

**WE SEE  
THE WORLD  
as it could be**

**ANNUAL REVIEW 2017**



# FAIRER

Shared Interest provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty.

- WELCOME 4
- MISSION AND VALUES 6
- OUR ETHOS 8
- OUR INVESTORS 10
- OUR VOLUNTEERS 14
- GLOBAL REACH 16
- LENDING 18
- FINANCIAL OVERVIEW 24
- THE FUTURE 26



## WELCOME TO OUR 2017 REVIEW

Financially and politically, it has been a turbulent year, with fluctuating exchange rates and market uncertainty following Britain's decision to leave the EU. However, I am pleased to report that we have made considerable progress in achieving the goals set out in our 2014 Strategic Review. We have also begun to link our activities to the Sustainable Development Goals (SDGs) to combat poverty and achieve sustainable development.

Our lending continues to increase and this year we supported over 397 organisations, helping almost 375,000 individuals in 60 countries, 30% of which were women. Our overseas lending team has helped us reach remote communities and brought more opportunity for partnership working. To assist with this growth and to support the size of our lending facilities, we changed our banking partner to Santander Bank, giving us far greater flexibility and capacity to support our customers.

We know that we are one of the only social lenders operating with smaller lending facilities and, in many cases, we work with more vulnerable groups. To widen our reach, we have also started working with a small number of groups who are not certified fair trade but adhere to similar principles. One of them is sesame seed producer, Coproexnic,

a co-operative facing the typical challenge of needing to grow export in order to survive, and you can read their story on page 16.

I am delighted to report that the number of investors has grown and there has been a net increase of 457 new Share Accounts compared with 187 last year. We pledged to reach £40m in Share Capital by 2020, and with the total already standing at £39.4m, we will likely hit our target in 2018. Members continue to be at our heart, and we travelled to five UK cities to meet with our supporters. It was a delight to hear their views.

Our charitable arm, Shared Interest Foundation also completed their strategic review, which identified a key focus on training to support producers by strengthening their governance and financial knowledge. This year, 517 organisations benefited from our training.

We also continued to improve the lives of Swazi producers thanks to our four-year project that began in 2015, in partnership with Swaziland International Fair Trade (SWIFT). We support these businesses through tailored training, which has helped with business expansion, growth in income and better living conditions for workers.

**Chair, Mary Coyle**



# RESPECTFUL

## MISSION AND VALUES

Our mission is to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty. We work collaboratively and innovatively with those who share our commitment to fair and just trade.

With a community of investors and the support of donors and volunteers, we seek to contribute to a world where justice is at the heart of trade finance.

**“It is a meeting of hearts and minds.”**

Paul Sablich, Regional Manager,  
Latin America

We will conduct our business in a manner, which reflects the principles of love, justice and stewardship.

We will:

- Work co-operatively with our members as we take and share risk
- Value and engage our donors and supporters
- Encourage the commitment, talents and energy of our staff in an environment of mutual respect
- Work collaboratively and innovatively with those who share our commitment to fair and just trade
- Work to recognised fair trade standards
- Respect the diversity of different cultures
- Place partnership at the heart of what we do



# EQUAL

## ETHOS OF ACTING CO-OPERATIVELY AND LENDING FAIRLY

Shared Interest is an ethical investment organisation, aiming to alleviate poverty by helping people in remote and disadvantaged communities to trade and earn a living.

We act co-operatively with over 11,500 investors coming together to achieve a common goal. We use their collective £39m of investments to provide loans and credit facilities, primarily to fair trade businesses, to ensure that farmers are paid on time for their crops.

Our finance helps handcraft organisations to buy raw materials, and enables co-operatives to pre-finance orders from their overseas buyers.

