



GRASSROOTS BUSINESS FUND

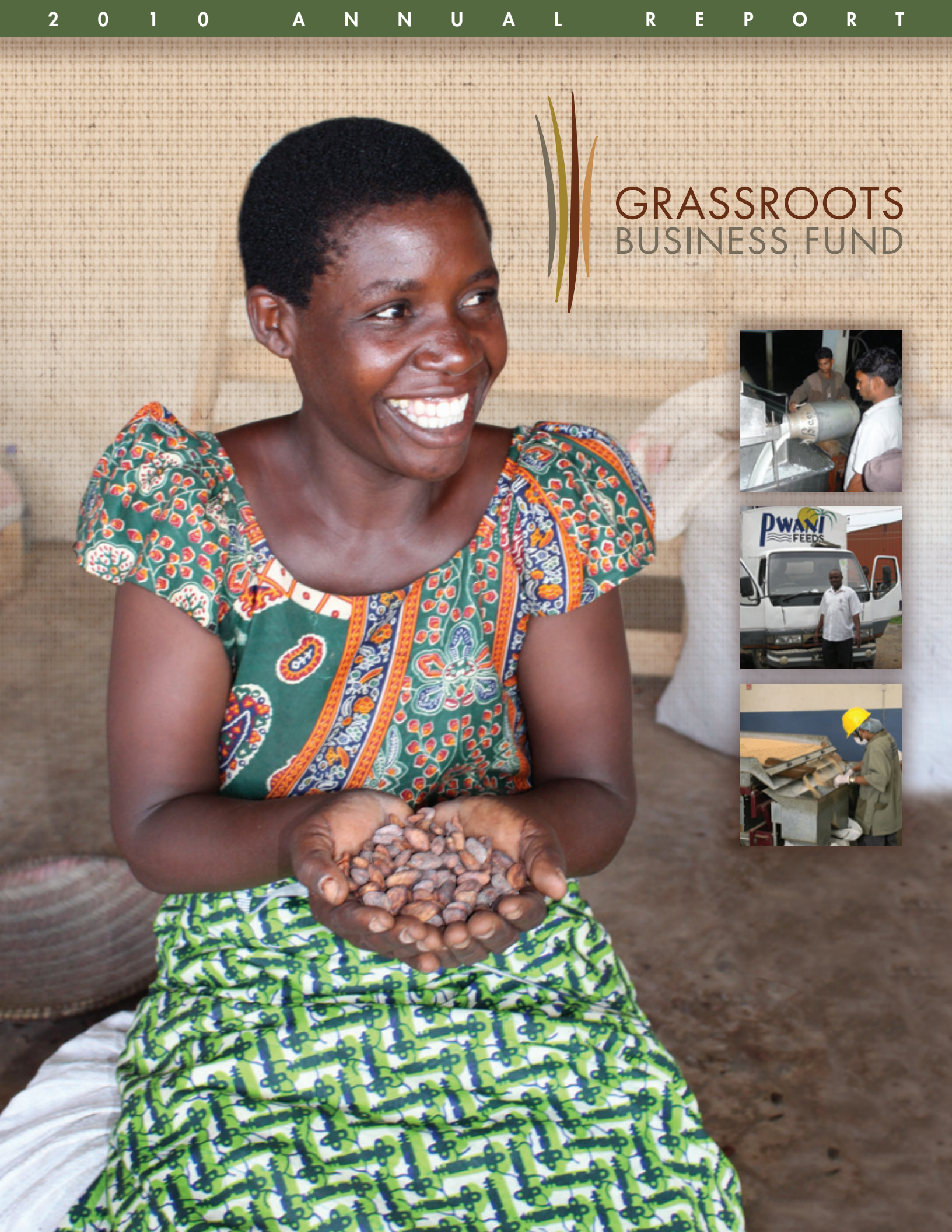


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LETTER FROM CHAIRMAN & EXECUTIVE DIRECTOR

Hello Friends,

We are delighted to present the second Annual Report of the Grassroots Business Fund (GBF).

For over 30 years, we have been actively developing new solutions to the economic challenges that people at the base of the economic pyramid (BoP) experience daily. This is an issue we are deeply passionate about and we believe that supporting innovative business models in developing countries through creative financing and targeted technical assistance will improve the economic conditions at the BoP.

Out of this passion, the concept for GBF was born. GBF addresses an important but underserved segment – High Impact Businesses, typically small or mid-sized by international standards, but often among the largest and most complex enterprises in their local markets. They serve as catalysts for wealth creation at the BoP, providing large numbers of the poor with sustainable economic opportunities and affordable goods and services. Although these enterprises can make a significant impact on the lives of the poor, this growing business community often struggles with management, planning, and other institutional capacity challenges. This is where GBF steps in, providing them with the capital, partners, and business acumen they need to succeed. GBF's approach is to blend patient investment capital with targeted capacity building.

During its second year, GBF made considerable progress building on its accomplishments in 2009 and forged ahead to the next stage of development. GBF added many new investments and the aggregate portfolio is performing well, due to the combined efforts of investees and staff. To date, the portfolio is producing a positive cash return and GBF has helped a number of high-quality visionary enterprises scale up, become more financially sustainable, and achieve a significant social benefit. Internally, GBF continued to learn and adapt procedures to improve operations. GBF also contributed to the broader development of the impact investment field, through several industry-wide initiatives and partnerships.

