

SHARED INTEREST

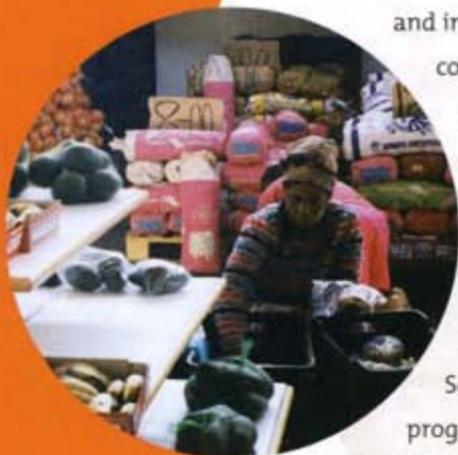
INVESTING IN SOUTH AFRICA'S FUTURE



*Shared Future.
Shared Interest.*

SOUTH AFRICA: LESSONS FOR THE WORLD

Having triumphed over the politics of its colonial and apartheid past, South Africa has now set to work to lay the economic foundations for an enduring and equitable democracy. In a global context of conflict and increasing inequality, its achievements and continuing challenges provide inspiring and important lessons about reconciliation and reconstruction.



A STRUGGLE FOR EQUITY

Despite the dismantling of apartheid and South Africa's active new government programs designed to diminish disparities, South Africa's economy still places blacks—particularly black women—at a severe disadvantage. Decent jobs, secure housing, adequate health care and education remain elusive goals for many South Africans. Without an increasingly democratic and inclusive economy, South Africa's hard-won political freedom may be at risk.

"Political freedom without economic freedom is not freedom."

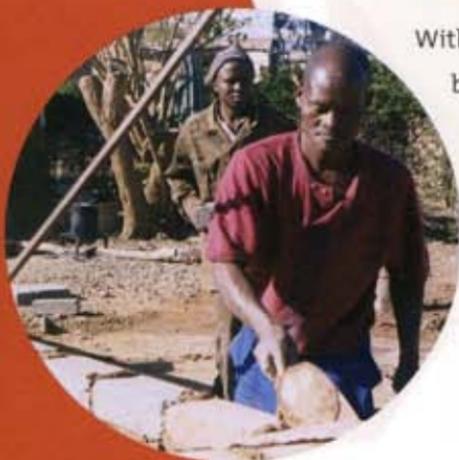
— LAWRENCE MAVUNDLA

A CATALYST FOR CHANGE

In 1994, Shared Interest was established by the Fund for a Free South Africa, founded by black South Africans living in exile in the U.S., to help families and communities in South Africa overcome economic apartheid by providing access to credit. Since inception, Shared Interest has steadfastly promoted social change by encouraging banks to lend to low-income people, building communities of strength, and enabling South Africans of color to obtain credit. At least 350,000 South Africans have benefited from Shared Interest guarantees that have already

- Launched 6,000 small businesses
- Created 12,000 jobs
- Built 62,000 homes

With stable sources of income and safe homes, borrowers are able to feed and educate their children, increase family assets, and build the economic power of their communities.





AN INVESTMENT IN THE FUTURE

Shared Interest provides access to credit for South Africa's majority through a guarantee fund administered in the U.S. We raise funds for the guarantees by borrowing from people and organizations that share our commitment to supporting small and micro-enterprises, low-cost housing and rural development. **For every dollar lent to Shared Interest in the U.S., more than 10 dollars have been lent to low-income borrowers in South Africa.** The guarantee fund also protects our partners from the debt trap of dependency on overseas dollars. By moving South African banks to lend in local currency, Shared Interest mobilizes the country's own resources and strengthens its own community lending institutions.

Shared Interest continues to learn from the communities we serve. In the U.S., we forge links between supporters, channeling energy from the anti-apartheid work of decades past into South Africa's future. In South Africa, we learn about solidarity, courage and creative approaches to daunting social problems. Shared Interest's partnerships plant seeds of change that span oceans, races, genders and generations.





Shared Interest's guarantees are rooted in our working relationships with low-income townships and rural communities that house, feed, clothe, and transport the majority of South Africans. By increasing these communities' access to credit and strengthening their own lending institutions, Shared Interest provides them with tools for greater financial security and independence for a viable and equitable new nation.