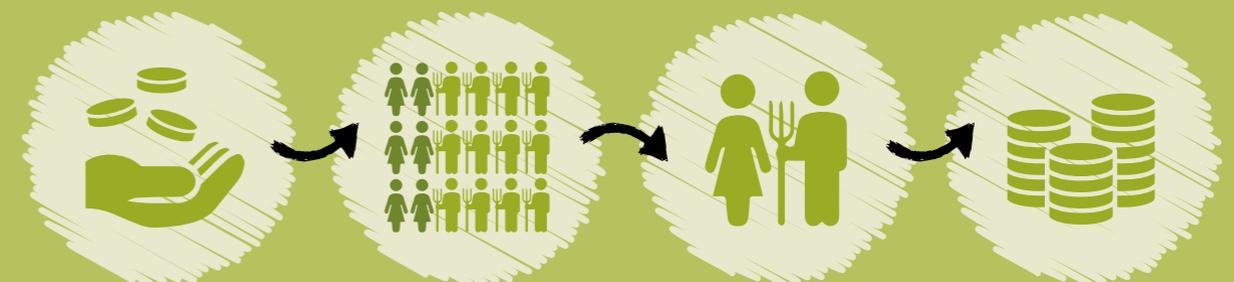
We lend to support Fairtrade products such as coffee, fresh fruit, nuts, and cocoa, as well as handcrafts such as weaved baskets and furniture.

This year we made payments totalling £62.2m to 397 organisations in 60 countries.

Our work is not just about providing finance on fair terms. The fair trade producers we work with say that we have helped transform their communities. Last year, our members helped make a positive impact on the lives of 375,000 individuals.

**“Some of the women have built new homes for themselves, started schooling their children, and paying their medical bills, thanks to the help from Shared Interest.”**

UGF/CDN Co-ordinator, Bationon Bahiomé



IN 2017 WE LENT MONEY TO OVER  
**160 PRODUCER GROUPS**

**374,946 FARMERS AND ARTISANS**  
INCLUDING 112,651 WOMEN

**7,254**  
PERMANENT EMPLOYEES

WITH A COLLECTIVE REVENUE OF  
**£494.5M**

< UCASA is a Fairtrade honey producer based in Nicaragua.

## GROWTH IN SHARE ACCOUNTS



# LOYAL

## MEMBERSHIP

The requirement for our finance has never been higher and we have worked hard over the year to increase the level of investment to have more funds available to lend. We ran a series of campaigns in magazines, newspapers and online and succeeded in increasing our Share Accounts by 457 to total 9,689: closing the year with a total of £39.4m in Share Capital.

Our membership continues to diversify and includes faith groups, fair trade partnerships, small businesses, schools and community organisations as well as individuals. The average age of a member is currently 63 years, and we now have over 11,500 people named on Share Accounts.

A new multi-language website was launched this year and we continued to develop our member portal, giving members the ability to view statements, invest, withdraw, and vote online. A third of our membership now uses the portal.

We continue to hold members at our heart and they are extremely loyal – investing between £100 and £100,000 for an average of 14 years. Following on from last year's success, we held another series of events across the UK to enable our supporters to meet each other, learn about the impact of their investment and make their voice heard. Of those that attended, 65% had never been to a Shared Interest event before.

Each member has an equal voice and vote, regardless of their account size and in March, we held our AGM with over 66 members attending and 13% voting either by post or online.

We believe strongly in transparency and for the 13th year, we produced a detailed set of Social Accounts outlining our activities and achievements in 2017. A copy of the report is available to download on our website.



< Coproexnic is a sesame seed producer group based in Nicaragua.

**“WHEN I HEARD ABOUT SHARED INTEREST I REALISED THEY HAD SIMILAR OBJECTIVES SO I DECIDED TO INVEST... KNOWING THAT MY MONEY WAS DOING SOME GOOD IN THE WORLD.”**

**Reverend Bill Page**



# COMMITTED

## INVESTORS

### INDIVIDUAL

#### Reverend Bill Page

Reverend Bill Page is a retired priest living in North Yorkshire. He was ordained aged 43 after studying at Lincoln Theological College.