Based on GBF's successes to date, we believe there is a strong case for GBF to continue and expand its operations. Looking ahead to its next phase, GBF is contemplating several exciting opportunities and activities. For instance, there are several new social enterprise models, financing platforms, and training programs that have the potential for rapid scaling. We are excited about the opportunities of GBF's next phase and look forward to the upcoming year.

We hope you enjoy this report and welcome your comments and suggestions.

Many Thanks,



Iqbal

and



Harold

"The Grassroots Business Fund strives to create a world where economic opportunity reaches everyone."

GBF's ROLE

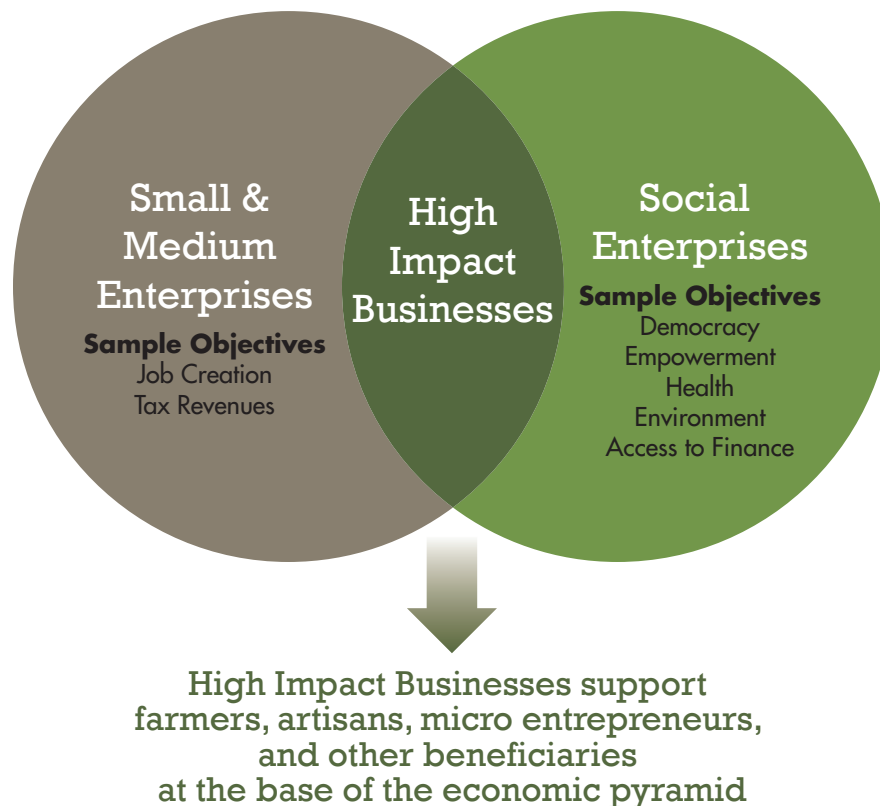
GBF'S MARKET NICHE

GBF targets High Impact Businesses, a distinct segment of businesses at the intersection of Small and Medium Enterprises (SMEs) and Social Enterprises (SEs). SMEs are important drivers of economic growth and innovation in developing countries, accounting for over 30% of employment and generating 16% of aggregate GDP in low-income countries.¹ In middle-income countries, they represent nearly 60% of total employment and generate 39% percent of GDP.² SEs overlap to a certain extent with SMEs. These enterprises empower large numbers of the poor to improve their own economic well-being, create wealth, and promote savings, potentially lifting vast numbers of people out of poverty.

Since both SMEs and SEs face their own set of constraints accessing financing and targeted capacity building, High Impact Businesses often face compounded constraints. They typically struggle to develop efficient, well-managed, financially-sustainable business operations because they are weak in critical areas

such as management skills and tools, well-functioning governance structure, and financial management and planning. They also lack access to patient, risk-sharing long-term financing. The private sector typically does not engage much with these businesses, since they have trouble meeting the requirements or return objectives of most financial institutions. Therefore, these businesses require capacity building and generally carry higher transaction costs.

Microfinance institutions, earlier on, faced challenges similar to those of today's SMEs and SEs. However, through grant funding and long-term financing, the microfinance industry was cultivated and developed into a thriving model with significant social impact and a strong supporting ecosystem. Because High Impact Businesses play a vital role in driving socio-economic empowerment at the base of the pyramid, a similar model applying a rigorous commercial approach is needed to strengthen and incubate these businesses into financially sustainable organizations that are ready to engage the private sector.



¹ IFC (2009) The SME Banking Knowledge Guide.

² Ibid

GBF History & Recent Highlights

GBF was created within the International Finance Corporation (IFC) in 2004 as the Grassroots Business Initiative (GBI) and was spun off in July 2008 to grow and expand on the successes of GBI. Its founder, Harold Rosen, was closely involved in many early "frontier" sector developments at IFC, such as microfinance, small business investing, and technical assistance. GBF draws on this experience as well as input and experience from stakeholders including IFC, Omidyar Network, FMO, Oesterreichische Entwicklungsbank (OeEB), the Luxembourg Ministry of Finance, and others who are leaders in the fields of business, finance, development, and philanthropy as well as partnerships with best-practice players.

