



GRASSROOTS  
BUSINESS FUND

2013 ANNUAL REPORT





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The Grassroots Business Fund strives to create a world where economic opportunity reaches everyone. Our mission is to grow viable businesses that generate sustainable earnings or savings for people with low incomes in Africa, Asia, and Latin America.

Village-based crafts woman, Swaziland. GBF's investments in Africa have benefited from capacity building and a high-touch local presence. To date, the Africa portfolio has focused on agribusiness and sustainably affecting large numbers of low-income people.



## GRASSROOTS BUSINESS FUND

### Dear Friends and Supporters,

The Grassroots Business Fund (GBF) is pleased to present its 2013 Annual Report, which highlights our progress over the last year.

GBF has just completed its second year of operations managing a \$49 million private investment fund. All of us at GBF are focused on our mission to grow viable businesses that generate sustainable earnings or savings for people with low incomes in Africa, Asia and Latin America.

Our model provides portfolio companies with a distinctive blend of investment capital and Business Advisory Services (BAS). While GBF's private fund is still young, we have been experimenting and piloting this approach for many years and it has shown considerable promise. The investment fund is generating a solid return on investment and a 100% collection rate on all payments due. Through our BAS program, we are actively helping our portfolio companies to strengthen their management, planning and foundation for scaling operations.

In fiscal year 2013, GBF disbursed \$10 million of investment capital to our clients and committed an additional \$12.4 million. In total, GBF's investees delivered around \$37.3 million of economic value to 7.3 million people worldwide. Over \$26 million of that directly reached more than 61,000 low income artisans, farmers, entrepreneurs and employees through incomes or payments, and \$11 million reached 1.32 million low-income consumers through products and services. Besides these direct beneficiaries, GBF's investments have also helped support nearly 6 million family members.

In addition to promising performance metrics, GBF has established a strong team, expanded its field operations, and developed an approach to support and add value to a successful, high-impact portfolio. Currently, 59% of GBF staff is based in Peru, Kenya, India and Indonesia. GBF's field presence is crucial for supervising our investment portfolio, strengthening portfolio companies' operations and financial performance, and realizing their financial and social promise. Increasingly, GBF's leadership is coming from our field-based staff and our management team includes Regional Managers.

GBF strives to learn from experience, and continues to improve our operations, procedures and effectiveness. While we have more work ahead of us, we believe we are making progress and implementing several improvements, especially in structuring, measuring and managing our BAS, which in turn should lead to better business results and, ultimately, greater social impact.

GBF's mission is not an easy one. We have chosen to work in challenging countries and sectors, and invest in difficult deals with large social impact. Our model helps our investee businesses deliver economic and social impact where it is most needed. We seek to be different and use our scarce resources where they are most valuable. Our projects are ambitious, but highly worthwhile, and we try to apply a business-savvy approach.

Moving forward, our biggest challenges will be to keep focused on our mission, to make calculated judgments on portfolio companies, and to continue to strengthen our field presence, which is critical in so many regards. We'd like to take this opportunity to thank the many friends and supporters of GBF. We hope you enjoy this report and would welcome any feedback.

Sincerely,

Harold Rosen  
CEO & Founder

Andrew Adelson  
Chairman of the Board

November 2013

# Introduction to GBF

GBF began as an initiative of the International Finance Corporation (the private sector arm of the World Bank Group), aiming to build sustainable and high-impact businesses in developing countries. From 2004 to 2007, Grassroots Business Initiative (GBI) delivered over 40 social investments and technical assistance projects, impacting the lives of over 3.4 million people.

GBF became independent in 2008 with seed funding from IFC and others (see page 20) and continued to make investments in businesses that generate economic and social impact for large numbers of low-income smallholder farmers, artisans, producers and consumers. GBF has emerged as a leader in the impact investment field, developing new models and sharing lessons learned, particularly in impact measurement and BAS.

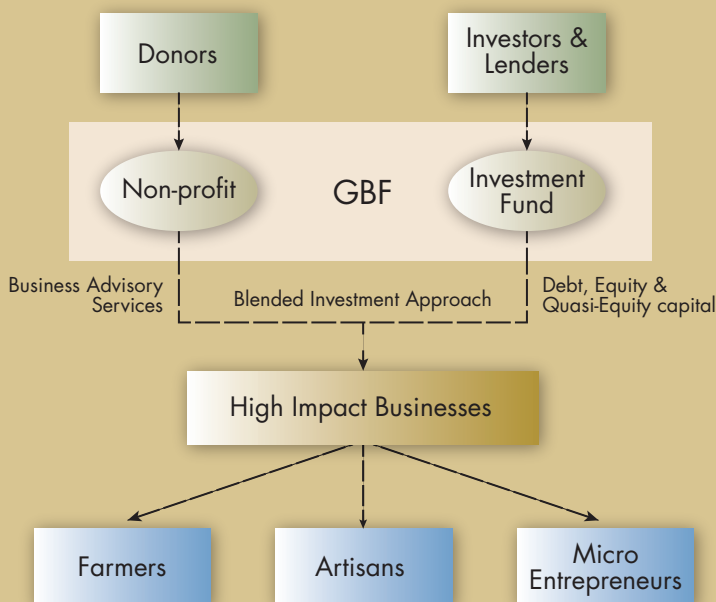
In November 2011, GBF launched a formal \$49 million private investment fund managed by the non-profit entity of GBF. In addition to \$6 million of the non-profit's portfolio and cash, the new fund received commitments from the Overseas Private Investment Corporation (OPIC), the Netherlands Development Finance Company (FMO), German Investment and Development Corporation (DEG), Calvert Foundation, Deutsche Bank Americas Foundation and 30 angel investors. Separately, GBF's nonprofit arm received an additional \$11.5 million in grants from FMO, OeEB, Norad, the Government of Canada and private philanthropists to support its critical BAS program. The formal fund has allowed GBF to strengthen and expand its strategy of providing mezzanine quasi-equity investment capital to high impact businesses, most often in the form of debt with equity-like features, or preferred equity.

