



# QR

QUARTERLY RETURN 110  
WINTER 2018/19

## STRIVING TO KEEP TRADITIONAL CRAFTS ALIVE

### THE BEGINNING OF KNOWLEDGE

Guayapi is a French importer and distributor of wild plants from the Amazon rainforest and the hills of Sri Lanka.

### MEASURING IMPACT

Each year, we compile a set of externally audited Social Accounts, which detail our social, economic and environmental impact. We share the results with you on pages 6 and 7.

### INTERVIEW WITH WFTO CHIEF EXECUTIVE

Erinch Sahan talks about the community of innovative entrepreneurs he now leads.

**SHAREDINTEREST**  
INVESTING IN A FAIRER WORLD





# WELCOME

**Happy New Year to you all; I hope you enjoyed the festive period. We were delighted to receive such a positive response to our Christmas card, and I would like to take this opportunity to thank you for continuing to invest in Shared Interest.**

Just before we closed for Christmas, I was overwhelmed that Shared Interest was recognised through my inclusion in a list celebrating the top 100 Women in Social Enterprise (WISE100) in the UK. It is an honour to sit alongside such inspiring and influential female leaders.

The selection of customer stories in this issue are also as inspiring as ever, and this time come from the USA, Brazil and the UK. We hope you enjoy reading about buyer customer, Lucuma, which is striving to keep traditional crafts alive, and give artisans the opportunity to earn a supplementary income.

Included in this QR is an interview with new WFTO Chief Executive, Erinch Sahan, as well as an interview with our guest speaker from Liberation, who spoke at our 2018 member event.

We are also in the process of planning this year's member events. The dates and locations are shown opposite. We will bring you more information on the events in your Spring QR, but in the meantime, please 'save the date', as we would like to see as many members as possible.

I would like to draw your attention to the article on page 11, an update on our Strategic Review process and detailing the proposed Rule changes to the Society. Enclosed in this mailing is a booklet, providing you with further information and asking for your vote.

Thank you once again for your continued support in 2018, and all the best for the coming year.

Until next time,

**Patricia Alexander (MD)**



## DATES FOR THE DIARY

This year, our AGM will be held on Friday 8 March 2019 at the Northern Design Centre, on the banks of the Tyne. We invite you all to join us in our home region.

## UPCOMING MEMBERS' EVENTS

This is your chance to meet staff, together with members of our Board and Council. We would love to see you at one of the events and would encourage you to bring a guest along to introduce them to Shared Interest. Your spring edition of QR will include a Member Invite for you to complete, but in the meantime, please make a note of the dates in your diary.

Date	Venue	Location
8 March	The Design Centre	Gateshead (AGM)
17 May	Priory Centre	York
13 June	Brighthelm	Brighton
26 June	Howard Building	Cambridge

We are also planning one additional event in the Midlands area; further details will be included in your Spring QR.



## INTERVIEW WITH WFTO CHIEF EXECUTIVE, ERINCH SAHAN



**We were delighted to welcome Erinch Sahan to our UK office. It was a great opportunity for Erinch to meet with staff and discuss his recent appointment as the World Fair Trade Organisation (WFTO) Chief Executive. While he was here, we asked him a few questions about his personal motivations and career path.**

### 1. Firstly, congratulations on your position as WFTO Chief Executive. What excites you most about the role?

The WFTO is a community of innovative entrepreneurs from over 70 countries. What I love most about this network of organisations is that, unlike other commercial businesses, they are truly mission-led and there is genuine collaboration between them. As fair trade organisations, they want one another to thrive. As Chief Executive, it is a fantastic experience to work with businesses who share their success stories as well as their failures, and carry a true sense of authenticity, which I think is becoming more and more important to consumers these days.

### 2. When did you first develop your passion for fair trade?

I come from a traditional family of Turkish smallholder farmers. We knew what it was like to struggle to earn a living, and the need to diversify to earn money outside of traditional harvest seasons. My family had to rent land to grow wheat and vegetables, but also bought cows and chickens to sell milk and eggs to the local community. My early childhood in Turkey allowed me to understand the challenges faced by people with few options to make a living.