Main Milestones

FY 2009

- GBF opened headquarters in DC
- \$2.7M of committed capital (in both investments and grant-funded initiatives)
- GBF created SME Export Facility (SEF), formerly known as CIF
- GBF co-hosted first Annual Metrics conference with ANDE

FY 2010

- \$5.7M of additional committed capital (in both investments and grant-funded initiatives)
- Opened offices in Nairobi, Kenya; established field presence in Ghana, India and Thailand
- Hosted first annual capacity building workshop for portfolio companies
- Co-hosted second annual ANDE metrics workshop

Grassroots Business Fund's mission is to build and support High Impact Businesses that provide sustainable economic opportunities to millions of people at the base of the economic pyramid.

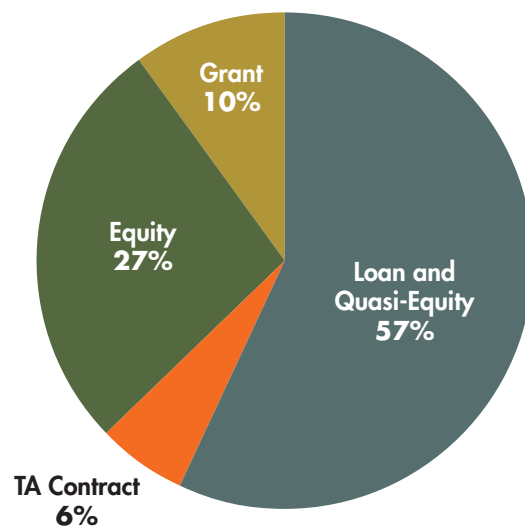
GBF'S APPROACH

GBF's solution is to invest patient capital and, in parallel, deliver a value-creation program of capacity building. This blended approach is based on best practices from both private and nonprofit sectors.

GBF's capacity building programs are a combination of technical assistance (TA) funded through grants and hands-on management support from GBF staff and its partners. The capacity building programs include improvements to governance, general management, reporting, Management Information Systems (MIS), and business/financial planning.

GBF evaluates each investment opportunity on the basis of its financial, social, and operational merits. The process is overseen by members of GBF's management team and advisory bodies, who add considerable value. GBF's process of backing, monitoring, and helping develop its clients, is summarized on the following page.

Total Committed Funds by Type



GBF Investment Approach



Despite the challenging environments that High Impact Businesses operate in, and the complexities of their respective business models, GBF sees evidence of progress in its portfolio—measured by improved financial sustainability, higher operational efficiency, increased revenues, and greater social impact.

The people impacted by GBF's investees fall into three categories: producers, entrepreneurs, and consumers.

Producers increase their incomes by selling agricultural or artisanal products to GBF's client enterprises, who offer increased access to markets and invest in capacity building activities for producers. Entrepreneurs grow their businesses by accessing financial and capacity building services. Consumers increase their savings by accessing new technologies, such as solar lights and mobile bank accounts.

GBF Differentiators

In two years, GBF has established a strong reputation in the impact investment field. The sources of GBF's successes lie in its unique niche, blended approach, experienced staff, and innovative field building activities.

Target a unique, under-attended niche	High Impact Businesses that can scale and generate economic opportunities for millions at the BoP
Blended investment approach	GBF's approach pairs: <ul style="list-style-type: none"> ▪ patient capital investments with ▪ hands-on, targeted capacity building program
Experienced leadership and staff	GBF draws on over 60 years of combined experience in: <ul style="list-style-type: none"> ▪ finance ▪ business rigor ▪ a practical approach ▪ transparency in all of its work
Field building	GBF is engaged in developing new platforms for the industry through: <ul style="list-style-type: none"> ▪ partnerships ▪ industry-wide initiatives ▪ the sharing of lessons, practical approaches, and models with broader applicability

"With Harold's prior experience in microfinance and SME development, GBF definitely understands the importance of capacity building blended with patient capital, in the building and scaling of a successful social business."

—Vijay Mahajan, Founder & Chairman of BASIX

OPERATIONAL OVERVIEW

In its second year of operations, GBF committed \$4.8 million in investment capital into 16 new High Impact Business deals. GBF also expanded its physical footprint by establishing new field presences in Ghana, India, Kenya, and Thailand in order to provide greater support to investees, and to source new opportunities. At the same time, GBF strengthened its supervision process and investment procedures, developed new solutions to address common challenges that High Impact Businesses

face, and hosted a well-received capacity building workshop for investees.

As part of its industry-building activities, GBF leveraged its existing partnerships and forged some new ones. GBF staff, graduate student teams from top universities, and MBA consultants engaged with portfolio companies on strategic management issues. GBF also continued its partnership with the Aspen Network of Development Entrepreneurs (ANDE) on an annual metrics workshop, and became a Pioneer Fund Manager of the Global Impact Investing Rating System (GIIRS), a new emerging markets rating system involving a number of leading industry players.



PORTFOLIO INVESTMENTS AND GBF OFFICES



KEY
 2010 Portfolio Investments
 2009 Portfolio Investments
 * Although this organization has operations in several countries, the main use of GBF funds will be in the country indicated
 • GBF Field Presence



PORTFOLIO OVERVIEW

The aggregate portfolio, as of June 30, 2010, had \$7 million in committed investment capital in 26 High Impact Businesses across 10 countries, with \$1.4 million in technical assistance committed to investees and eight grant-funded initiatives. 57% of the committed funds are invested in loans and quasi-equity structures while approximately one-quarter are invested in equity. The average investment size is typically \$340,000, excluding working capital loans (managed by SEF). The portfolio has performed well to date with no write-offs, limited loss provisions, and issues being addressed through GBF's hands-on portfolio management process.