 **PLANTING A SEED**

By lending money to Shared Interest, thousands of individuals and institutions around the country including African-Americans and other communities of color, civic organizations, and faith-based institutions participate in a partnership for international change. The money is pooled, placed in socially responsible investments, and then used to guarantee bank loans in South Africa.

 **ENCOURAGING BANKS TO LEND**

Shared Interest's guarantees serve as catalysts to move South African banks to lend to communities traditionally denied credit because of their race, gender, low incomes and, more recently, health status. In the process, Shared Interest and our partner organization, the Thembani International Guarantee Fund (Thembani means "we give hope and encouragement" in Zulu), introduce the banks to new borrowers who typically repay their loans as well or better than their traditional clients. This encourages banks to direct their own abundant capital into their country's internal emerging market.



BUILDING COMMUNITIES OF STRENGTH

Shared Interest guarantees encourage South African banks to lend to South African organizations that extend credit to grassroots communities. These community organizations administer smaller loans to individual entrepreneurs by providing the training and support they require to build homes, start and expand small businesses, and create jobs in their communities. The guarantees also enable the community lenders to use commercial credit to diversify their sources of support and enhance their own financial security and self-sufficiency. This is essential if they are to serve a growing number of borrowers and continue their work for years to come.

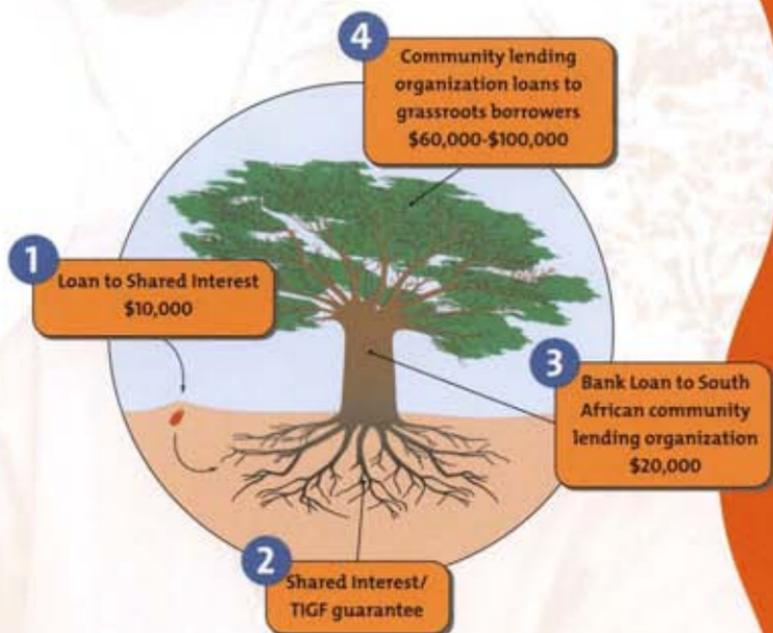


FOSTERING FINANCIAL INDEPENDENCE

Shared Interest's guarantees bear fruit by putting capital into the hands of the people who need it most, and who can use it most productively—the 60 percent of South Africans who still have no access to formal banking services. Such funds have helped women who dreamed of starting a construction business to build homes for their neighbors, and mothers interested in commercial vegetable farming on marginal land using environmentally friendly growing techniques. Eighty percent of the people benefiting from Shared Interest's guarantees are women and 95 percent have incomes below the poverty line.

NURTURING PARTNERSHIPS

Shared Interest's pioneering approach works simultaneously and strategically with economic actors ranging from grassroots communities and their organizations to the country's largest banks. It further enables people in the U.S. who share an interest in promoting international democracy cooperation to join South Africans in rebuilding their communities and their country. In so doing, Shared Interest provides tools and partnerships, which South Africa's young democracy needs to deliver equity, peace and promise to a waiting nation and a watching world.



Please note: The amounts of particular guarantees and loans may vary.



*"Your unflagging partnership, as necessary now
as it was in 1994, has helped us develop new
strategies and tools to give substance and
shape to the vision and energies of our people.
We look forward to continuing that work,
which is based on a shared interest."*

— H.E. NELSON ROLIHLEHLA MANDELA
Former President of South Africa

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