### 3. Can you tell us how this personal interest has combined with your career path?

We moved from Turkey to Australia when I was a child, and I worked there throughout my twenties in a host of different directions, including corporate law and big business. I then moved to the UK to work for Oxfam, whilst also working as a lecturer at Oxford Brookes University. My role at Oxfam involved working with the private sector, promoting fairer models of business. We also founded the 'Future of Business Initiative', working with social enterprises and co-operatives to end poverty. It was then that I started to realise the ethos of social enterprise could, and should, become mainstream. When the position arose at WFTO, it seemed a natural progression to lead a community of businesses who are pioneers in making this happen. This all led to my current role in the Netherlands, working with over 400 organisations globally to shape a new economic vision for our planet, based on the values of fair trade.

### 4. What will be your key focus for the coming months?

For me, it's about showcasing that the members of the WFTO embrace fair trade in everything they do. It's not about one

product line, or one ingredient, but these are businesses that have shaped their identity around benefiting farmers and workers. They are truly showing what business can look like when they put people and planet first. I have already had the opportunity to meet member organisations from every continent, and am looking forward to meeting many more at the WFTO Asia Conference in Nepal. These visionaries from across the WFTO will gather at the International Fair Trade Summit in Lima in September 2019. When I came into post, we were preparing to launch the International Fair Trade Charter, created to showcase the breadth of the fair trade movement and how, together, we can help bring the Sustainable Development Goals into fruition.

### 5. Finally, do you have a message for Shared Interest investors?

You are part of a movement that is positive, innovative, and gives hope to millions. Shared Interest goes out of its way to ensure it helps finance WFTO members, which are enterprises that exist to benefit workers and farmers. Shared Interest has played a pivotal role in expanding fair trade that so many millions can benefit from it. As a WFTO member itself, and by financing fair trade enterprises (for example, WFTO members), Shared Interest is pioneering a hopeful vision for a better world, full of businesses that put people and planet first. Thank you for being part of a global movement that is making the world a fairer place.





# STRIVING TO KEEP TRADITIONAL CRAFTS **ALIVE** IN PERU

Twenty years ago, Lucuma Designs, LLC, a US-based fair trade company, was founded by Alessandra Bravo and Don Blackowiak, to create opportunities for Peruvian artists to promote their finest craftsmanship. Soon after, they joined the Fair Trade Federation, a membership organisation of businesses who are committed to practising fair trade.

Alessandra said: "I felt the need to give back to my country and stay connected, so Don and I combined our talents and creative juices to provide work for top artists in need. All this while having fun, inspiring and guiding the creation of beautiful, handmade gifts that tell a story."

Lucuma Designs strives to keep traditional crafts alive by giving artists the opportunity to do what they love. They collaborate closely with approximately 300 artisans within 22 small groups and family workshops throughout Peru (80% being women). Recently, they started working with the native community of Boruca in Costa Rica.

In Peru, the organisation works with women from the Aymara community, an ethnic minority living near Lake Titicaca, on an Andean plateau at 12,500ft above sea level. With a rich, ancestral textile tradition, knitting provides these female farmers with a supplementary income that empowers them to have a greater voice within their households and communities.

"Even though many of our knitters were not able to complete primary school, they tell us how their earnings have provided better nutrition and education for their children. It is rewarding to see that many are already proud parents of college graduates!"

With its sister organisation in Peru, Apumano S.A.C., employing five people on the ground, Lucuma can keep in daily contact with artists to co-ordinate production. They also provide business know-how, free consulting, and interest-free loans as needed.

To measure their impact, they conduct periodic interviews and visit their workshops frequently. Over the years, they have seen noticeable improvements in many groups. Five years ago, they created an after-school programme through the group leader's church to support carvers, which now provides meals for over 300 children in their community.

In August 2016, we gave Lucuma Designs a Buyer Credit Facility to help them overcome cash flow issues, created by a sales peak between September to November, making it difficult to build stock for the season. With the approved credit, they were able to improve their production management, place advanced orders with their artists, and increase their range of goods. This reduced the number of lost orders due to out-of-stock items during the busiest season.

Alessandra continued: "Since our beginning, we trained our artist partners to show us only their best quality products. It was tough for them at first, but thanks to the training, they have managed to grow with us. We have been working together with many of our groups for over 15 years!"

**"Today, we see how the market is changing and demanding even more from us and our artists. I suspect even closer collaboration and a focus on meaningful relationships between consumers and artists will be key for the future."**

Alessandra Bravo



## COUNCIL COMMENT

In 2017, I visited Peru on a Traidcraft Meet the People Tour. This was a wonderful opportunity to visit producers and co-operatives and increase my understanding of how fair trade works.

