



QR

QUARTERLY RETURN 103
SPRING 2017

RARE TYPE OF HONEY HELPS RURAL COMMUNITIES THRIVE

EMPOWERING WOMEN IN WEST AFRICA

Our Monitoring and Evaluation Officer tells us how Shared Interest finance is improving lives in Africa.

CARING COCOA CO-OPERATIVE IS CREDIT TO COMMUNITY

Shared Interest loan used to combat problems with their cocoa crop and improve their community.

AGM

Members join us for our AGM, which took place on 10th March in Gateshead.

SHAREDINTEREST
INVESTING IN A FAIRER WORLD

FROM THE FORMER MODERATOR OF THE COUNCIL

The AGM in March reflected on the end of a challenging year for Shared Interest with rapid depreciation of sterling, following the referendum, impacting on our lending facility and our financial planning for the future.

Nevertheless, the investments from our members continued to increase, and this must reflect the confidence our members have in the work the Society is doing, and their wish for it to continue in bad times as well as good.

The political changes we have seen in the last year may well alter the framework of global trade policies and there is a risk that the interest of small-scale producers will be submerged by the overriding power of large corporations seeking to enlarge their markets. The role of Shared Interest and its commitment to the fairtrade principle is even more important in this environment. The message, the mission and the money are all important pillars if we are to continue to make progress.

Looking back on my six years' experience on the Council, I am impressed by three important components of Shared Interest's business. Firstly, the commitment, dedication and skill of its management and staff (and this includes the increasing number of overseas staff). Secondly, the resilience of the producers we support, facing the continuous uncertainty of financial and climatic change with optimism and resourcefulness. Thirdly, the loyalty of our members in supporting this very unique organisation, now financing over £50 million/year in loans to promote fairness and justice in trade at the grassroots of developing economies in the global south.

As I retire from the Council, I am so glad I had the random opportunity to share in the Council's work alongside so many others of such varied life experiences. The Council plays an important role in the governance of the Society and I am sure as its membership is refreshed each year, it will continue to evolve to face changing needs in the future.

I wish it and the Society every success.

Malcolm Nunn

WELCOME

Thank you to those members who attended our AGM, which took place at the Northern Design Centre in Gateshead on March 10th. It was great to see so many of you there on the day. We really appreciate your input, particularly those who travelled a long distance to join us. You can read more about it on pages 4 and 5.

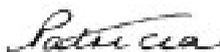
Speaking of travel, we were delighted to welcome Kodzo Korkortsi to the Newcastle office in February. Based in Ghana, Kodzo carries out our monitoring and evaluation work. Many of his findings are detailed in our annual social impact report, and you can read the latest version on our website. In the meantime, turn to pages 6 and 7 to read the latest news from Kodzo's visits to our West African customers.

More customer news can be found on pages 8 and 9, where you can find out about a rare type of honey produced in Nicaragua. Thanks to Shared Interest investors, UCASA co-operative is able to pay their beekeepers at harvest time instead of waiting until honey is exported. This is vital to help provide a regular income for families in the rural community of El Sauce.

Back in the UK, this Fairtrade Fortnight saw the Fairtrade Foundation encourage us to 'put Fairtrade in our breaks'. On the page opposite you can read more about how Shared Interest marked the campaign.

In your Winter QR, you may remember reading about the regional member days we are holding in 2017. Check the schedule at the back of this edition to see if we are coming to a region near you. The next events will be held in May, 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



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FAIRTRADE FORTNIGHT

Monday 27 February -
Sunday 12 March

This Fairtrade Fortnight, the Fairtrade Foundation asked for our help to 'amplify the voices of marginalised producers as much as ever'.

"When we come together we can change the way people think about trade and the products on our shelves – the Fairtrade movement is made up of ordinary people doing extraordinary things in their communities for Fairtrade. Your actions help shoppers to make choices that change the lives of farmers and workers." - Fairtrade Foundation

Shared Interest supported the campaign by encouraging our staff, stakeholders and supporters to put Fairtrade in their break. In the Shared Interest Newcastle office staff enjoyed a range of Fairtrade snacks. Up and down the country our ambassadors were in action - attending a range of events, including Fairtrade festivals, markets and a Big Brew.

Please continue to let us know of events and opportunities in your area. We need your support to continue to spread the word about Shared Interest and to increase our lending capacity. Please get in touch at volunteers@shared-interest.com or on 0191 233 9103.