It was when Bill was appointed Curate at Boston Parish Church in 1985 that he discovered Shared Interest. He said: “I was already involved in the World Development Movement and when I heard about Shared Interest I realised they had similar objectives so I decided to invest. I wanted to use some of my surplus savings in a practical way, knowing that my money was doing some good in the world.”

We say to our investors:

**“Your investment may not make you rich but it will enrich the lives of others.”**

### GROUP

#### Inverclyde Council

Inverclyde Council has become the first local authority in Scotland to open a Share Account with us.

Convener and Council Leader, Councillor Stephen McCabe, said: “As a Council we are proud to have achieved Fairtrade Zone status for Inverclyde and we continue to promote and support fair trade issues.

“This is a hugely positive way to make a real difference around the world. We have worked hard over recent years to grow the Fairtrade Inverclyde campaign. The Council and community groups have come together to promote and support Fairtrade throughout Inverclyde in offices, local businesses, churches and schools.

“This is another positive step forward to achieving the aims of fair trade and to support communities in developing countries to earn enough for today and to invest in a better tomorrow.”

**“BEING A VOLUNTEER IS A GREAT WAY TO PROMOTE FAIR TRADE PRINCIPLES HERE IN THE UK AND EMPOWER PRODUCERS IN DEVELOPING COUNTRIES.”**

**Ruth Holmes**



# DEDICATED

## VOLUNTEERS

Volunteers play an integral role in promoting Shared Interest here in the UK, sharing their desire to see a fairer world; they enable us to raise awareness and support for our work to achieve this.

People volunteer with Shared Interest for a variety of reasons. We know that one key theme is wanting to share their skills, time, experience, knowledge and passion.

There is no such thing as a typical volunteer at Shared Interest. We value the many different contributions made. This year we welcomed four new faces and held three induction training sessions.

We have continued to support our volunteers with various communications and activities. We held two meet up events in Bristol and London, which gave the opportunity to network and share ideas. Our Skype forums and newsletters continued to be well received and we introduced our first 'Did you know?' feature newsletter. We celebrated their contributions during Volunteers' Week in June and sent cards and packs of wildflower seeds as a thank you.

We are always looking at good practice and peer learning for better ways to develop our volunteer team and report on their contributions. To this end, we participated in a national benchmarking study called Volunteers Count for the first time this year. The results are proving useful in developing our volunteer involvement and considering areas of focus for the future.

### Ruth and Mike Holmes

Ruth Holmes and husband, Mike, have been volunteers for 18 months. They were drawn to Shared Interest because of their involvement with Traidcraft, and fair trade generally. Ruth said: “We support various charities and social enterprises so we particularly like how Shared Interest provides practical support to small businesses in developing countries. We have recently retired from running our own business and being able to volunteer together is a great opportunity to spend time as a couple doing something worthwhile.”

Mike continues: “We have had great support and particularly enjoyed using Skype to talk to staff in the Africa office. Looking at finance with a global view is a powerful thing, and we are keen to take an active role in this work.”

# ENRICHING

LIVES ACROSS THE GLOBE



## COPROEXNIC, NICARAGUA (PRODUCER)

Nicaragua's sesame seeds are amongst the best in the world. The seeds are tolerant to drought-like conditions, which are prevalent in the region, hence an ideal location for sesame producers.

Established in 1994, Coproexnic is the largest exporter of organic processed sesame seeds in Nicaragua. They are a strong cooperative serving 2,000 farmers in 12 different communities, 56% of these farmers are women. Shared Interest is supporting them in this journey by providing a loan to enable the trade of sesame seeds.



## LEMBERONA, AUSTRIA (BUYER)

With the majority of their producers based in Uzbekistan, working with Lemberona gives Shared Interest the chance to reach producers in a country where providing direct finance is not possible.