Manos Amigos is a co-operative working with small business groups and family workshops in poor areas of Lima and the Andean highlands. They export handcrafts, mainly ceramics, to the USA and Europe. They are trying to diversify their products to expand their market – there are so many nativities depicting llamas in Peru.

Allpa, a Shared Interest customer, is another co-operative in Lima selling in both the fair trade and open markets. They sell high-quality, handmade goods from suppliers around the country and work with their producers to design new products to match market trends. We met apprentices learning to weave and knit. They have a workplace nursery and provide a daily meal for workers.

We visited two rural communities who made woollen products. One group used natural dyes and made beautiful, woven pieces using simple looms. A table runner with a complex design takes approximately 100 hours of weaving. Others made lovely, knitted garments using undyed alpaca wool. Both these groups had previously sold through the fair trade market, but had lost this when the buyers who worked with them ceased trading. These isolated communities have struggled to find new markets and currently have to sell locally and to visitors, so we were happy to oblige.

Finally, we visited Coopain Cabano, a co-operative growing and processing quinoa. The Fairtrade Premium they receive has enabled them to improve their farming techniques and invest in new machinery, knowing that they have a secure market to sell into. This has made a huge difference to the 500+ farmers in the co-operative.

At the end of our stay, I visited the Shared Interest office in Lima where I met Paul and his team. As a member of Council, I found this extremely helpful in understanding more about the Society. I came to Council with no particular experience to offer, but I would encourage anyone to put their name forward, and would especially welcome more women as we are under-represented at present.

Kate Roberts

Member of Council



# SOCIAL ACCOUNTS

Each year, we compile a set of externally audited Social Accounts, which detail our social, economic and environmental impact.

The full document is available to download on our website here:  
[www.shared-interest.com/impact-report](http://www.shared-interest.com/impact-report)

## OUR MISSION

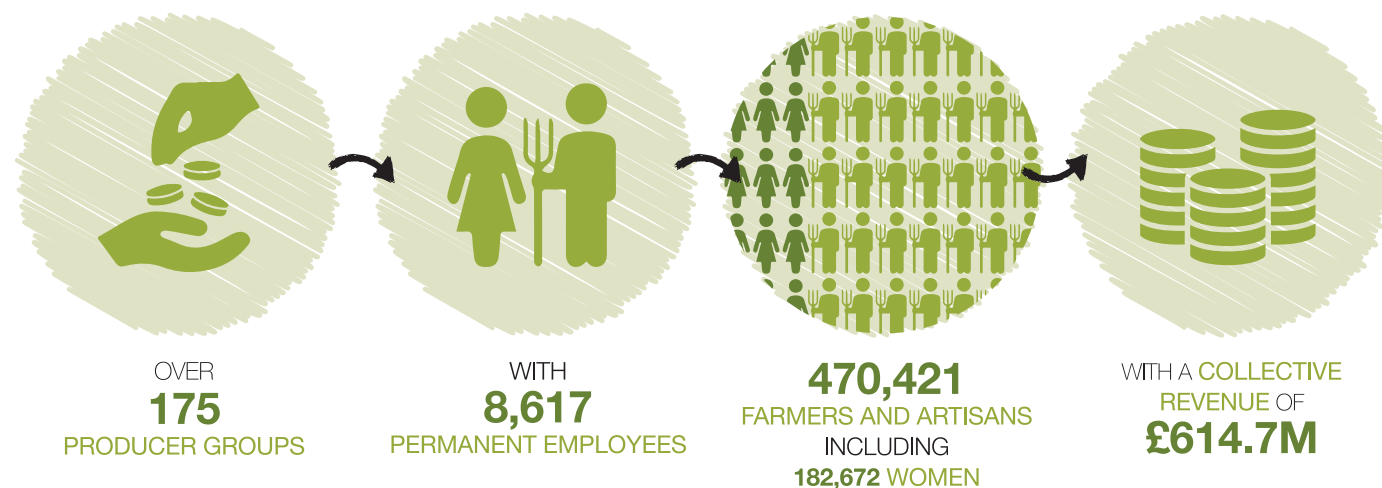
**Our mission is to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty.**

**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.**

We bring together over 11,500 individuals to achieve a common goal, investing currently £41.4m in Shared Interest Society between them. This capital allows the Society to provide loans and credit facilities. With members each investing between £100 and £100,000, we are able to lend money directly to businesses across the world.