SHARED-INTEREST.COM



CARING COCOA CO-OPERATIVE IS CREDIT TO COMMUNITY

Cocoa is a complex crop that requires nurturing, with farmers needing to grow their yield in areas without direct sun, wind and risk of disease.

However, cocoa trees can start failing, even with the best of care. For instance, we know from our lending customers in Ghana, that the cocoa yield has suffered over the past two years due to a fungal disease, which has attacked the older cocoa trees.

In 2015, Suhum Co-operative in Ghana used a Shared Interest loan to buy fertilisers and insecticides to combat problems caused by pests. As a result, their cocoa production is predicted to increase, despite facing further challenges last year due to poor rainfall. Luckily, 70% of their farms are 'hybrid', which means they are more resilient to harsh weather. The Government Cocoa Board (COCOBOD) introduced this special variety of cocoa in response to a rapid deforestation in Eastern Ghana due to illegal mining.

Mr. Kwame Asa-Ofori – President of the Suhum Co-operative said: "Cocoa yield has been falling over the past two years due to the fungal disease, and poor rainfall due to the harsh climatic conditions. Thankfully, the COCOBOD has organised a mass spraying of

cocoa farms. However, Shared Interest finance helps us improve the more vulnerable trees affected, meanwhile increasing the productivity of our healthy crop.

"Thanks to Shared Interest investors, we have recently bought a new truck and employed a driver to distribute these vital materials to our farmers, and also to transport Fairtrade Certified cocoa beans from our farmers to the depot."

Since working with Shared Interest, Suhum Co-operative has also focused on improving their community, helping two local groups to build a kindergarten and nursery. Their farmers have also benefited from environmental training, as well as firefighting and prevention.

Mr. Asa-Ofori continued: "The success of the project has led to us opening a shop stocking agricultural products, and the recruitment of a new employee to manage the store, which benefits farmers in the local area."

OUR 27TH AGM

Our 27th 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, as there is increasing inequality in wealth across the world, and 700m are still estimated to live on less than two dollars a day, there is even more need for fair trade and finance. Patricia went on to say that 46 lending proposals were approved last year, with 26 of these being from new customers. She told us: "These facilities are in 12 different countries and support a range of new products, including alpaca fibre, coconuts, flowers and macadamia nuts.

"In terms of our membership, we are delighted to say that as we open our AGM, we have reached £38m in Share Capital. This is thanks to the support of our current member base, and investors new to Shared Interest.

"Our volunteers also play a vital role in raising the profile of our work and we have an extremely loyal volunteer base with our volunteers giving over 500 hours of their own time to promote the work of Shared Interest.

"This year, 433 accounts were opened, and although the average age of members remains at 63, new Share Account holders hold an average age of 59.

"It is encouraging to see that over 40% of new investors are opening their accounts online using a debit card. This means that more people are opting to manage their Share Account using the member portal, reducing the amount of printed materials required."

Patricia went on to reveal that the year ended with the Society making payments totalling £61.7m to 397 organisations

in 59 countries, lending our members money 1.8 times during the year.

Finance Director and Company Secretary, Tim Morgan said: "Amidst a gloomy economic backdrop, there is plenty of good news to report. Lending at year-end was up almost £6m on last year (although more than half of this is due to the weaker pound sterling). Share Capital increased by £3.1m, which is a record. Member account numbers grew by 187 – the best in 10 years, and as noted earlier, lending payments were also at a record high.

"However, this year, our bad debt cost was also unusually high. This is due to us making an exceptional provision against one large producer balance in addition to the more normal levels of provision against several accounts where we no longer believe the full balance is recoverable. As a result, the figures for the Society show a loss. However, we are still proposing to pay interest to members

as the overall performance of the Society is strong, and had it not been for this unusual bad debt, we would have posted a profit."

Other Financial Points Included:

- Rates charged to customers retained at same levels as previous year until US\$ 0.25% rate rise implemented by Shared Interest 1/2/16
- Interest earned on deposits has fallen by £233k to £450k. This will fall to "tens of thousands."
- Cost of money borrowed is up by £261k to £513k but will start to fall under Santander banking arrangement.
- Bad debt cost unusually high. Total £1,212k from £457k last year. Includes an exceptional, large provision for one customer. Bad debt still comparable with similar lenders. We have substantial provisions in place.
- Underlying strong financial year for the Society with encouraging growth in lending and investment.