GBF now has a strong field presence with investment and business advisory staff in Lima, Nairobi, New Delhi, and Jakarta. Working with clear objectives, support, policies and accountability from senior management, the local staff takes a "hands-on" approach with investees. This approach is critical to properly vet, supervise, and add value to GBF's investments, while delivering BAS and tracking social impact.

Providing quality capacity building through BAS is essential to achieve GBF's business and social objectives. Our BAS program mainly focuses on financial management, corporate governance, environmental and social support. BAS projects are delivered either through GBF's staff, or by qualified (predominantly local) consultants, and are aligned with our clients' investment theses and strategies. Therefore, we require significant cost-share by the investees. GBF tracks all BAS projects to measure success and makes adjustments frequently.

GBF has invested significantly in measuring how our investees impact their suppliers, employees, and consumers. In partnership with our portfolio companies, GBF tracks the number of beneficiaries, number of jobs created, number of family members supported, as well as the economic value to beneficiaries and society in general. This effort, which is highlighted in the impact section of this report, is not an exact science but still indicates the significant social impact created for beneficiaries and our direct clients.

## GBF's Structure



# GBF's Investment Fund Performance\*

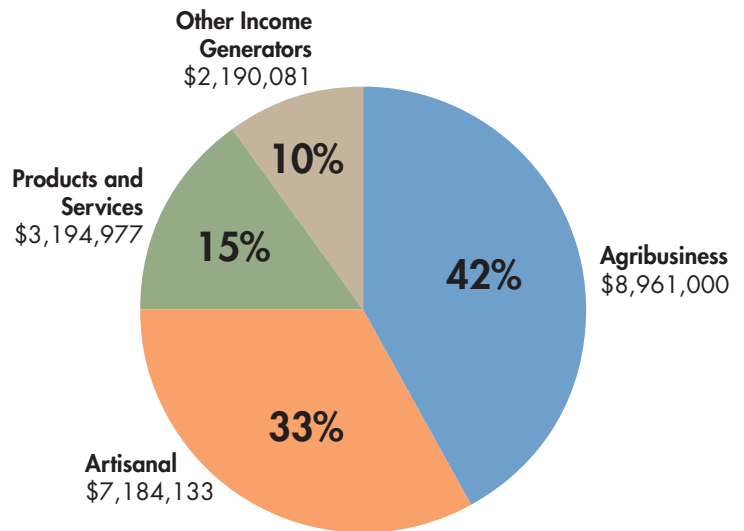
GBF's portfolio is performing well and though the fund is still in its early stages, the results to date are encouraging. As of June 30, 2013, GBF had \$21.5 million in active commitments, of which \$12.4 was committed over the past fiscal year alone. GBF also disbursed an aggregate \$15.5 million as of June 30, 2013. GBF's portfolio includes 19 companies across Peru, Bolivia, Ecuador, Mozambique, Rwanda, Kenya, Swaziland, Tanzania, India, and Indonesia.

## Progress – Track Record to Date:

- The portfolio has a 100% total repayment rate and has generated a cash yield of 8.53%;
- Annual client revenue growth is 20%;
- Revenue growth for agribusiness is 26%, despite a general global downturn in the sector and poor weather conditions in several of our regions;
- GBF staff vetted nearly \$289.9 million of investment opportunities and initiated due diligence on 53 deals worth \$74 million;
- GBF's 19 portfolio companies delivered close to \$37.3 million in economic value to 7.36 million people world-wide during the last year.




## GBI Investments by Sector



Plant worker, Villa Andina, Peru. Villa Andina sources dehydrated organic aguyamanto and mango from small-scale farmers, and sells these products to local and export markets. The Company's business model reaches new markets, adds value, and helps farmers get higher value for their crops.

\*as of June 30, 2013

# LATIN



Farmer, Peru. The Latin America portfolio includes several agriculture projects based on smallholder supply chains. GBF assists its portfolio clients with the processing and marketing of the related agricultural goods.

## Spotlight on: NATURAL HABITATS

Natural Habitats is a triple bottom line (people, planet, profit) agribusiness and production group, with headquarters in The Netherlands and operations in Ecuador and Liberia.