In 2018, our lending continued to increase. We supported over 175 producer groups and 32 buyer organisations, helping over 470,000 individuals in 63 countries, 39% of which were women.

## IN 2018, WE LENT MONEY TO:



## OUR LENDING

We lend in two ways: directly to fair trade producer groups (producer lending), and to fair trade wholesale or retail businesses (buyer lending).

When managing our lending, we split the portfolio into three regions; Africa, Latin America, and Northern Hemisphere and Pacific Rim (NHPR). We have a total of 207 customers, equalling 175 producer groups and 32 buyers.

## OUR MEMBERS

We are able to achieve this impact because of the support of our loyal membership. Every £1 invested by members this year was lent 1.56 times.

This year, we significantly increased investment with a closing Share Capital total of £41.4 million, a net increase of £2.01 million. This investment allowed Shared Interest to lend to 207 customers across the globe, and thereby increased their access to finance to grow their businesses; generate more employment; and improve the lives of producers and their communities.



## LATIN AMERICA

Out of the total producer groups we work with, 47% are based in Latin America and this represents 66,983 individuals (50% are women) out of the total of 470,421 people impacted directly by Shared Interest.

Eighty-one percent of total payments in this region support cocoa and coffee, with the remainder used to provide finance for other products such as Brazil nuts, bananas and sphagnum moss. Peru continues to be the country with the largest total value of payments (£23.8 million) and number of payments (424) made.

## NORTHERN HEMISPHERE AND PACIFIC RIM

Shared Interest is one of the few social lenders to provide credit facilities to buyer organisations in the Northern Hemisphere.

The majority of recipient 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 producer organisations due to their financial regulations, but by providing a facility to buyers, we can indirectly assist.

## AFRICA

Over half of Shared Interest's producer customers are based in Africa. We made £9.6 million worth of payments to these producers, representing 23% of the total payments sent to our entire producer portfolio. Of these payments, £7.3 million went to 22 organisations in Côte d'Ivoire.

In East Africa, we have seen proposals approved for summer flowers and grains such as maize. As for West Africa, we continue to lend to producers of cocoa, cashews, fresh fruits, dried fruits, shea butter, and handcrafts.

## TOTAL PAYMENTS MADE



References: [worldbank.org/en/region](http://worldbank.org/en/region)

[SHARED-INTEREST.COM](http://SHARED-INTEREST.COM)



# THE BEGINNING OF KNOWLEDGE

**Guayapi is a French importer and distributor of wild plants from the Amazon Rainforest and the hills of Sri Lanka. Founder, Claudie Ravel, based the organisation on the principle that every ingredient they work with is organic, fair trade, and encourages biodiversity. Guayapi uses the Forest Garden Products (FGP) Certification to ensure this is the case when producing its food supplements, cosmetics, and luxury grocery items.**

Guayapi has been buying Guaraná from the Consortium of Sateré-Mawé Producers (CPSM) for almost 25 years. Guaraná is a climber plant, indigenous to Brazil. Known for its coffee-bean sized fruit, it is packed with a concentration of up to approximately 4% guaranine (a molecule similar to caffeine), and about 10% tannins.

Thanks to its naturally stimulating quality, Guaraná has become a prevalent ingredient in the energy drink industry, representing a growing market of around \$6 billion. Due to this growing popularity, the consortium was set up to protect authentic Sateré-Mawé Guaraná – referred to as ‘Waranà’ in their language, which means ‘the beginning of knowledge’ – and to avoid the potential industrialisation of Amazonian farming methods.

Guaraná grows on long-stemmed woody vines. The Sateré-Mawé people honour these ‘lianas’, referring to them as the ‘Mothers of Waranà’. They can reach a height of 12 metres with white flowers and

red fruit occurring in the dry season. The fruit then splits to reveal part of the seed and the white flesh, which resembles a human eye.

Waranà of the Sateré-Mawé (meaning Guaraná from the Original Lands) has been highlighted as a Presidium product by the Slow Food International movement. Slow Food is a global, grass-roots organisation, founded in 1989 to prevent the disappearance of local food cultures and traditions.

The CPSM group represents the forestry production of the Sateré-Mawé community, which consists of over 17,000 people, with Guaraná continuing to be the main product.