Shared Interest Society financial results	2016 £'000	2017 £'000
Income receivable and similar income	3,158	2,924
Interest payable and similar charges	(564)	(317)
Net interest income	2,594	2,607
Administrative expenses	(1,934)	(1,948)
Profit/(loss) before provisions and interest	660	659
Provision for doubtful debts	(552)	202
Profit / (loss) after tax and share interest	(669)	87
Share Capital	36,432	33,289
Reserve for lending loss	-	766
Accumulated P & L reserve	1,448	1,351

Moderators Report

Malcolm Nunn, moderator of the Council, went on to say: "The role of Council is not always fully understood by the average Shared Interest member but briefly its function is not to duplicate the work of Directors and/or Management. Instead, our aim is to inject into both short and long-term decision-making the perspective of the ordinary member of Shared Interest. By this we mean; the woman, man or organisation who entrusts funds into the Society to help make a difference to the daily lives and future prospects of thousands of producers and artisans in the developing world."

You can read the full Council Moderator's Report online at: www.shared-interest.com/agm2017

Voting

Results of the postal ballot were also confirmed on the day. These included the re-election of Martin Kyndt and Keith Sadler to the Board, together with Ashley Wyatt to Council. Katarina Diss and Geoff Shearn were also elected as randomly selected new members of Council.

The following resolutions were carried on the day with a significant majority:

- Financial Accounts
- Social Accounts
- Pay arrangements of the Executive Directors
- Re-appointment of Auditor
- Release of Lending Loss Reserve
- Non-Executive remuneration

A Q&A session followed the formal AGM, with members posing a number of questions to the Board, Council and management team. Some of the highlights can be read below.

The financial results table to the left is a summary of the full audited financial statements of the Society which are available on the website or by request to the Secretary.

Question:

What discussions did the Board of Directors have about the default of the loan?

Three Board members responded:

The Board discussed the matter carefully and thoroughly. Particularly the circumstances prevailing. There was the possibility that a rescue package may lead to the co-operative's survival. Each individual Board member took a measured judgement and decided that the package was not feasible, but only after expending energy and heartache; we deliberated for a great deal of time. We do believe that producers will have other routes to market. It should also be noted that it is not a default yet.

We have followed up this discussion with a full report detailing the lessons learnt for future monitoring. This included potential early interventions to help other co-ops.

This is not the end of the story and it is important to note that the senior management team provide the Board with a high degree of information including a detailed report an emerging risks. We flagged this co-operative in question as a concern in spring last year.

Member of Council, Ashley Wyatt added:

I would like to commend the Board for sharing information with Council about the bad debt with the co-operative in question. This situation highlights the importance of the work of Shared Interest Foundation, and the significance of their finance and governance training. We will now hold the Board to account on lessons learnt.

Question:

Members and producers have a shared interest in both the lending and investment. So, in this context has the Board given any consideration to including the producer voice into the setting of our credit policy?

Managing Director, Patricia Alexander responded:

We have actually looked at bringing more producer voice into our governance, but it is difficult. They would be privy to confidential and sensitive business information. We have also considered producer councils and this is what the producer committees try to be. This year we had 25 groups represented. As a result, we have introduced new lending products (at their request), though not everything they request is possible, such as lowering their interest rates. We do try to use the producer committees as a way of hearing the producer voice directly.

A full note of the AGM plus the Q&A is available on the website or, alternatively, by request from Membership on 0191 233 9101 or email membership@shared-interest.com

EMPOWERING WOMEN IN WEST AFRICA

Last year, your investment enabled us to make payments of £61.7m to 397 organisations. When dealing with figures of this scale, it is sometimes hard to imagine the impact made on individual communities and producer groups.

As part of our monitoring and evaluation process, we collect data from our customers in order to build a picture of how your investment is changing the lives of farmers and handcraft makers and their families.

Kodzo Korkortsi is our Monitoring and Evaluation Officer. Based in Ghana, he spends much of his time on the road, visiting producer groups and reporting on how Shared Interest finance has impacted their livelihood.

Kodzo says: "This year I will focus on producers based in Kenya, Uganda, Tanzania, Burkina Faso, Benin, and Ghana. When I visit a particular country, I see as many producer groups as possible in that area. I need to meet with every department, from sales to distribution, so that I can understand the effect Shared Interest has had on the business as a whole.

"I also speak to farmers individually to find out their perspective, and even members of the wider community. It is a very detailed process that allows me to find out how our finance has not only increased production, but has also helped employees buy school uniforms for their children because of their higher income."

During his visit to the UK in February, we asked Kodzo to share some of his findings with us. And with International Women's Day last month, we thought it timely to provide some highlights from a couple of female-led producer groups he has visited recently.