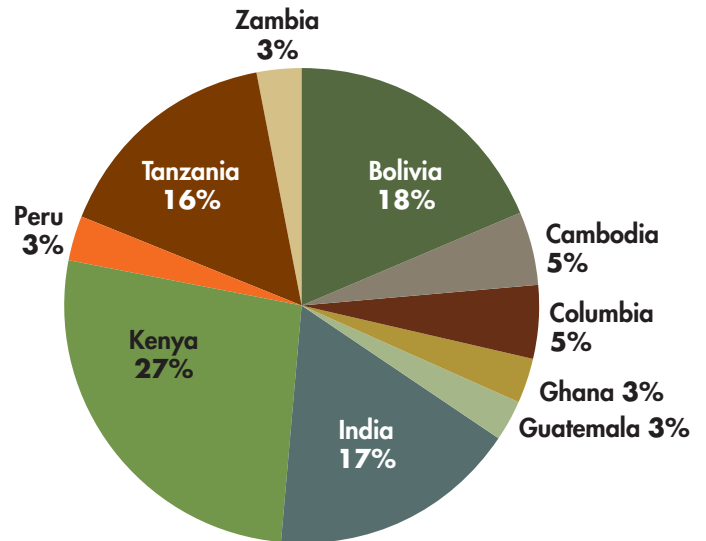
98% of the portfolio based on people supported is in countries where GNI per capita of less than \$1,200. This reflects GBF's commitment to low-income countries. About half of the portfolio is committed in sub-Saharan Africa, and almost 28% is committed in Latin America. Approximately 37% of the portfolio is committed to agriculture, and access to finance and BoP services* represent 26% each.

GBF's SME Export Facility (SEF)

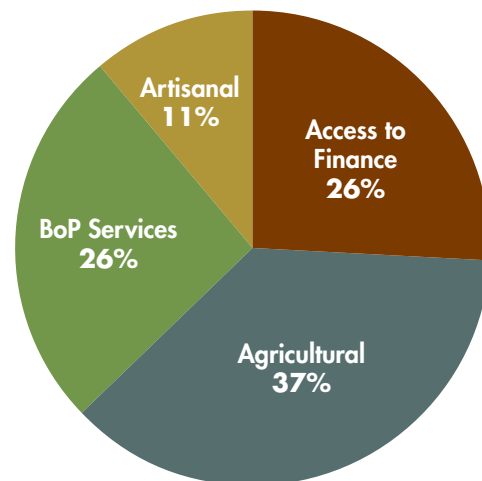
Eight GBF clients are smaller investments managed through a single facility: GBF's SME Export Facility (SEF) which provides working capital loans to businesses in the handicraft and agribusiness sectors.

*Base of the pyramid (BoP) services sector consists of High Impact Businesses that provide services to the poor. End consumers receive cost savings through mobile banking, clean energy lighting, heating and improved job access, among others.

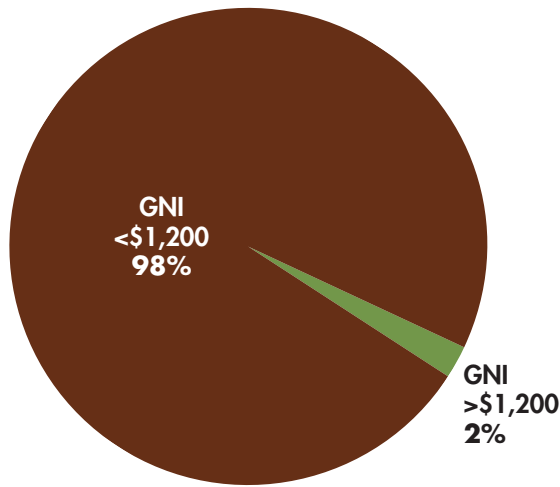
Committed Investment Portfolio by Country (Total=\$7 million)



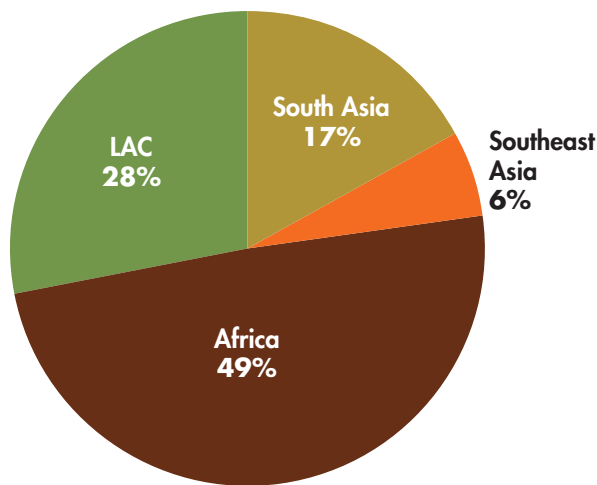
Committed Investment Portfolio by Sector (Total=\$7 million)



**People Supported by Country
GNI per Capita**
(Total=4.5 million people)



**Committed Investment Portfolio
by Region**
(Total=\$7 million)



FINANCIAL AND SOCIAL RESULTS

In two years, GBF’s portfolio companies have made good progress improving both business results and social impact. This suggests that clients have responded well to GBF’s unique mix of capacity building coupled with patient capital, and more generally, its hands-on, value-added approach, to looking after and developing its portfolio companies.