Operating since 2011, Natural Habitats sources certified organic palm oil products from Ecuadorian smallholder farmers, processes palm oil in a crushing mill, refines and manufactures it at a third party facility, and sells it to natural food distribution customers in Germany, the Netherlands and the United States. Natural Habitats sources, adds value and trades organic agro-products through a vertically integrated supply chain. GBF's investment is supporting the acquisition of the extracting facility in Ecuador, and our BAS will focus on expanding the company's supplier development program in Ecuador, as well as on developing the smallholder farmer supply chain in West Africa.

Natural Habitats plans to focus on selling higher-margin finished products by building strong, long-term partnerships and providing its farmer network with personalized technical assistance, equipment financing and valuable inputs. The company contributes 1% of sales to social and environmental programs for local communities. Natural Habitats is also simultaneously certified for Organic, RSPO (Roundtable on Sustainable Palm Oil) and Fair-for-Life (Social & Fair Trade Certification).

# AMERICA

**G**BF now has six active investments in the Andean region, totaling \$6.5 million. Although these investments are mostly in agribusiness, GBF has diversified the Latin America & Caribbean (LAC) portfolio across various countries and sectors. Despite uneven market conditions and the harsh weather effects of El Niño, average investee annual revenue growth was 11%.<sup>1</sup>

The LAC portfolio has generated economic impact for over 20,000 people and has provided \$10.5 million in economic value through earnings and savings to beneficiaries. In support of GBF's mission and in line with our procedures, the LAC team conducted environmental and social reviews of all portfolio companies in Peru. This was well-received by the portfolio companies and has already led to improved labor management and operational efficiency.

Over the last year, the LAC team has grown to include five experienced staff members. The team also established a local legal entity and independent office to support GBF's local operations.

<sup>1</sup> Weighted by annual revenues

## Latin America in FY2013

Amount committed: **\$2.8 million**

Amount disbursed: **\$3.2 million**

Cash yield: **11%**

Repayment rate: **100%**

BAS Disbursements: **\$354,440**

### IMPACT:

**20,000**  
people

**\$10.5 Million**  
economic value



Natural Habitats has strong social and environmental impact that is aligned with GBF's mission. The company works with 300 farmers and employs 60 people. Additionally, the company provides technical assistance to farmers, including:

- Personalized production programs (including use of fertilizers and production methods);
- Micro-financing for the acquisition of small equipment;
- Sale of reliable, fairly-priced inputs to farmers; and
- Support to farmers with regulatory compliance and certifications.

Employees, Natural Habitats, Ecuador. Natural Habitats is one of GBF's portfolio companies that performs sustainable agriculture in a commercially-viable way. The photo captures employees carrying raw materials to the production facilities.



Farmer, Kenya. The Africa portfolio includes companies with business models that can scale operations rapidly and emphasize social benefit for smallholder producers.

## Spotlight On: CORREDOR AGRO

Mozambique has experienced relatively successful post-conflict reconstruction, but it remains one of Africa's poorest countries with the vast majority of Mozambicans relying on subsistence farming in rural areas.

Corredor Agro (CAL) is an agribusiness that provides employment, agricultural inputs, and food security to rural Mozambicans. CAL was formed in 2010 through a partnership of two long established agribusiness operators in the region.

The company adds value to the agricultural supply chain by supporting smallholder farmers and linking them to better inputs, credit, logistics, and markets. CAL enhances farmer productivity through its own commercial farm that is used to provide inputs and demonstrate better practices for farmers to emulate. In addition, the company is pioneering an improved cassava strain that should double yields and reduce post-harvest losses experienced by farmers. Finally, through its own staff and extension officers, CAL provides agricultural advice and support to smallholder farmers.

GBF partnered with CAL both because the company is able to create significant social impact through its supply chain and, due to its strong business model, CAL is poised for sustainable growth and long term financial performance. GBF, in conjunction with the company, designed a series of BAS projects to help develop a Grower Management System. This system will enable CAL to better understand its supply chain and link operational and financial data. GBF is also using BAS funding to support the company's Seed Multiplication Program to introduce higher yielding seeds to farmers.



# AFRICA

**G**BF's investment portfolio in Africa now includes \$7 million in commitments with \$4.8 million disbursed. In fiscal year 2013, the portfolio posted a revenue growth of 38%, generating \$5 million in value to 32,000 artisans, farmers, entrepreneurs, employees, and consumers.

Over the past year, the Africa team worked closely with portfolio companies to address governance, financial, and operational issues. The team also initiated two wholesale BAS programs with local consultants, which use stand-by arrangements with local firms to arrange and deploy services in a more efficient manner. Nearly 80% of GBF's Africa portfolio companies improved their long-term financial plans and at least 25% showed a marked improvement in their financial management capacity.

Reflecting GBF's strategy to strengthen its field offices, the Nairobi team doubled in the last fiscal year to six full-time staff. The team closed \$4 million in new investments over the past fiscal year. This includes Corredor Agro, highlighted below.