Lemberona enables farmers to sell their nuts, seeds, dried fruit and vegetables internationally, offering a higher value than trading locally, consequently supporting the livelihoods of more than 10,000 people. Since working with Shared Interest, Lemberona has been able to improve their solar-operated drying system to operate 24 hours a day. They have also been able to expand their product range and become members of the World Fair Trade Organization (WFTO).

## ASANTE, KENYA (PRODUCER)

Asante has the ambitious vision to be the lead quality cut flower producer in Africa. Asante is accredited by the Kenya Flower Council (KFC). However, they align themselves with fair trade principles and so their roses are transported in the underbelly of scheduled passenger flights.

Managing Director, John Nyaga, said: "Financing from Shared Interest has helped us invest in an expansion exercise that will enable us to move from just breaking even, to profitability. This will help us improve the livelihood and living standards of our staff and community around us."

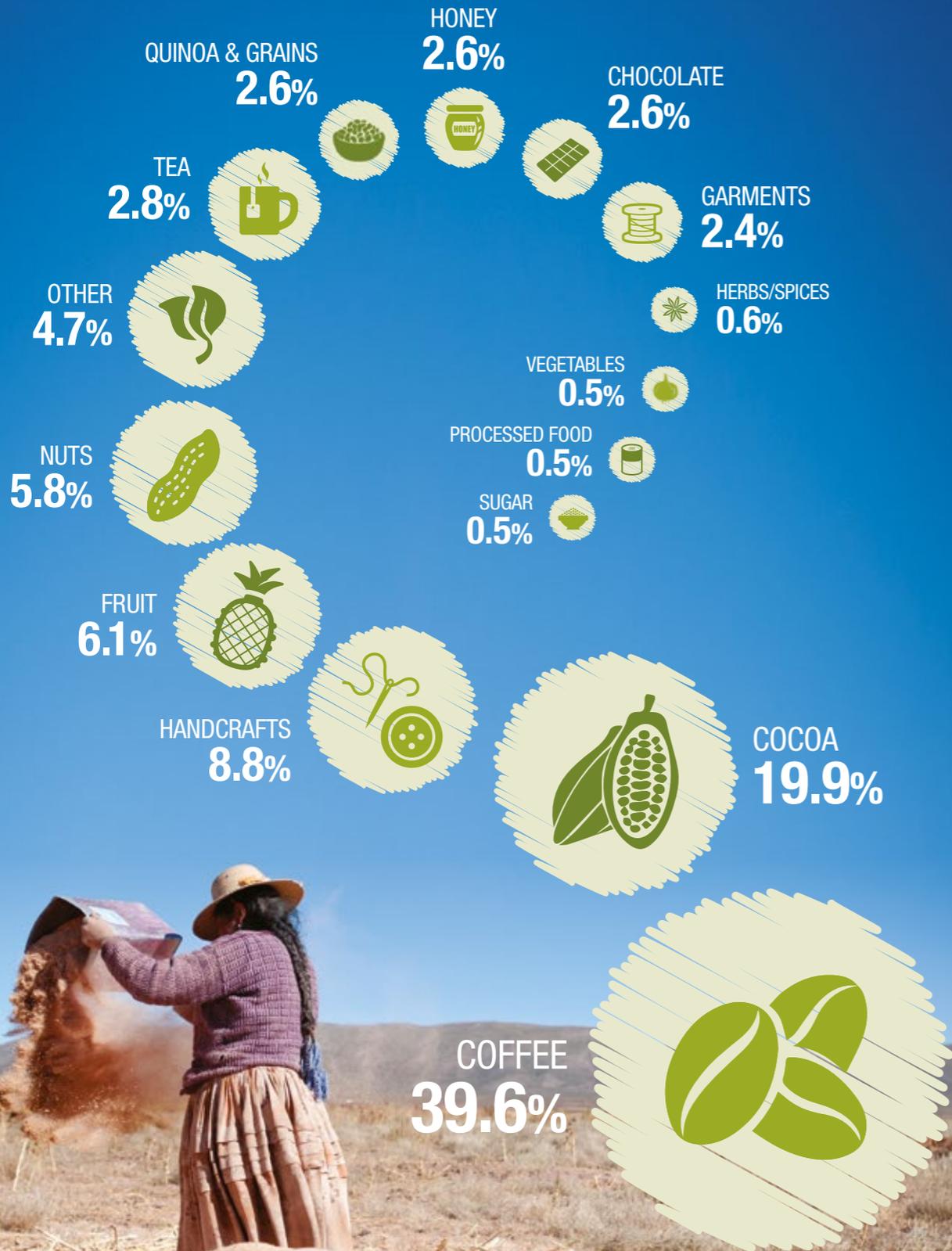


## NYAME AKWAN, GHANA (PRODUCER)

Citrus farming is a growing source of income in Ghana but farmers face many difficulties due to climate change, with fruit ripening early or crops being lost in their entirety due to the changing rainfall patterns in the Ashanti region.

Nyame Akwan is a Fairtrade orange producer surviving commercially, despite these setbacks. Founded in 1997, they work with over 100 farmers to grow two types of oranges. They approached Shared Interest for a loan to purchase fertilisers for farmers and ultimately increased production volumes. Subsequently, they helped reduced fruit loss from 40% to only 10%.





# SUPPORTING

## COMMUNITIES IN NEED OF FINANCE

An estimated two billion of the world's poorest people live in households in developing countries, and depend on agriculture in some form for their livelihoods. These businesses struggle to access the credit they need to sustain and grow their operations.

By connecting smallholder farmers and artisans to commercial markets, our lending has the opportunity to help provide employment to rural populations. By supporting these businesses, we can generate sustainable economic growth for households and communities.