Financial Results

GBF has moved most of its investees markedly toward commercial sustainability and scale.

- On average, annual revenues of portfolio companies grew by approximately 58%.
- Average sustainability index (the measure of revenues divided by costs) for all investees rose to close to 100%.

Social Results

- From 2009 through 2010, the number of people directly impacted by GBF’s portfolio companies grew from 350,000 to over 830,000. In 2010, investees directly delivered over \$15 million in value to people living at the BoP (includes payments to suppliers, savings to consumers of clean energy, and available financing to small entrepreneurs).
- Portfolio companies improved the lives of over 4.5 million people—creating nearly 1,200 jobs and providing access to improved, lower cost solar lights; access to mobile phones; access to cash transfers; and other services to millions at the BoP.

“After only 2 years, GBF has designed and implemented an impressive set of procedures to track and add value to its investment and technical assistance—comparable to those I worked with on Wall St.”

—Andrew Adelson, Former Chief Investment Officer, Alliance Bernstein & GBF Governing Board member

Highlights from 2010 Portfolio Investments

Of GBF's 26 investments, the following highlight the types of High Impact Businesses GBF investees, the breadth of GBF's involvement, and the results that GBF's blended approach has achieved.

Shree Kamdhenu Electronics Private Limited (SKEPL)

Basic Facts

Location: Based in Gujarat, India

Sector: BoP Services

Patient Capital: \$650,000 in equity

Capacity Building Grant: TBD

Business Overview

Business: Technological solutions for efficient milk collection at village level cooperatives in Gujarat, Maharashtra, Sikkim, West Bengal, and Jharkhand

Objectives:

- Generate economic impact for farmers by increasing their share of dairy production revenues
- Reduce the risk of lost income from wasted milk
- Increase transparency into the entire process

GBF Role

Patient Capital:

- Fund sales to cooperatives that cannot afford SKEPL products

Capacity Building:

- Introduce SKEPL's products in Kenya and Tanzania through GBF's network of investees and partners as complements to pre-existing technological solutions
- Implement first feedback mechanism with beneficiaries to customize and improve product offerings
- Define and structure management roles to improve governance structure
- Benchmark current financial, social, and operational metrics and devise targets aligned with business objectives.

Outcomes

- Increased transparency offers farmers more stability and security in their future income, motivating many to invest earnings back into their farms.
- SKEPL's products used by approximately 1,800 cooperatives and improves the lives of about 400,000 farmers
- Cooperative profits increased as much as 171% one year after implementation of the automated milk collection system
- SKEPL's EBITDA projected to double 1 year post-GBF investment
- SKEPL's revenues projected to double 2 years post-GBF investment
- The projected value derived for every \$1 invested is \$28, as a result from the value of milk sold, net increases in bonuses to farmers, and annual payments made by coops to SKEPL

SKEPL's products are currently being used by approximately 1,800 cooperatives and have affected the lives of about 400,000 farmers to date.



Pwani Feeds

Basic Facts

Location: Kenya

Sector: Agriculture

Patient Capital: \$800,000 in quasi-equity

Capacity Building Grant: TBD

Business Overview

Business:

- Process and sell animal feeds to poultry farmers
- Purchase eggs produced by the farmers and sell the eggs to retailers
- Cultivate long-term farmer relationships and supply after-sales support

Objectives:

- Offer affordable, quality feed to increase farmers' income
- Purchase eggs directly from farmers to reduce farmer transportation costs and link them to markets

GBF Role

Patient Capital:

- Fund the acquisition of a maize milling plant to expand to new business line – maize flour
- Hire a plant manager
- Build an egg storage facility

Capacity Building:

- Improve financial management capability through staff training and creation of a management dashboard to capture key financial and operating metrics
- Establish governance body – identify objectives and expectations of members and develop operational procedures
- Develop expansion strategy of egg marketing business into Tanzania
- Enhance farmer education and marketing efforts



Pwani is currently working with 3,000 farmers, and plans to increase to 10,000 farmers by 2015.

Outcomes

- Primary benefits are cost savings to farmers and increased incomes as a result of increased egg production due to higher quality animal feed
- Working with 3,000 farmers with plans to increase to 10,000 farmers by 2015
- Total value derived estimated at \$14 for every \$1 invested, driven by cost savings and increased incomes from higher quality feeds
- Sales growth and profit margins are forecasted to significantly increase in 2011 due to new maize milling plant

SURevolution

Basic Facts

Location: HQ in New York; Artisans in Colombia, Peru, India, Swaziland, South Africa, and other developing countries

Sector: Artisans

Patient Capital: \$340,000 in equity

Capacity Building Grant: \$100,000

Business Overview

Business: Designer crafts and trade enterprise that connects indigenous, rural and urban artisan groups with high-end retail and wholesale buyers in the United States, Europe and Asia

Objectives:

- Enable artisans to enter the international market, receive higher wages, and preserve their culture and tradition
- Offer value-add training on quality standards, production processes, design interpretation, and cost management

The Wayuu people live in both Colombia and Venezuela, and the peninsula of La Guajira is home to 300,000. SURevolution employs the women to weave bags for commercial sale. The women take one month to weave each "mochila" (bag). They see it as the thread that unites families and clans, and helps preserve their history, which is typically narrated through ancestral legends and could have been lost. They use products such as cotton, wool, pita fiber, straw, and horse hair to create their products, which also portray their natural surroundings.