## Africa in FY2013

Amount committed: **\$3.9 million**

Amount disbursed: **\$3.5 million**

Repayment rate: **100%**

Cash yield: **8.4%**

Business Advisory Services  
Commitments: **\$114,840**

### IMPACT:

**32,000**  
people

**\$5.0 Million**  
economic value



CAL generates impact and contributes to the economic development of Mozambique through:

- Paying competitive prices;
- Reaching rural areas and helping poor farmers improve their incomes;
- Offering predictable, stable demand for farmers' products through minimum purchase commitments;
- Providing inputs and extension services to improve yield and quality;
- Providing and/or arranging finances for farmers in its supply chain; and
- Providing smallholder farmers with efficient access to new markets.

Farmers, Corredor Agro, Mozambique. GBF's investment and BAS is helping CAL build its supply chain, increase production, and improve financial planning.



Weaver, Jaipur Rugs, India. Jaipur Rugs' business model includes providing training and support to artisans.

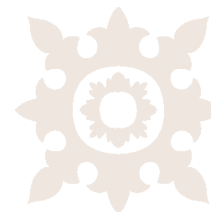
## Spotlight On: INDUSTREE

Industree is a social enterprise based in Bangalore, India that supports the livelihoods of rural artisans through supply chain development and its Industree Crafts Foundation. The company directly assists artisans by providing capacity building, skills training, and design development at village centers across India. Industree works with artisans to create contemporary goods that are then sold in commercial stores. It works to integrate artisan development in retail, design, sourcing, warehousing, and export activities, including delivering products to domestic and export markets.

By connecting artisans with available government initiatives, Industree also plans to develop artisan clusters as artisan-owned enterprises with their own financing and management. The company has created self-help groups to convert these clusters into self-funded companies. Additionally, Industree's training and capacity building work advances the production and operations of the artisan self-help groups.

Since GBF began working with Industree, the company has increased sales and margins substantially by passing along benefits to its customers in the form of lower prices, improved inventory management, increased store-in-store shops and export sales. GBF will work with the company to structure its downstream supply chain and improve efficiency, operations, inventory, and financial management. A social impact survey recently completed by GBF will contribute towards Industree's branding and marketing strategy.

# ASIA



Similar to the LAC office, GBF's office in New Delhi, India became fully formalized and operational during this fiscal year, significantly increasing its staff size. GBF's India team completed three investments last year, including TARA Machines, RB International and Industree (spotlighted in this section), for a combined portfolio of \$8 million.

GBF also has an emerging presence in Indonesia, where early results are positive. GBF committed one deal in Indonesia worth \$1.7 million and has several additional deals in the pipeline. While early investment opportunities have been focused on the island of Java, there are clear needs and opportunities on the surrounding islands, which could reach people further from Indonesia's main commercial centers.

In terms of BAS, GBF's Asia team successfully implemented the concept of a "Portfolio CFO," (see below) i.e. having a single resource assisting portfolio companies on a shared basis to improve financial management and overall business results. The team is now exploring replication of this model in other areas such as environmental and social risk management, marketing and communications.

## Asia in FY2013

Amount committed: **\$5.7 million**

Amount disbursed: **\$3.3 million**

Repayment rate: **100%**

Cash yield: **4.4%**

Business Advisory Services

Commitments: **\$7,850**

### IMPACT:

**1.3 Million**  
people

**\$21.7 Million**  
economic value



## Portfolio CFO

As part of the BAS program, GBF has piloted a new program in Asia in which a consultant works as a CFO to GBF's local portfolio companies. This "Portfolio CFO" has been highly effective in a short period of time; helping several GBF clients realize the benefits of having a CFO. As a result, these clients are planning to hire their own CFO, after experiencing improved cash flow planning and budgeting, the establishment of key operational metrics, and overall better financial reporting. For more information on GBF's BAS program, see page 10.

Artisans, Industree, India. Industree has developed a village-based supply chain, which connects low-income village producers to first tier retail in larger towns and cities.

# Business Advisory Services (BAS)

As noted previously, GBF clients need more than investment capital to achieve financial and operational performance, scale and superior social impact. Together with the client, GBF designs the initial BAS interventions during due diligence, when a company's strengths, weaknesses, opportunities, and threats are identified and prioritized. The majority of BAS occurs within the first two years after investment, is delivered by local consultants, and is predominantly in the areas of financial management, strategy and governance. To increase client ownership, GBF clients share part of the cost of each BAS assignment.

GBF's BAS program is field driven with regional teams working closely with companies to design, implement and track individual BAS projects. While BAS often utilizes external local consultants, GBF's staff also delivers and coordinates BAS directly in areas such as financial management, operational improvement, and establishing effective governance structures. Over the past year, GBF has increasingly used its BAS to help clients comply with

environmental and social requirements and to understand and deepen their social impact (see the E&S Management discussion that follows). GBF is working hard to integrate BAS with our investment processes. While there are risks to this approach, they are greatly outweighed by the potential benefits.

As GBF continues to deliver BAS, it incorporates lessons learned to develop good practices that can benefit GBF, our clients, and the impact investing field more broadly.