Association Ton

Featured in QR 97, Association Ton (ATN) works with mango and cashew nut producers in Burkina Faso.

When last featured, they were finally succeeding against a series of challenges to their mango harvest.

Since receiving a loan from Shared Interest in 2013 – to purchase a truck and renovate their mango processing unit – ATN has seen great improvements in sales volume and value.

However, Kodzo believes that the organisation has had the biggest impact on the Niagoloko community, where employment has been scarce. During the recent mango harvest, an additional 250 jobs were created for seasonal workers, and he saw hundreds of women gather at the premises for the recruitment day.

Kodzo said: "It was a great sight to see so many women benefiting from ATN's success."

Fatimata Ganame, ATN worker, said: "I have been working here for the past 15 years. My working conditions have tremendously improved since the intervention of Shared Interest. We are now paid on a regular and timely basis."

In 2015, ATN was able to enrol 45 vulnerable children in school, pay for their tuition, and provide them with the necessary learning materials including books. In addition, the co-operative used the Fairtrade Premium to fund first aid training courses for mothers. ATN has even opened a childcare centre on the premises to care for the children of female workers during working hours.

Issaka Sommande, General Manager at ATN, said: "This was a very great move aimed at helping vulnerable women gain employment and secure an income for their livelihood and that of their households."

Adding to their holistic approach, ATN has funded tree planting in three schools, to raise awareness of climate change. They are now planning future campaigns around reducing teenage pregnancy and helping women suffering from domestic violence.



BELOW: Kodzo Korkortsi, our Monitoring and Evaluation Officer.





UGF/CDN

Featured in QR 101, UGF/CDN (Union des Groupements Feminins Ce Dwane Nyee) is a shea butter co-operative located in Reo, Burkina Faso. Thanks to Shared Interest investors, UGF upgraded the machinery in their factory. This helped improve the quality of their products, leading to increased demand from their buyer, L'Occitane. Unlike previous years where they struggled to meet buyer demand, they now have the necessary equipment to manage the high volume of orders.

Kodzo said: "During our visit we spoke to many contented producers and suppliers, who said UGF has provided them with a vital source of income.

"As many of the women involved are widows, theirs is the sole income of the household. As you can imagine, life was very hard for them until they were employed by the union."

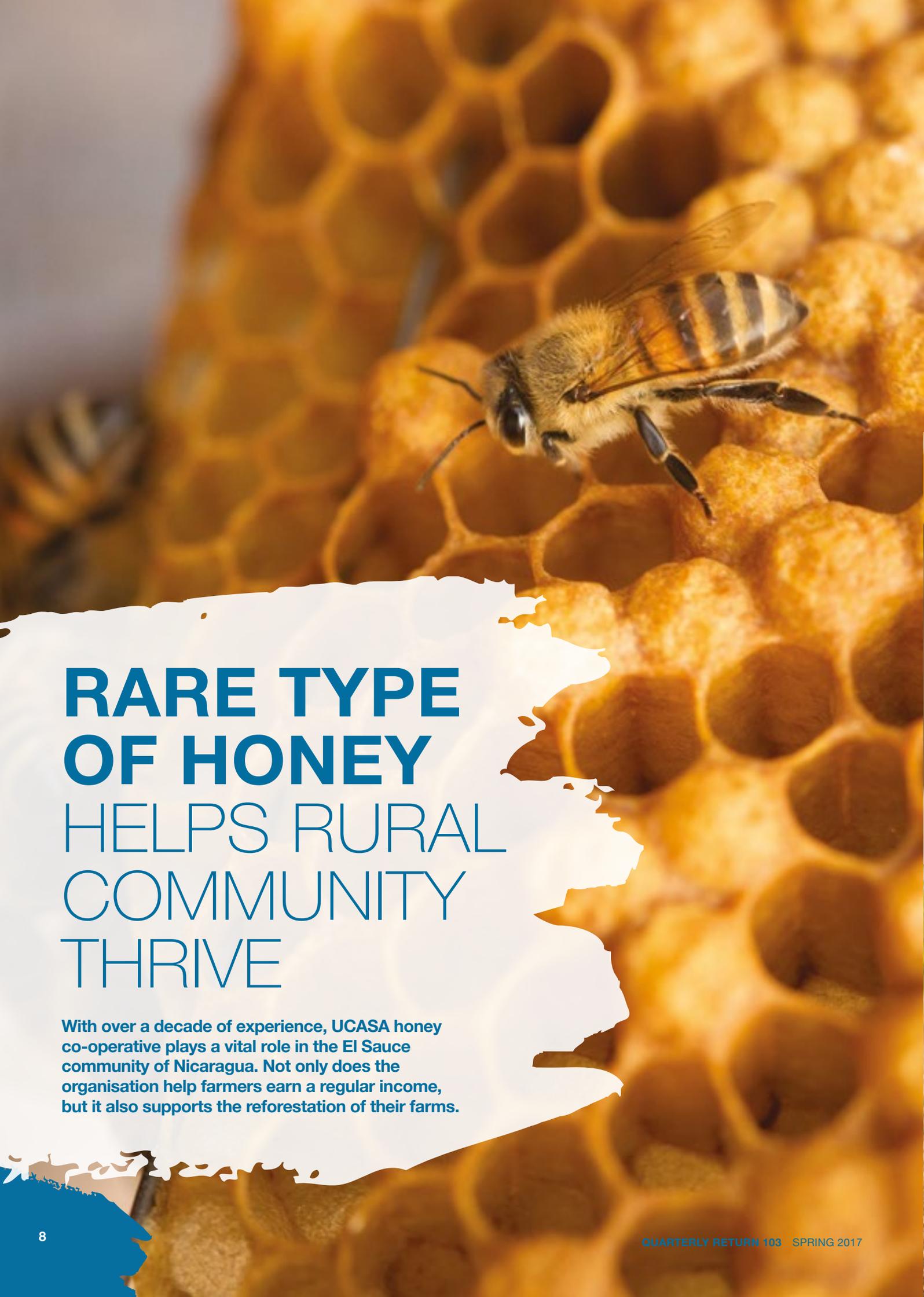
Kando Epilbie, a female casual worker for UGF, said: "I always incurred debts to provide for my family and pay my children's school fees, but for the past year, I was able to meet all the basic needs of my family due to the increase in my income. I now enjoy a relative peace of mind."