GBF is helping to share the artisans' cultural, ecological, and social messages to the world. With GBF assistance, SURevolution's network of 650 artisans is expected to grow and strengthen in the future. GBF is also working with a number of key management and organizational development areas, and providing a patient capital investment.

Since SURevolution began operations in 2005, its sales have grown at an average rate of 19% per year and it has become a leading sustainable crafts company.



GBF Role

Patient Capital:

- Follow-on investment for long-term financing to develop e-commerce platform

Capacity Building:

- Reorganized legal entities and centralized operations in the U.S.
- Revamped financial structure to redistribute capital between equity and debt
- Collaborate on developing SURevolution's sustainability plan
- Develop fair trade certification for crafts businesses
- Establish structure and procedures for first Board of Directors

Outcomes

- Work with over 650 artisans in 7 countries
- Total value derived estimated at \$10 for every \$1 invested

SME Export Facility (SEF)

In addition to direct investments, GBF also operates an internal facility that provides working capital loans to businesses in the artisanal and agribusiness sectors.

Basic Facts

Location: Cambodia, Ghana, Tanzania

Sector: Artisans, Agriculture

Patient Capital: \$478,000 in working capital loans

Capacity Building Grant: \$31,000

Business Overview

Objectives:

- Improve access to capital through efficient and creative financing alternatives at competitive interest rates
- Provide business training in managing costs and budgets, forecasting sales, and ensuring quality products

Outcomes

- Supported more than 6,000 direct beneficiaries and \$360,000 in payments to artisans and farmers
- Assist companies in meeting fair trade standards
- Loans to 8 high impact businesses; SURevolution, part of pilot program, transitioned into a full GBF investment after 1 year
- Total value derived projected to be \$22 for every \$1 invested



FIELD-BUILDING ACTIVITIES

GBF is a learning organization committed to improving its own operations, as well as developing the field of impact investing. As these field-building activities evolve, GBF tries to engage and share key lessons learned with other industry players and partners to build on successful initiatives, develop scalable models, and try to raise standards in the field.

GBF introduced several initiatives focused on new financing platforms, industry-wide partnerships, and capacity building programs. The following three activities offer insight into GBF's pioneering initiatives:

1. Financing platforms, such as Sosial Enterprener Indonesia (SEI), are meant to supply more customized financial packages to a large number of businesses in select countries, ultimately developing a better pipeline of investments for the whole impact investing industry, and a model for engaging successful businesspeople in impact investing.
2. Industry-wide partnerships involve partnering with corporations, technical assistance service providers, and investee companies using wholesale methods to provide more value-added technical expertise and financial support to a large number of companies and their beneficiaries while fortifying supplier chain networks. GBF's relationship with BrazAfric is an example of this.
3. Capacity building programs are cross-cutting activities that include business skills training for entrepreneurs, improving MIS, and generally developing new tools or approaches to problems facing many companies in GBF's portfolio. GBF launched the Challenge Fund as a capacity building program.

To measure social return, GBF developed an innovative metrics framework – the Impact Planning, Assessment and Learning (iPAL) Framework – to gather relevant data and equip its High Impact Businesses with the tools they need to collect and analyze financial, operational and social data. This information collected allows clients to make critical decisions that improve their operations and increase their social impact on key stakeholders.

Impact Planning, Assessment and Learning (iPAL) Framework

GBF developed iPAL, a comprehensive framework that analyzes financial, operational, and social data. GBF uses it to monitor the portfolio and works in close collaboration with investees, to customize the framework to their needs and equip them with the tools necessary to collect, analyze, and act on their outcomes.

The iPAL Framework consists of four dimensions:

Basic metrics of activities and outputs:	Financial, operational, and social metrics.
Social return on investment (SROI):	Socioeconomic impact generated for every \$1 invested into the enterprise, which is a rough estimate of likely future impact.
Progress out of poverty survey:	Evaluates the degree to which GBF's investees' operations improve the lives of their clients.
Client feedback survey:	As part of the aforementioned survey, information is extracted to build the relationship between GBF's investees and their end beneficiaries. Benefits include measures of client satisfaction, encouraging better relationships, and improving products and services.

"We truly appreciate GBF's efforts to support ANDE's metrics and evaluation work. GBF continues to be a leader—both in thought and practice—in impact assessment."

— Randall Kempner, Executive Director of the Aspen Network of Development Entrepreneurs (ANDE)

“GBF is an organization that is not afraid to experiment with important new initiatives in the social investing field. Its staff has the know-how and personality to make a difference.”

—Bruce McNamer, President & CEO of Technoserve

COUNTRY-SPECIFIC FINANCING PLATFORM: Sosial Enterprener Indonesia (SEI)

Overview

Objective: GBF collaborated with Indonesian business leaders to form the Angel Club and supply Indonesian start-ups and microenterprises with valuable knowledge, guidance and capital to grow.