## BAS by the numbers

Staff Time on BAS:	<b>32%</b>
Ability Score Increase:	<b>10% across the portfolio</b>
Success Factors Met by GBF Clients:	<b>80%</b>
Clients with regular Board meetings:	<b>87%</b>
Clients with financial plans:	<b>87%</b> (up from 33% in July 2012)

## BAS Client Spotlight: Pwani Feeds

Pwani Feeds is a GBF client in Kenya that processes and sells animal feed to poultry farmers, purchases eggs from smallholder farmers and sells the eggs to retailers. Pwani Feeds has high social impact but faces many challenges. GBF designed a series of BAS engagements to help strengthen the company's financial planning and management capacity, increase margins and profits, and mitigate business challenges. Throughout these BAS engagements, the link to GBF's investment work was crucial. One project involved building financial projections and cash flow tools that are user-friendly and accurate. These tools improve the information and understanding that can shape business decisions.



Craftswomen, Gone Rural, Swaziland. GBF's long-term BAS engagement with Gone Rural has helped the company become profitable while maintaining its focus on increasing the life expectancy of women who are the primary victims of HIV/AIDS in the region.

## Business Advisory Services: Lessons learned

- Quality trumps quantity, even if it results in slower disbursements for BAS:
  - High-impact businesses typically are stretched and have limited capacity to absorb BAS initiatives at any given time, even if well-conceived;
  - BAS must be integrated with the investment process;
  - It would likely help for GBF to hold some funding in reserve for needs that arise a year or two into the investment and it is critical to make adjustments frequently.
- As with investment due diligence and supervision, effective BAS requires engaged and experienced field-based project management and delivery:
  - It requires trust between GBF and the client; and
  - Any project requires either a sustained engagement or frequent follow-up, both of which are better met with local consultants and staff experienced in both BAS and investments.

- Tracking and monitoring (locally) are important not only to assess results, but also to continually improve on design and delivery by capturing, learning and sharing best practices across all of field offices.
- Performance-based funding instruments can be effective in ensuring results, though they carry some complications.

## GBF's Ability Scores & Success Factors:

In due diligence, GBF assesses company capability across six key areas 1) financial management, 2) corporate governance, 3) strategy, 4) operations, 5) legal/regulatory, and 6) environmental and social compliance. This process results in "ability scores" that are tracked over time to gauge improvement in these key areas. The scores are meant to be directional so that GBF can track progress and ensure cost-effective implementation of GBF's BAS work. We have also designed the BAS success factors so they are measured and tied to GBF's own staff's compensation.



Farmer, Natural Habitats, Peru. Agricultural supply chains in the LAC region have reached 60,000 beneficiaries and transferred direct and significant incremental cost savings to low-income farmers.

## Environmental and Social Management

Part of GBF's BAS programs target Environment and Social Management (E&S), in which GBF helps its portfolio companies improve E&S policies and practices. To date, portfolio companies have improved efficiency through better resource use, created safer workplaces to mitigate accidents, and implemented policies that ensure good relations between workers, the company, and the environment.

GBF works with local partners in each of our regions to assist companies with E&S regulatory compliance and implementation. These E&S experts review portfolio companies and develop action plans to address any gaps identified. GBF then monitors the implementation of these E&S plans through its compliance program. The

vision is to work towards adopting global best practices that enhance company performance while helping to create social impact and preserve the environment.

For more information on E&S and Impact, RB International's environmental and social impact story is highlighted on the next page.

In Fiscal Year 2013, nine of GBF's clients have had third-party Environmental and Social Reviews of their operations. Reviews produce a gap analysis of a company's level of compliance with local regulations and international best practices, as well as action plans for mitigating risks and enhancing social and environmental impacts.

For Fiscal Year 2014, at least five additional Environmental and Social Reviews are planned.

## Spotlight on: RB INTERNATIONAL

RB International (RBI) sources hand-woven textiles and embroidered materials from over 490 artisans across the West Bengal region of India. RBI's designs utilize the traditional skills of Kolkata's artisan population, producing high quality, unique garments. The company's brand is heavily tied to its artisan supplier network (or artisan suppliers) and RBI invests significant time and capital developing artisan groups. RBI provides artisans with working capital, training, capacity building and increased market access. Through their relationship with RBI, artisans have opportunities to sell their goods at better prices in both domestic and international markets.

RBI is committed to the social impact of their business, establishing Tomorrow's Foundation to further this mission. Tomorrow's Foundation provides education and skill training programs to over 8,700 under-privileged children in the Bengal, Chhattisgarh, and Jharkhand regions. The Foundation extends its programs to children of RBI's artisans and provides training that can be replicated in different areas of India.

During GBF's due diligence, pre-investment BAS was provided for RBI to establish a merger with local designers and to work with more local artisan groups. With GBF's investment, RBI aims to expand geographically and hire a full-time CFO to improve financial and operational systems. As a result, RBI is becoming better positioned to establish a robust domestic and export business, meet increased demand for its products, and provide economic opportunities for artisans.

**Artisan, RBI, India. Through GBF's investment, RBI is working to increase its business viability through market focus, social impact, and overall product diversification.**



# Social and Economic Impact

**G**BF selects its investments for their high development impact and substantial socio-economic benefits to small producer farmers, artisans, and consumers. Such an approach has the potential to create wealth that can sustainably lift large numbers of people out of poverty.

