep goats, which provide manure for their coffee trees.



FEEL-GOOD FURNITURE

“It all started with the idea of creating a ‘feel-good’ chair”, says Hugh Ross, Founder of The Fair Trade Furniture Co Ltd. “The point being that body, mind and soul should all feel good when sitting on our furniture.”

The Fair Trade Furniture Co. is a UK organisation based in Salisbury that combines Swedish design with Indonesian materials to create unique chairs, sofas, and tables for use in garden-rooms, conservatories and summerhouses.

Hugh explains: “Once my wife and I decided on furniture made from sustainable materials that would lend themselves to a fair trade approach, the next challenge was to find a designer; one with real world experience, empathy with the producers, and knowledge of raw materials.

“After a year or two of going down blind alleys, we eventually hooked up with Swedish designer Tord Kjellstrom, who rose to the challenge magnificently. From his design studio in Northumberland, he dreamed up a range of possible approaches, including the concept of an asymmetrical chair, now known as the ‘Semarang’.

“The materials we were looking for, such as rattan and seagrass, are primarily found in South East Asia, as are the skilled craftsmen needed for the intricate weaving involved.

“Until last year, a producer group we called Pondok Kayu Tropis (PKT) carried out all of the carpentry and weaving for our flagship chair. This brought us the name of the chair, as PKT is based half an hour west of the port of Semarang.”

PKT employs its own carpenters, and provides them with steady work that pays 25% above the local average, as well as giving them training and other benefits such as paying for healthcare costs and the free loan of a motorbike.

“As the Semarang’s popularity continued to grow, we needed PKT to increase production capacity by as much as 50%, but they seemed unable to meet this demand. This left us with a very difficult decision to make – how to find an additional supplier.

“Luckily we found a solution that suits everyone: we asked our other partner Inori to develop a new stream of Semarang production with one of their carpentry-based partners Karya Wahana Sentosa (KWaS). They are now providing the 40-50% extra capacity that we require, whilst PKT continue to be our primary supplier, and are relieved that they can grow at a pace that suits them.”

So with everything up and running, and Fair Trade Furniture Co. meeting demand from their UK consumers, why did they need support from Shared Interest?

“Thanks to your investors, we are now able to provide steady orders and regular monthly payments to PKT, which in turn allows them to provide secure jobs to their team of carpenters and weavers. Without Shared Interest, our business would not be able to help these jobs exist.”

So if Hugh could give one message to investors, what would it be?

“Above all else, it would be thank you for your support. The Shared Interest facility has made a real difference to how we operate, enabling us to be more efficient and better able to deliver the benefits of working on a fair trade basis to our Indonesian partners.”

DID YOU KNOW?

Each Semarang chair takes between five and seven days to create, due to the detailed carpentry and weaving required.





Quarterly Return is the newsletter of Shared Interest Society. Shared Interest Society Ltd is a fair trade lending organisation which is a member of Co-operatives UK. It uses the pooled investments of its members in the UK to affect 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 2011 has been 0.5%.

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