GBF Role

Financial: Formed and co-funded SEI, a social capital fund.
Capacity Building: Provide basic business development services, technical services, and technical assistance to grow long-term, sustainable enterprises.

Future

Provide follow-on investment to support SEI's on-lending activities.

INDUSTRY-WIDE PARTNERSHIPS: BrazAfric

Overview

Objective: Partnered with BrazAfric to launch a vendor financing program for coffee cooperatives in Kenya. This will facilitate the purchase of more efficient and ecological coffee wet mills. This initiative was a new innovation in East Africa and the agricultural sector.

GBF Role

Financial: Financially support the program.
Capacity Building: Technical assistance to advise on structuring and implementing the vendor financing program and training staff to execute operations.

Future

GBF will work directly with the coffee cooperatives to improve management and governance.

CAPACITY BUILDING PROGRAM: Challenge Fund

Overview

Objective: Grant program to develop new tools and approaches to strengthening financial management, investment readiness, and governance capacity, common challenges that constrain growth at high impact businesses.

GBF Role

Financial: \$150,000 to sponsor the program.
Capacity Building: GBF's staff will work closely with portfolio companies to structure practical projects and offer guidance.

Future

Expand the program to include non-GBF investees, stakeholders, and funds.

LOOKING AHEAD

In closing, GBF is pleased about the progress and results it has achieved over the last year, and is excited about the future. GBF has gained experience and learned a great deal in working with High Impact Businesses in challenging markets such as Bolivia, Indonesia, and Kenya, and in difficult industries such as agriculture and BoP services. The progress to date is a testament to the potential of GBF's approach of blending patient capital and capacity building, as well as the caliber of GBF's staff, advisors, leadership, and

processes. GBF's innovative field-building activities and focus on metrics have already given GBF a leadership position in the impact investing field. Building on this strong foundation, GBF is looking forward to expanding its impact in the field, both through new investments and targeted, broader initiatives. There is encouragement on both fronts: a strong pipeline of new potential investments, and several ideas percolating for new business models. GBF will also be raising funds in 2011 to continue and scale up its operations.



FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION *Year ending as of June 30*

ASSETS	2010	2009
Mission Related Investments	\$685,287	\$557,900
Mission Related Loans ¹	\$1,867,215	\$1,144,769
Cash and Cash Equivalents ²	\$6,020,890	\$4,538,897
Committed Donor Contributions	\$5,599,247	\$11,707,615
Fixed Assets	\$54,638	\$78,995
Other Assets	\$32,180	\$26,541
TOTAL ASSETS	\$14,259,457	\$18,054,717
LIABILITIES AND NET ASSETS		
Short-Term Liabilities ³	\$568,592	\$389,985
Net Assets (Unrestricted)	\$6,681,777	\$4,899,553
Net Assets (Temporarily Restricted) ⁴	\$7,009,088	\$12,765,179
TOTAL LIABILITIES AND NET ASSETS	\$14,259,457	\$18,054,717

STATEMENT OF ACTIVITIES *Year ending as of June 30*

SUPPORT AND REVENUE	2010	2009
Contributions-Foundations	\$20,748	\$284,000
Contributions-Corporations	\$5,162,278	\$5,244,258
Contributions- Individuals	\$25,000	\$400,000
Contributions-Other ⁵	\$731,091	\$1,541,270
In-Kind Contributions	\$51,500	\$271,305
Investment Loss (unrealized)	(\$166,374)	\$0
Other Sources ⁶	\$9,107	\$201,152
Additions/Releases from Net Assets ⁷	(\$5,756,091)	\$12,765,179
TOTAL SUPPORT AND REVENUE	\$77,259	\$20,707,164
EXPENSES		
Program Expenses ⁸	\$3,380,680	\$2,420,783
Administrative and General Expenses ⁹	\$570,566	\$528,539
Fundraising Expenses	\$99,880	\$121,168
TOTAL EXPENSES	\$4,051,126	\$3,070,490

In addition to investments and loans which are included in the statements above, GBF also committed \$4.2 million of mission related loans and investments which were not included in the financial statements because these were not disbursed as of June 2010. Disbursement of these is contingent upon clients meeting certain conditions.

GOVERNANCE

Board of Directors

The Governing Board is a five member Board of Directors responsible for the strategy and direction of the Grassroots Business Fund. The Board, which meets on a quarterly basis, includes representatives of major donors and eminent persons in the social enterprise field.

Iqbal Paroo

Chairman, GBF; Managing Partner, Paroo and Associates

Andrew Adelson

Former Chief Investment Officer, Alliance Bernstein

Emile Groot

Financial Sector Specialist, FMO

Toshiya Masuoka

Director of Inclusive Business Models, IFC

Harold Rosen

Executive Director, GBF

Advisors

Percy Barnevik

Former Head, ABB

Alan Patricof

Founder and Managing Director, Greycroft, LLC

Kash Rangan

Professor, Harvard Business School and Co-Chairman of Harvard Business School Social Enterprise Initiative

Lars Thunell

Executive Vice President and CEO, IFC

Elaine Wolfensohn

Vice President, Botwinick-Wolfensohn Foundation

Jim Wolfensohn

Former President, World Bank Group

Portfolio Advisory Committee

Andrew Adelson

Former Chief Investment Officer, Alliance Bernstein

Michael Barth

Darby Overseas Investments, Ltd.