To measure social impact created, investee companies report to GBF on the number of people reached through business operations and the amount of income or cost savings generated. Additionally, GBF tracks two return calculations for each project. The Economic Return on Investment (EROI) estimates the total value of economic benefits generated to investors, lenders, society-at-large, and low-income suppliers, workers and employees per dollar of capital invested. The Social Return on Investment (SROI) considers only low-income stakeholders and shows the economic value created for these groups per dollar of capital invested in the company.

Both calculations represent GBF's best efforts to improve the way we measure the social impact generated by our portfolio. These estimates are expected to improve as GBF deepens its understanding of investees' impacts. The aim is to also help clients use social impact data to drive and improve their businesses.

GBF's legacy clients (investments in the books of the nonprofit) are estimated to reach 18,770 farmers, entrepreneurs, consumers with low incomes, and their 80,000 family members. They generate approximately \$1.2 million per year in income to farmers and artisans, and \$825,000 in loans to entrepreneurs.

## Beneficiary Level Impact Research

To gain a deeper understanding of the people reached through our investees, GBF is conducting a regional impact study, which aims to determine who GBF is ultimately supporting and in which ways, while providing valuable information for our companies to improve supply chain management and marketing abilities. The study focuses on income levels before and after working with our investees, family social standing, working conditions, gender, caste, etc. The upcoming Impact Report will explain the initial results and consider whether and how to expand this work beyond India.

Although GBF has not completed surveys or assessments for the entire portfolio, analysis of client reports supports the conclusions outlined above. By comparing per person economic impact to the World Bank's \$2/day poverty line and assuming, as surveys suggest, that income earners support at least 4 additional family members, GBF can express a client's depth of impact. Applying this analysis, at least 90% of the farmers, artisans, workers, and consumers working with portfolio companies live below the \$2/day poverty line. Without having conducted deep, time series surveys on beneficiaries, the data suggest that GBF clients are reaching the very poor with sustainable, dependable, and scalable opportunities for income.





## Key Impact Figures:

Portfolio Average EROI: **\$35.76**

Portfolio Average SROI: **\$24.45**

% of average economic value created that is delivered to individuals with low income **68%**

To date, GBF has invested in 19 companies that:

- Provide economic opportunities for
  - **17,500** farmers and plant workers
  - **41,000** artisans
  - **3,500** micro-entrepreneurs
  - **5.9 million** family members
- In the last year, GBF portfolio companies generated
  - **\$26 million** in income to farmers, plant workers, artisans, and micro entrepreneurs
  - **\$11 million** in cost savings to low-income consumers

Artisan, Novica, Indonesia. GBF's BAS is helping Novica to increase its accessibility to beneficiaries, strengthen cost management, and improve artisans' techniques which ultimately increases their incomes.

## Economic and Social Aggregates of GBF's Existing Investments

Sector by Impact	Number of Firms	No. of People Reached	Economic Impact* (Income & Cost Savings) (\$m)
Agribusiness	8	17,500	\$12.1
Artisanal	5	41,000	\$10.6
Income Generation	2	3,000	\$3.4
Products and Services	4	1.32 million	\$11.2
<b>Total</b>	<b>19</b>	<b>1.38 million</b>	<b>\$37.3</b>

\*Estimated economic value delivered to low income beneficiaries during last year

## Statement of Financial Position- GBP and Subsidiaries

Year ending as of June 30

ASSETS*	2013	2012
Mission Related Investments	\$3,510,982	\$2,081,024
Mission Related Loans <sup>1</sup>	\$11,884,192	\$4,754,181
Cash and Cash Equivalents <sup>2</sup>	\$4,121,660	\$10,029,779
Short Term Investments	\$2,999,159	\$0
Donor Contributions Receivable	\$2,470,014	\$4,820,843
Fixed Assets	\$83,943	\$83,335
Other Assets	\$276,974	\$192,501
<b>TOTAL ASSETS</b>	<b>\$25,346,924</b>	<b>\$21,961,663</b>
<b>LIABILITIES AND NET ASSETS</b>		
Short-Term Liabilities <sup>3</sup>	\$719,682	\$736,195
Notes Payable <sup>4</sup>	\$2,058,476	\$2,000,000
Noncontrolling interest in GBI	\$8,437,469	\$2,763,678
Net Assets (Unrestricted)	\$7,402,136	\$7,428,032
Net Assets (Temporarily Restricted) <sup>5</sup>	\$6,729,161	\$9,033,758
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$25,346,924</b>	<b>\$21,961,663</b>

## Statement of Activities

Year ending as of June 30

SUPPORT AND REVENUE	2013	2012
Contributions	\$1,027,167	\$10,240,642
In-Kind Contributions	\$91,125	\$315,211
Investment Loss <sup>9</sup>	(\$256,426)	(\$435,404)
Other Sources <sup>6</sup>	\$950,658	\$729,765
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$1,812,524</b>	<b>\$10,850,214</b>
<b>EXPENSES</b>		
Program Expenses <sup>7</sup>	\$3,810,712	\$4,241,851
Administrative and General Expenses <sup>8</sup>	\$983,981	\$786,377
Fundraising Expenses	\$68,914	\$144,138
<b>TOTAL EXPENSES</b>	<b>\$4,863,607</b>	<b>\$5,172,366</b>

### Notes to financial Statements

1. Includes outstanding mission related loans both long term and short term
2. Includes all highly liquid assets and Certificates of Deposit
3. Includes accounts payable, accrued expenses, accrued vacation & sick days
4. Represents Lenders to GBI- not GBP
5. Includes all contributions from individuals, foundations, bilateral institutions, etc.