The people we are trying to help are producer groups, and we lend funds in two ways: directly to fair trade producer groups, and to fair trade wholesale or retail businesses.

For producers, we offer term loans for the purchase of assets such as a truck, or infrastructure such as a cableway to help move bananas, but the majority of our support is in the form of export credit, providing working capital to producers helping them fulfil their orders or a stock facility to buy raw materials such as fertiliser.

Most of the funds lent to fair trade buyers are used to pre-finance orders as they often want, or are required to make a part payment to the producer on placing their order. This can place financial pressure on the buyer, particularly when the time between order and delivery is often several months. This is further compounded if the products need to be processed or packed before being sold to the end customer.

The types of products our lending supports has continued to diversify and this has helped us reach more producers requiring finance but a large proportion remains in coffee. This is due to its high value, in monetary terms, compared to other products and the scale of production with more than half of all Fairtrade producers growing this commodity. You will see from the graphic adjacent that handcrafts still have an important place in our portfolio, as we believe that the social impact is greater for these groups and we know that the majority of other social lenders do not offer finance to this sector.

< Andean Naturals is a buyer organisation, working with quinoa producers in Bolivia.



# HELPING

## WHERE OTHER LENDERS ARE LESS KEEN TO OPERATE

With regional offices in Costa Rica, Ghana, Kenya and Peru, we have developed our understanding of the communities we work with and this year supported 397 organisations in 60 countries. Overall lending increased slightly over the year with payments totalling £62.2m and 63% of these were lent directly to producers.

Over half of the producer groups we work with are located in Latin America where the World Bank estimates 11% of the population lives in extreme poverty (USD 2.50 a day). Payments made to producers in this region totalled £28.34m, 73% of all payments sent by us and significantly greater than other regions due to the larger number of facilities for coffee producers: 50% of the world's Fairtrade coffee and cocoa is produced in Latin America.