Thirty-nine-year-old Noellie Kazemo has been supplying shea nuts to UGF for the past six years. Now, her income

has doubled, and she is able to buy groceries so that everyone in the family can now eat.

By providing adult literacy classes in 200 community centres, as well as a total of 24 sessions on family planning and nutritional education, UGF is now helping workers and their families plan for a better future.

You can read about Kodzo's research in more detail on our website in the Our Publications section at:
www.shared-interest.com/social-accounts



RARE TYPE OF HONEY HELPS RURAL COMMUNITY THRIVE

With over a decade of experience, UCASA honey co-operative plays a vital role in the El Sauce community of Nicaragua. Not only does the organisation help farmers earn a regular income, but it also supports the reforestation of their farms.



Shared Interest's Regional Representative in Central America, Marco Garcia, visited UCASA last year. He explains:

“UCASA is very focused on helping the environment and replanting trees native to the area, providing more opportunity for pollination and therefore improving the production of honey.

“For families in El Sauce, there are only two ways to earn a living, because of the rural location. The first is cattle rearing, which causes deforestation, and global warming. The second, honey production, acts in the opposite way, as it can only be successful if the farms are well nurtured and rich in tropical native trees. All this improves the entire ecosystem including the flora and fauna.

“UCASA members have chosen the latter option due to their environmental concerns, even though the cattle business may be less risky in terms of price variations.”

With 4,000 hives within the co-operative, 80% of UCASA's production is organic honey. However, farmers also produce sesame seeds, rice, and corn. UCASA's Shared Interest facility allows them to buy the honey from the farmers when harvested between November and March, in advance of the export season in April and May.

Marco continues: “UCASA has explained that without our investors, they could not pay their farmers on time, or have the resources to buy books for schools and supplies for churches in their area.”

UCASA produces two different types of honey in equal volumes. ‘Polyfloral’ honey containing nectar from a broad range of plants varying from flowers, herbs, and fruit trees; and ‘Unifloral’ which has a flavour distinct to the one particular plant from which it takes its nectar.

Marco says: “This latter type of honey is very rare and hence sold at higher prices, because most honey farms have various flower varieties growing there. However, on UCASA farms, only one type of flower blooms from July to September, called ‘Campanita’, and during November to December, the sole flower is ‘Amarilla’ - hence the bees only gather one type of pollen to produce the honey.”

Maria Isabel Lopez, UCASA General Manager said: “Having finance from Shared Interest has helped us significantly because now we have enough funds to buy honey from our producers, and this has been reflected in the increase of sales and production.