Founder of the consortium and fair trade campaigner, Obadias Garcia Batista, said: “One of our main struggles continues to be the great spaces of the Amazon Rainforest. Our producers are scattered amidst 80 communities along several river tributaries of the Amazon. Therefore, they stay at the

mercy of ‘the regatões’ (intermediaries who buy at the lowest price directly from the producers and resell to the industry at a higher price).

“This is why one of our Fair Trade Principles is that Guayapi advances at least 50% of the harvest amount to the CPSM. This way, we can prepay and secure our producers with a fair price well before the beginning of the harvest. This is what Shared Interest helped us to do in the last 2017/2018 harvest. Recently, we have faced strong competition with cheaper and lower quality Guaraná from other regions, which compete with our products in European markets. This impacted our fair trade activity. As our business activity became slower, we had less cash flow to prebuy the Guaraná from our indigenous producers. This means they could be more vulnerable to the mass market and low-priced multinational soda companies.

“This is why we asked for financial assistance from Shared Interest. It helped us critically for the 2017/2018 harvest. Now our turnover is starting to increase well again. We hope to have a cleaner cash flow balance for the future harvests. More broadly, thanks to the Fair Trade Agreement with Guayapi, we have been able to give value to our Guaraná, and thus to our culture and territory.

“According to Guayapi, the Guaraná produced by the Sateré-Mawé, is unique in terms of organic production methods, as well as environmental conservation, and preserving the culture and human rights of people living in the community. This means that their actions are in line with an international agreement, which ensures genetic resources are used in a fair and equitable way. This agreement is known as the Nagoya Protocol on Access and Benefits Sharing of Biodiversity (2010) of the Convention on Biological Diversity (CDB).”

As many as 500 producers – the number currently registered in the CPSM – collect the Guaraná. The seeds are cleaned and dried in natural clay ovens for six days, then transferred into traditional drying rooms where they stay for a month. It is tradition that families work collectively on this part of the process. The dry seeds are then transported to Parintins, a town located on the Amazon River, where the Sateré-Mawé Producers Consortium was established. Here, the seeds are crushed into a fine powder with a yield of about 80%.

We asked Founder and CEO of Guayapi, Claudie Ravel, what motivated her to create her business.

Photo of Guaraná



She said: “I have always been fascinated by the local community and their systems of knowledge and biodiversity. I believe that the cultural diversity of the world is undervalued because of this agro-industrial age that drives consumers into cheap and potentially destructive products.

“I created Guayapi in 1990 after three years of studies, in order to import and distribute wild-picked plants from the Amazon Rainforest and Sri Lanka into Europe. Guaraná was one of these plants. At that time, no Guaraná existed in the European markets and we started to sell it as a food supplement from a natural Guaraná production in the Mato Grosso region of Brazil.

“I always wanted to work with the original discoverer of Guaraná, the Sateré-Mawé people. At that time in 1994, Obadias Batista Garcia was looking for international fair trade markets in order to sell their crop. They began the Waraná Project, with an import of 20kg to Europe. Now, Guayapi imports about five tonnes a year at a fixed-price. This totals €250,000 of Waraná purchased each year;

about 10 times above today’s Brazilian market price.

“A third of this amount goes directly into the funding of community benefit projects. Currently, this means that Guayapi is helping the Sateré-Mawé community to protect their bee population.

**“Helping the bees to thrive involves defending and improving the biodiversity of the forest. Bees are essential in the cycle of Guaraná breeding. By pollinating the shrubs, they increase the yield by about 85% in a fully organic way.”**

In terms of the future, Guayapi would like to work with the Sateré-Mawé to bring their acai berries to market in response to increasing consumer demand in Europe. For this, they would need to invest in machinery to freeze-dry the acai berry and in solar panels to power it. Acai berries are a grape-like fruit native to the rainforests of South America. They are a popular superfood and have a range of health benefits. Guayapi would also like to develop the tools needed for distilling rosewood leaves to make essential oils.





## Richard Cooper, Chair of Liberation Foods, spoke to supporters at our Edinburgh member event.

### Why do you work in fair trade?

It is very humbling and hugely rewarding to work in fair trade and to be playing my part in creating a fairer society. For me, a fairer society means creating equality, for all.

### What does Liberation Foods do?

Liberation is the UK's only Fairtrade nut company. We work in partnership with farmers from Bolivia, El Salvador, India, Malawi and Nicaragua to supply delicious nuts for shoppers who think ethically-sourced snacks shouldn't cost the earth. By working with small-scale farmers, who own a 49% share of Liberation, we collectively ensure nut producers earn a decent and secure income so they can plan for the future of their families and communities.