6. Includes bank interest, mission related loan interest, and mission related loan activation fees, and exchange rate fluctuations
7. 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. This also includes losses/gains related to GBI activities
8. Includes operational expenses, workshops, staff training, as well as GBF field office start up costs
9. Includes investments in the books of GBP, the nonprofit.

\*In addition to investments and loans which are included in the statement above, GBF has committed about \$22 million to high impact businesses (through printing), however, the financial statements only include disbursements through June 2013 and June 2012 respectively. Disbursements of these funds is contingent upon high impact businesses meeting certain conditions.

# Grassroots Business Fund Team\*

The achievements made by GBF so far have been accomplished with the help of our staff, Board, advisors, investors, donors, partners and many other supporters. In the following pages, we list the team that has helped build GBF over the last few years.

## Headquarters

**Harold Rosen**, Chief Executive Officer

**Jaime Ramirez**, Chief Investment Officer

**Alycia Kellman**, Acting VP Legal, Compliance & HR

**Rebekah McKnight**, Acting VP Finance & Administration

**Zoya Aleem**, Portfolio Assistant

**Allison Basile**, Senior Metrics Officer

**Kathryn DeSutter**, Executive Assistant

**Rose Galagman**, Finance Officer

**Eric Meissner**, Senior Coordinator-Business Advisory Services

**Beth Raymond**, Operations Assistant

**Rosie Savio**, Program Associate

**Rachel Wald**, Metrics Manager

**Robert Webster**, Investment Advisor

## Nairobi, Kenya

**Lilian Mramba**, Africa Regional Manager

**Gladys Chepkoech**, Receptionist

**Sneha Mehta**, Investment Officer

**Wilfred Mwangi**, Investment Officer

**Alisa Roskach**, Investment Analyst

**Noelina Wadaki**, Africa Office Manager

## New Delhi, India

**Pranav Nahar**, Asia Regional Manager

**Ishani Chattopadhyay**, BAS Consultant & Acting Regional Manager

**Sahiba Chauhan**, Program Analyst

**Sahil Gandhi**, Senior Investment Analyst

**Karan Sawhney**, Investment Analyst

**Chunchreek Singhvi**, Investment Officer

## Jakarta, Indonesia

**Yuma Maris**, Investment Officer

**Courtney Morris**, Investment Analyst

## Lima, Peru

**Natasha Barantseva**, LAC Regional Manager

**Julio Ayca**, Investment Officer

**Mayra Ramirez**, LAC Office Manager

**Miguel Tamayo**, Investment Officer

**Lara Viada**, Business Advisory Services Officer

\*as of June 30, 2013

GBF has experienced staff members in each region that are dedicated to partnering with clients to help them become profitable and sustainable businesses. The map below shows where GBF's regional offices are located.



## GBF's Advisors

GBF has strengthened its governance and advisory structures to ensure transparency and discipline. In addition to advisors that provide strategic guidance to Management, GBF has a few key groups that contribute to the effective governance of GBF. These are outlined below:

### **Board of Directors:**

The Board is responsible for the overall direction and performance of GBF. This group approves the strategic plan and monitors its implementation.

### **Fund Advisory Committee (FAC)**

Comprised of a representative from each of FMO, DEG, and the individual investors. OPIC is a permanent observer of the FAC. The FAC meets at least semi-annually and confers with the General Partner regarding the progress of GBF-I. It reviews and/or approves changes to key areas such as valuation methodology, investments that exceed Limited Partnership Agreement restrictions, investment criteria, among other key issues related to the Fund.

### **Investment Committee (IC):**

The IC provides independent, objective, and business-savvy advice to GBF's staff. They recommend and validate appropriate investment strategy, as well as monitor the performance of GBF's portfolio. The IC approves all investments made by the private fund.

### **Internal Investment Committee (IIC):**

The IIC is comprised of GBF's Senior Management Team. The group is an early screening for new investment opportunities, and also acts as a sounding board for staff that present early-stage investment opportunities.

### **Business Advisory Services Steering Committee (BASSC):**

The BASSC provides strategic advice to assist us develop, implement and modify GBF's BAS.

### **Portfolio Advisory Committee (PAC)**

GBF utilizes a network of experts for deal and general portfolio advice. These include sector-specific advisors to assist transaction teams with investment due diligence and supervision, and a more formal group of portfolio advisors known as the Portfolio Advisory Committee (PAC). PAC members periodically review and provide feedback on a range of issues such as portfolio performance, deal pipeline, partnership development, and deal specific mentoring.