With half of the world's poorest people, living on less than USD 2.50 a day in Sub-Saharan Africa, we feel that our presence here is vital particularly when we know that we work in areas where other social lenders are reluctant to operate. Of the total 160 producer groups we work with, 47% are based in this region and last year we supported 318,095 individuals, 31% of

which are women. The lending portfolio is diverse in this region but the drought in East Africa did affect both production volumes and the quality of the coffee/tea harvested, ultimately reducing the revenue earned by producers. We are also finding that many of the co-operatives in this region have poor governance making them more vulnerable and in need of closer observation.

The balance of our lending is used to support buyers who are predominantly based in North America and Europe. Of the funds lent to buyers, 89% are used to pre-finance orders and Shared Interest is one of the few social lenders to provide credit facilities to buyer organisations in this way. By supporting the buyers we enable producers to have greater market access and many of the payments are sent to Asia, primarily to Nepal, Bangladesh, India and Pakistan where there is a large concentration of fair trade producer organisations. We are unable to lend directly to producers in these countries due to their financial regulations but by providing a facility to buyers, we can indirectly assist these producers to access working capital.



**70**

volunteers based across the UK reach investors in different communities



IN 2017  
SHARED INTEREST'S  
SHARE CAPITAL  
REACHED

**£39.4m**



Once again, we have surpassed our targets and we now have

**11,509**

individuals noted on Share Accounts

The highest number of payments went to

**PERU**

totalling

**£20.2m**



We supported shea butter co-operative, UGF/CDN in Burkina Faso, enabling families to

**DOUBLE THEIR INCOME**



**39.6%**

of our lending supports coffee producers



**9%**

of our lending goes to handcraft businesses

From our head office in Newcastle upon Tyne, we reach 60 countries with our finance. We couldn't do this without our members and network of volunteers throughout the UK. With dedicated in-country teams in Costa Rica, Ghana, Kenya and Peru, our lending customers have account managers who understand their culture as well as their business. We collaborate with partners and listen to our stakeholders.

**IT ALL ADDS UP**

< UGF/CDN is a shea butter co-operative based in Burkina Faso.

## THE FINANCIAL OVERVIEW

The 2016-17 financial year saw total income static but that hides a strong performance in lending income, which grew by over 10% whilst deposit income fell by two-thirds. This is a trend that we have been experiencing over recent years. The amount lent to customers remained high at the year-end at just under £30m. All these figures are influenced by the continuing weak Pound Sterling which spent most of the year in the range 1.25 to 1.30 in relation to the US Dollar, our key foreign currency.

We completed a move of banking partner from the Co-operative Bank to Santander. Whilst this has reduced still further the amount of bank interest which we earn, this was to some extent set-off by the lower margin charged by Santander to borrow foreign currency and this has helped us to keep finance costs lower than last year. Operating costs for the Society increased by inflation – a good achievement in a year where the full-year effect of the weaker pound put pressure on our costs of operating

overseas. With bad debt costs returning to more “normal” levels, the result before interest to members is a small surplus of £48k, however we do intend still to pay interest at 0.25% to members for the year as this rate was in force throughout. This decision needs to be ratified at the AGM before accounts are credited.

The overall financial position of the Society remains very strong with another good year of growth in member capital. In addition to specific provisions against doubtful accounts which are cumulatively £4.5m, we have reserves from previous years’ surpluses, totalling over £1.4m.

**The Board of Directors** currently includes two Executive Directors and six Non-Executives. Its role is to determine and monitor the implementation of strategy for the Society, make sure that risks are managed appropriately and provide a proper account to members of the financial and social results of the Society.