### What do you consider to be Liberation's biggest challenge?

Liberation's biggest challenge is maintaining a presence and having the opportunity to remind people of our relevance in a fast-paced and ever-changing society. We also have a challenge around educating people about

global supply chains, so they understand a lot of hard work goes into a product long before it is bought in a local store.

### What is the most inspiring or surprising encounter you have had with a fair trade producer?

Meeting Josalina and Santos in Bolivia in 2016 was so memorable for me. They are a family of two adults and seven children, and use the resources available to them in the Amazon. I was struck by how resourceful and entrepreneurial they both are and how they are nurturing their children to be the same. All they have is one crop per year of Brazil nuts, and they use the income from this to manage their home, provide schooling for their children and to invest in other crops and resources. This means they can have both a sustainable lifestyle and additional income to support the whole family.

The Fairtrade Premium from their crop of Brazil nuts is invested in improving family life and making the nut gathering and collection easier. This year, I visited Josalina and Santos and saw the small three-wheel vehicle they had bought to get

in and out of the forest, with the nuts they gather. Previously, they would carry 70kg of unshelled Brazil nuts on their backs, one sack at a time, on a journey over two miles long. Josalina and Santos firmly believe they have a good life and Mother Earth is their provider – they will do all they can to protect this way of life.

It is my joy and that of the team at Liberation to give them the opportunity to sell their product in UK supermarkets.

### What is your favourite Fairtrade product?

Zaytoun Za'atar, the traditional herb mix from Palestine.

### Do you have a message for Shared Interest members?

Keep supporting fair trade, and keep investing as it does truly make a difference to those who would not ordinarily be able to support their families and communities without the valuable line of credit.

You can read more about Liberation at [chooseliberation.com](http://chooseliberation.com)

# STRATEGIC REVIEW

Last year, we invited you to participate in our Strategic Review process. Many of you took part in our AGM workshops, and answered key questions in our Member Survey. It is clear that you are very passionate about the Society and that you want us to continue supporting producers in disadvantaged communities, and particularly those small and marginalised groups.

Thanks to your participation, and with help from other stakeholders, we are now looking at the following emerging themes:

- The need to build partnerships to support producers facing the challenges brought about by climate change (66% of member survey respondents said they were 'deeply interested' in environmental issues and climate change mitigation).
- Support for producers and buyers in regions where we are currently not represented, such as Madagascar, Mozambique and Asia.
- The potential of lending to a broader range of certifications (88% of our members who responded to the survey said they would support this if the principles of fair trade were being adhered to by alternative marks).
- Solutions to tackle the issues surrounding poor governance, including the increased provision of technical assistance for vulnerable groups through our Foundation.
- Offer members the choice to invest in EUR, USD or GBP.
- Enable individuals under the age of 16 to hold a Share Account, engaging younger members in our work.

As you can see, we have a lot of work to do and will update you on our progress in coming issues. For now, we would like to focus on the last two themes, which relate to investment. We feel these are most urgent, as our lending portfolio cannot grow to meet the challenges set out above without significant growth in our membership and Share Capital.