# Governing Board & Advisors

## Board

**Andrew Adelson**, Chairman, Former Chief Investment Officer, Alliance Bernstein

**Stephen Brenninkmeijer**, Willows Investments

**Mary Houghton**, Co-founder, Shorebank Corporation

**Mwaghazi Mwachofi**, General Manager, Aga Khan Agency for Microfinance (AKAM)

**Harold Rosen**, CEO, Grassroots Business Fund

**Holly Wise**, Wise Solutions LLC

## GBF's Advisors

**Andrew Adelson**, Investment Committee, GBF Advisor

**Max Aitken**, GBF Advisor

**Percy Barnevik**, GBF Advisor

**Michael Barth**, GBF Advisor

**Stephen Brenninkmeijer**, Fund Advisory Committee

**Aaltje de Roos**, BAS Steering Committee

**Kristin Duchateau**, BAS Steering Committee

**Anniken Esbensen**, BAS Steering Committee

**Eliot Kalter**, GBF Advisor

**Thomas Klein**, Fund Advisory Committee

**Charly and Lisa Kleissner**, GBF Advisors

**Serge Kremer**, Investment Committee, GBF Advisor

**Sari Miller**, GBF Advisor

**Iqbal Paroo**, GBF Advisor

**Alan Patricof**, GBF Advisor

**Helmut Paul**, Investment Committee

**Kash Rangan**, GBF Advisor

**Harold Rosen**, Investment Committee

**Martine Sanders**, BAS Steering Committee

**Maurice Scheepens**, Fund Advisory Committee

**Sir David Scholey**, GBF Advisor

**Jo Schwenke**, GBF Advisor

**Richard Stern**, GBF Advisor

**Ed Tobin**, GBF Advisor

**Robert Webster**, Investment Committee

**Holly Wise**, BAS Steering Committee

**Jim and Elaine Wolfensohn**, GBF Advisors

**CP Zeitinger**, GBF Advisor

Employee, RBI, India. RBI provides its artisans with training, skills building, and communications support.

## Current Participants in the Fund

Overseas Private Investment Corporation

Calvert Foundation

Deutsche Bank Americas Foundation

DEG-German Development Bank

FMO (the Netherlands Development Finance Company)

Adelson Family Foundation

Judson Berkey

Suzanne Biegel and Daniel Maskit

Peter Braffman and Liz Wedlan

Stephen Brenninkmeijer

Maurizio Caio

Robert J. Caruso (The Kantian Foundation)

Ron & Marty Cordes (Cordes Foundation)

David Dunn and Tamara Dunietz

Jane Eddy

Jim Hornthal (Hornthal Investment Partners)

Ken Inadomi and Melinda Wolfe

Prashant Jhawar

Marty Kahn

Charly and Lisa Kleissner (KL Felicitas Foundation)

Serge Kremer

Leah and Jeffrey Kronthal

Sudhir and Sangeeta Maheshwari

Joshua Mailman (Joshua Mailman Foundation)

Seth Meisel

T&J Meyer Family Foundation

Sari Miller (Trust)

Luisa and Laurence Newman

Dalip Pathak

Harold Rosen and Susan Wedlan

Sir David Scholey

Barend van der Vorm

Wolfensohn & Company

Anonymous investors

## Current Participants in the Nonprofit

The Dutch Ministry of Foreign Affairs; program managed by FMO\*

Government of Canada (G-20 SME Finance Innovation Fund, administered by IFC)

NORAD- The Norwegian Agency for Development Cooperation

OeEB- The Development Bank of Austria\*

Arnold & Porter

Adelson Family Foundation\*

Stephen Brenninkmeijer\*

Charly & Lisa Kleissner (KL Felicitas Foundation)

Harold Rosen and Susan Wedlan\*

## Past supporters

International Finance Corporation (IFC)

Luxembourg Ministry of Finance

Omidyar Network

WilmerHale

Arnold & Porter

Percy Barnevik

Cecilia Chan

Marc and Leigh Cohen Family Foundation

George Doty and Lee Spelman Doty

Geri and Mason Haupt

George Rohr

**GBF would also like to thank its many other partners who have supported and contributed to GBF's mission over the years.**

\*Donors from inception



## Abbreviations:

**BAS:** Business Advisory Services

**BASSC:** Business Advisory Services  
Steering Committee

**CAL:** Corredor Agro

**CFO:** Chief Financial Officer

**DEG:** German Investment and Development  
Corporation

**E&S:** Environmental & Social

**EROI:** Economic Return on Investment

**FMO:** Netherlands Development Finance  
Company

**FAC:** Fund Advisory Committee

**GBI:** Grassroots Business Initiative

**GBF:** Grassroots Business Fund

**IC:** Investment Committee

**IDB:** Inter-American Development Bank

**IFC:** International Finance Corporation

**IIC:** Internal Investment Committee

**LAC:** Latin America & the Caribbean

**OeEB:** The Development Bank of Austria

**OPIC:** Overseas Private Investment  
Corporation

**PAC:** Portfolio Advisory Committee

**RBI:** RB International

**RSPO:** Roundtable on Sustainable  
Palm Oil

**SROI:** Social Return on Investment

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