Helmut Paul

Former Director IFC Latin America, Member of the Board FEMSA and Coca-Cola FEMSA, Member of the Political Risk Advisory Council of Zurich Emerging Markets Solutions

Jo Schwenke

Former Managing Director of Business Partners Ltd

Communications/Donor Advisory Group

Andrew Adelson

Former Chief Investment Officer, Alliance Bernstein

Max Aitken

formerly at IFC

Bryan Callahan

Ogilvy PR

Carol Erickson

President of Carol A. Erickson Associates

Tom Gibson

former Founder & President of SEAF

Andy Gilman

CommCore Consulting

Alan Johnson

World Bank

Eliot Kalter

formerly at IMF

Mark Milstein

Director of the Center for Sustainable Global Enterprise, Johnson Graduate School of Management, Cornell University

Nick Peters

CommCore Consulting

John Schroeder

GBF Consultant

Richard Stern

Special Thanks:

GBF is also grateful to the International Finance Corporation (IFC), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (Netherlands Development Finance Company), Oesterreichische Entwicklungsbank (OeEB), the Luxembourg Ministry of Finance and the Omidyar Network for their continued support and guidance.

We would also like to recognize and thank the following supporters of the Grassroots Business Fund *(in alphabetical order)*

Adelson Family Foundation

Arnold & Porter

Percy Barnevik

Stephen Brenninkmeijer

Holland & Knight

Marc and Leigh Cohen Family Foundation

George Rohr

Harold Rosen and Susan Wedlan

WilmerHale

PARTNERS



Avishkar



FUNDES



Root Capital



African Management Services Company (AMSCO)



Global Impact Investing Network (GIIN)



Prolnspire



Ashoka



Global Impact Investing System (GIIRS)



Root Change



Aspen Network of Development Entrepreneurs (ANDE)



HARVARD BUSINESS SCHOOL
Harvard Business School Leadership Fellows Program



Salesforce Foundation

Powered by



B Lab



Impact Reporting & Investment Standards (IRIS)



Self Employed Women's Association



BASIX



International Executive Service Corps (IESC)



Technoserve



Bidnetwork



University of California at Los Angeles Center for American Politics and Public Policy



Carana Corporation



International Finance Corporation (IFC)

The Johns Hopkins University
Paul H. Nitze School of Advanced
International Studies (SAIS)



University of Pennsylvania Huntsman Program



Calvert Foundation



West Africa Trade Hub, an initiative of USAID



CDC Development Solutions



Keystone Accountability



Krishi Gram Vikas Kendra (KGVK)



William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN

William David Institute at the University of Michigan



Dalberg Global Development Advisors



Oikocredit



Export-Import Bank of India

DEFINITIONS

SME = Small and Medium Enterprise

SE = Social Enterprise

BoP = Base of Economic Pyramid

ED = Executive Director

CIO = Chief Investment Officer

COO = Chief Operating Officer

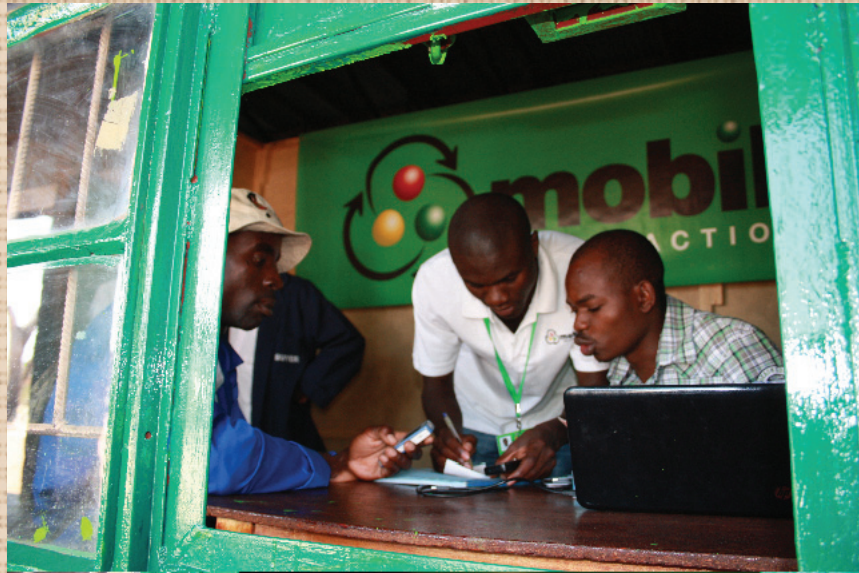
BoD = Board of Directors

NOTES TO FINANCIAL STATEMENTS

1. Includes outstanding mission related loans
2. Includes all highly liquid assets and Certificates of Deposit
3. Includes accounts payable, accrued expenses, accrued vacation & sick days
4. Includes \$10 million of committed grants from IFC (2009) and \$5 million (2010)
5. Includes contributions from bilateral institutions
6. Includes bank interest, mission related loan interest, and mission related loan activation fees, and exchange rate fluctuations
7. Includes additions/releases from temporarily restricted net assets
8. Includes mission related expenses such as technical assistance (direct and grants) and due diligence expenses, as well as internal programs such as monitoring and evaluation, and communications
9. Includes operational expenses, workshops, staff training, as well as GBF start up costs (2009)

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