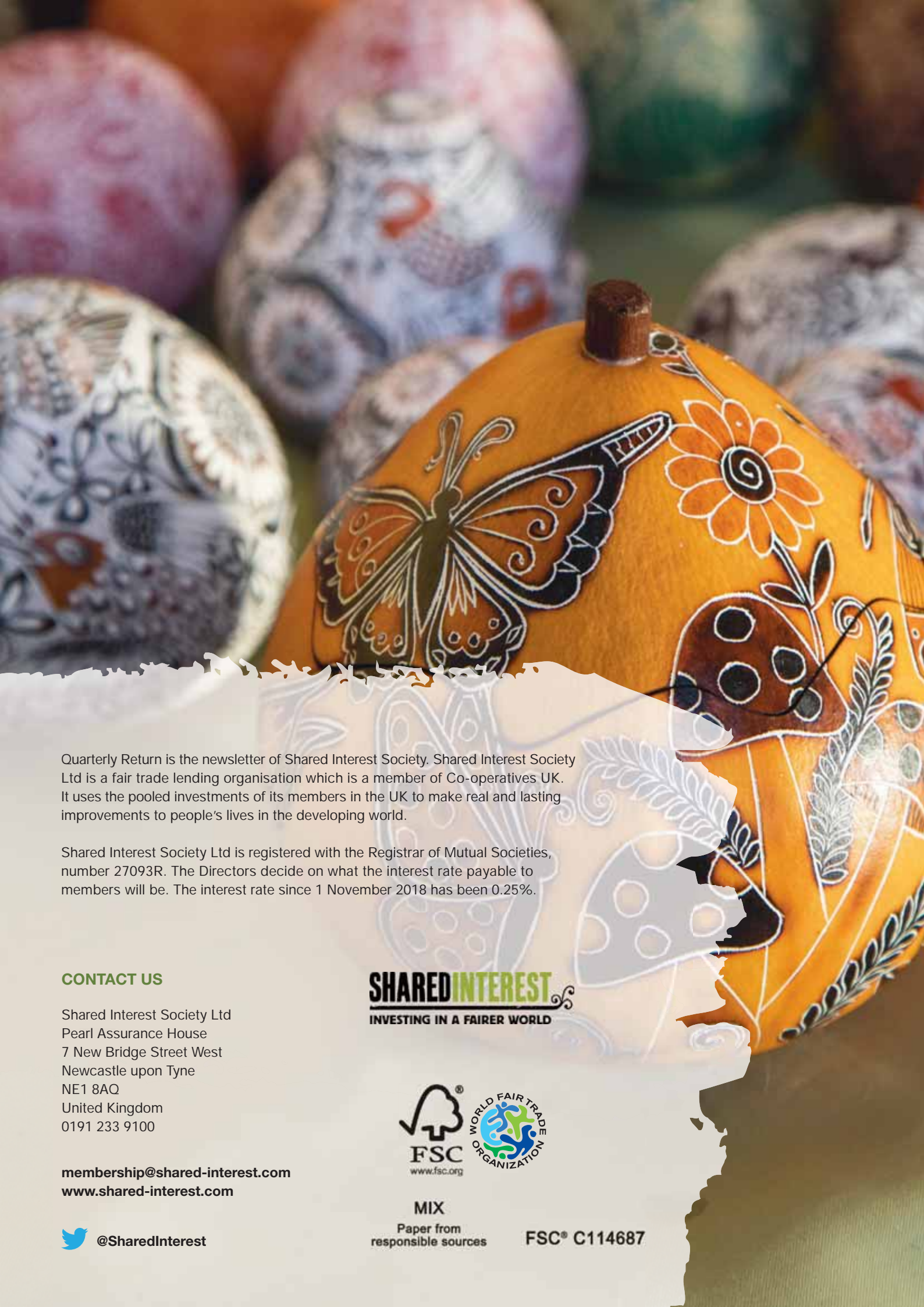
Firstly, we would like to widen our membership base by accepting investments in EUR and USD. Currently, 93% of the payments we make to producers and buyers are in currencies other than GBP. Fluctuations in exchange rates therefore have a significant impact, and the weakened pound resulting from the Brexit decision has significantly reduced the borrowing power of our GBP Sterling Capital. By attracting investment in USD and EUR, we would reduce our cost of borrowing, have greater flexibility on lending and diminish the need to pass on any US Federal Reserve, increases to customers. For clarity, we would not be proposing to open overseas investment offices of Shared Interest in the US or anywhere else, as the legislation around this is expensive and complicated. We will however investigate whether we can encourage people living in the Republic of Ireland to invest in Shared Interest Society, as this would be a potential source of EUR investment.

The other key change we would like to propose is to allow individuals under the age of 16 to open a Share Account. At present, Share Accounts can only be opened on behalf of children, and all communication is sent to the parent or guardian. As a result, we do not have an opportunity to build a relationship with the young person and they generally withdraw the funds when they take ownership of the Share Account. By making this change, we will be able to engage directly with young investors, building upon their knowledge and loyalty, with the aim of maintaining their ongoing support.

As these aims require a change to our Rules we are asking our members to vote in a postal ballot. A booklet detailing the recommended changes is included in this mailing, and we would urge you to participate in the decision. You remain at the heart of Shared Interest, and we want you to have a say in its future direction.

If you have any questions or need any further information, please contact [membership@shared-interest.com](mailto:membership@shared-interest.com) and we will be happy to help.





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 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 November 2018 has been 0.25%.

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