PATRICIA  
ALEXANDER

DAVID  
BOWMAN

PAUL  
CHANDLER

MARY  
COYLE

MARTIN  
KYNDT

TIM  
MORGAN

PAULINE  
RADCLIFFE

KEITH  
SADLER

	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
<b>STATEMENT OF 2017 COMPREHENSIVE INCOME</b>					
Credit charges	1,611	1,799	2,164	2,653	2,928
Bank deposit interest	903	839	683	450	147
Other	89	103	77	55	89
<b>Total</b>	<b>2,603</b>	<b>2,741</b>	<b>2,924</b>	<b>3,158</b>	<b>3,164</b>
<b>Finance Costs</b>	<b>(77)</b>	<b>(79)</b>	<b>(252)</b>	<b>(513)</b>	<b>(427)</b>
Provision for doubtful debts	(414)	(516)	(457)	(1,212)	(664)
Operating costs	(1,777)	(1,773)	(2,013)	(1,985)	(2,025)
Corporation Tax	47	50	5	(5)	-
Profit before members' interest and donation	288	323	197	(547)	48
Members' interest	(68)	(108)	(110)	(122)	(72)
Donation	-	(50)	-	-	-
£/\$ Exchange rate at the year-end	1.61	1.62	1.51	1.29	1.34
<b>BALANCE SHEET 2017</b>					
Tangible fixed assets	97	57	35	150	153
Investments	93	94	95	118	115
Lent to customers	16,490	21,063	24,933	30,763	29,918
Cash and deposits	32,811	35,891	38,827	41,668	40,821
Debtors	458	362	381	340	90
Loans owed to the bank/overdrafts	(16,634)	(22,135)	(27,125)	(34,299)	(29,501)
Other creditors < 1 year	(544)	(542)	(649)	(739)	(521)
Other creditors > 1 year	(1,34)	1,340	(975)	-	(214)
<b>Total</b>	<b>31,431</b>	<b>33,450</b>	<b>35,522</b>	<b>38,001</b>	<b>40,861</b>
<b>Capital</b>	<b>29,454</b>	<b>31,255</b>	<b>33,289</b>	<b>36,432</b>	<b>39,367</b>
Reserve for lending loss	766	766	766	-	-
Proposed share interest	112	115	116	121	70
Proposed donation to Shared Interest Foundation	-	50	-	-	-
Profit and Loss	1,099	1,264	1,351	1,448	1,424
<b>Total</b>	<b>31,431</b>	<b>33,450</b>	<b>35,522</b>	<b>38,001</b>	<b>40,861</b>

The summary of the financial statements above is an extract of the full audited financial statements for the Society, which are available on request from the Company Secretary or can be downloaded from our website.

The figures are for the Society only and we have not shown here the combined result (“Consolidation”) with Shared Interest Foundation.

The majority of our lending and overseas payments are made in USD thus the exchange rate with sterling has a significant impact on the year end figures.



# HOPE

## FOR THE FUTURE

As our Share Capital continues to grow, so does demand for our lending. This means that we consistently look for ways to increase our support within the UK. Our main aim is to provide finance to even the most marginalised of communities and this will remain at the core of our strategic direction.

With a dedicated in-country lending team now bringing us even closer to the heart of these regions, we are focused on providing the working capital that would be otherwise out of reach to the majority of producers.

Our forthcoming Strategic Review is an opportunity to reflect on our current ways of working, and consider our pathway for the future. We have already begun to research areas we feel are central to our continued success and look forward to hearing the views of our supporters in 2018, as we meet with our members and volunteers at events throughout the UK.

**It is vital that we continue to work where other lenders are less keen to operate so that we can increase direct lending to smallholder farmers and handcraft co-operatives in the developing world.**

**Shared Interest Society**  
Pearl Assurance House  
7 New Bridge St West  
Newcastle upon Tyne  
NE1 8AQ

**T: (0)191 233 9102**  
**F: (0)191 233 9110**  
**info@shared-interest.com**  
**@SharedInterest**

Copies of the Directors' Report and Accounts and Social Accounts are available to download from our website.  
Shared Interest Society Ltd is registered with the Registrar of Mutual Societies, number 27093R.  
Printed on paper from sustainable well managed sources certified by the Forest Stewardship Council.



**SHAREDINTEREST**  
INVESTING IN A FAIRER WORLD