“Last season we exceeded the production of the last two seasons. In addition, we have been able to bring back former producers who left the organisation because we were unable to buy their honey.”

“Now UCASA is able to buy on average about 80% of the beekeepers production, and our members are very happy about it. We hope to increase this growth further with the continued support of Shared Interest.”

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. Below you can read the profiles of the guest speakers at each of the four events. You will find attached an invite for all of our member events in 2017. 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, pose questions to the Board, and meet fellow investors. We have also invited some of our fair trade partners to talk about their work and you can read their profiles below.

If you have any questions email us at membership@shared-interest.com or call on **0191 233 9103**.



LIVERPOOL
SIMON HAWTHORNE, MANAGING DIRECTOR, DALIT CANDLES

Simon Hawthorne is Managing Director of Dalit Goods Co. and founder-trustee of Life Association – a UK registered charity that for 20 years has been building and managing schools and a children's home in India. In his 30 years in the fashion business, Simon supplied major brands such as Puma, Adidas, Ted Baker and Fat Face, and held distribution licenses for Umbro, Fat Face, Lonsdale and The F.A.

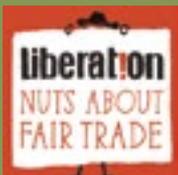


In 2006 he launched the first fair trade and organic street clothing brand - Ascension. When his business collapsed and he and his wife Julia decided to focus on the charity. In 2009 they launched Dalit Candles Ltd, to increase awareness of the plight of the Dalit people and provide profits for the charity. Dalit Goods Co. supply handmade candles pots, soaps, spices and other gift items produced by Dalits in India.



CARDIFF
AMANDA GALLIANO, BUSINESS DEVELOPMENT MANAGER, LIBERATION FOODS

Liberation Foods is the UK's only Fairtrade farmer-owned nut company. Their vision is a world in which smallholder nut producers earn a decent, secure income and can plan for the future. For this reason, they buy their nuts from the co-operatives of small-scale growers and farmers, who own a 44 percent share of the company.



Liberation brings together peanut farmers from Malawi and Nicaragua, cashew farmers from India and El Salvador, and Brazil nut gatherers from the Amazon rainforest. Producers are also shareholders, united in their goal and actively involved in the whole supply chain.

Amanda started her career in the Canadian food industry as a Research & Development Technologist. Understanding the challenges faced by smallholder farmers in the developing world brought her to the fair trade movement. She joined Liberation Foods in 2012 as Business Development Manager, responsible for sales and new product development.

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



LEEDS
TRAIDCRAFT, SPEAKER TBC

Traidcraft is the UK's leading fair trade organisation, dedicated to fighting poverty through trade.

Traidcraft has been at the forefront of the fair trade movement for over 35 years. They sell a wide range of fair trade products and run life-changing development projects and campaign hard to bring trade justice across the world.



BIRMINGHAM
ADAM BRETT, DIRECTOR, FULLWELL MILL

Adam Brett founded Tropical Wholefoods in 1991, after setting up the Ugandan partner business Fruits of the Nile in 1990. Since then he has worked on fair trade food businesses, producing 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.



In 2001, Tropical Wholefoods merged with UK food manufacturer FM Foods to form Fullwell Mill. Fullwell Mill 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.



LONDON
MANAL RAMADAN, MANAGING DIRECTOR, ZAYTOUN CIC

Zaytoun is a Community Interest Company, a social enterprise that was founded in 2004 to support Palestinian farmers through fair trade; 100% of Zaytoun's profits are reinvested into furthering this mission. Zaytoun worked with Palestinian farmer co-ops to pioneer the world's first Fairtrade olive oil in 2009, and now have a range that includes grains, herbs, almonds and Medjoul dates.



Manal Ramadan joined the company after deciding to make a career change from the financial industry, leaving her job in the City of London to pursue her interest in social enterprise, particularly seeking a deeper engagement with Palestine.

She joined Zaytoun in 2009 as a maternity cover and was appointed as Managing Director in 2014. She is an Austrian national of Palestinian origin – her father was made a refugee in 1948 as a toddler and was never able to return. Manal visited Palestine for the first time when she started working with Zaytoun.

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 September 2016 has been 0.25%.

CONTACT US

Shared Interest Society Ltd
Pearl Assurance House
7 New Bridge Street West
Newcastle Upon Tyne
NE1 8AQ
United Kingdom
0191 233 9100

membership@shared-interest.com
www.shared-interest.com

 @SharedInterest

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