Introduction

Global Partnerships (GP) is an impact-led investor whose mission is to expand opportunity for people living in poverty. We invest in social enterprise partners that deliver high-impact products and services that enable people to earn a living and improve their lives. GP’s portfolio spans Latin America, the Caribbean, and sub-Saharan Africa, with field offices in Managua, Nicaragua and Nairobi, Kenya and headquartered in Seattle, WA.

Global Partnerships is guided by the belief that with access to the right tools, resources, and information, people have the power to earn a living and improve their lives. As an impact-led investor, we believe that capital and markets have essential roles to play in unlocking and sustaining opportunities for millions of people living in poverty. GP invests in social enterprise partners that deliver products and services designed to provide clear and compelling impact for those who lack access.

In this report we share key impact-related results and insights from our investment activity during calendar year 2016. Beyond the data, we hope to bring to light what we are learning and how we are adapting our investment strategy to better reach and empower those living in poverty. Further, we highlight the work we have done to deliver both broader opportunity and clearer impact through our investments.

Global Partnerships

BY THE NUMBERS*

17 COUNTRIES
where GP has worked

106 PARTNERS

5.9 MILLION
LIVES IMPACTED
(estimated number as a result of GP’s investments in partners)

$243.5 MILLION
Cumulative capital deployed

* As of March 31, 2017
Global Partnerships’ portfolio is comprised of a growing number of Investment Initiatives that are designed to address various facets of poverty. To define a new Initiative GP engages in a rigorous research process that answers key questions regarding both impact potential and investment readiness (see graphic). Our research process synthesizes information gathered from experts, field experience and the existing body of evidence.

Once an Initiative is approved it is considered investment ready. Once our capital is deployed, that Initiative is considered active. GP’s active portfolio is comprised of both early stage and debt fund Initiatives.

In 2016, we invested in three new Initiatives: Health Clinics, Urban Sanitation, and Digital Study Materials. In addition we approved four new Initiatives towards which we are preparing to deploy capital in 2017: Home Improvement Finance, Cookstoves, Smallholder Farmer Inputs, and Artisan Market Access.

**OPPORTUNITY**

What specific set of products/services will be delivered to households living in poverty? Do these products/services address a large and/or growing challenge for people living in poverty?

**IMPACT POTENTIAL**

Who will be reached with these products/services? What is the evidence base for believing that providing these products and services will lead to desired outcomes and impacts at the household?

**MARKET DRIVEN SOLUTIONS**

Can these products/services be delivered in a market-based manner? Do the economics and value proposition really work for people living in poverty?

**SCALE**

Are there social enterprises delivering these products/services that have the potential to grow? What market forces head and tail winds will impact the potential for scale?

**INVESTMENT READINESS**

Do identified social enterprises need and qualify for our impact-led capital? What results can we expect from investing in this strategy – with what level of risk?

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**GP’s Investment Initiatives emerge from our research. Each functions as an investment thesis, defining who is served, what is delivered, why it is impactful and how it is sustained.**

**Initiative Research**

- Women-Centered Finance with Education
- Rural-Centered Finance with Education
- Smallholder Farmer Market Access w/ TA
- Solar Lights

**Investment Initiatives**

- Early Stage
  - Artisan Market Access
  - Health Clinics
  - Urban Sanitation
- Debt Fund
  - Women-Centered Finance with Education
  - Women-Centered Finance with Health
  - Digital Study Materials
  - Essential Medicines

**Who is served**

- Artisan Market Access
- Health Clinics
- Urban Sanitation

**What is delivered**

- Cookstoves
- Home Improvement Finance

**Why it is impactful**

- Essential Medicines
- Solar Lights

**How it is sustained**

- Smallholder Farmer Inputs
- Smallholder Farmer Market Access w/ TA
Clearer Impact
Following through on the impact we aim to deliver

Moving from Outputs to Outcomes
Measurement plays a critical role in our decision making. With our Investment Initiatives serving as the foundation, our impact measurement framework maps back from the desired household impacts to identify key outcomes and correlated output metrics. We align those output metrics with industry standards where possible and track them over time. Analyzed alongside financial data, we leverage these core metrics to quantify both the scale and efficiency of the impact delivered by our partners.

To cultivate deeper insight into client outcomes, GP continues to learn alongside our partners. We conduct field visits to better understand enterprise program and measurement practices. We engage in ongoing research to understand the emerging evidence base as well as the market forces driving innovation. This work grounds our learnings in the contextual realities faced by both our partners and the households we serve.

Looking ahead to 2017, GP will deliver a set of case studies conducted with a select set of partners. These studies will capture household data and provide insight into whether the outputs we measure across the portfolio are delivering the desired household outcomes.

Global Partnerships is dedicated to understanding the impact our investments have on people living in poverty. We employ an iterative impact management practice that draws on qualitative and quantitative data from various domains to gain deeper insight into what works, why, for whom, and under what circumstances. We continually refine our Investment Initiatives and partner selection tools to ensure we are financing social enterprises delivering the most compelling and inclusive products and services.

GP employs an Initiative-specific impact measurement framework to better understand whether our investments deliver the desired outcomes for the target demographic.

<table>
<thead>
<tr>
<th>HOW</th>
<th>WHAT</th>
<th>Products</th>
<th>Services</th>
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<tbody>
<tr>
<td>Enterprises</td>
<td>Products</td>
<td>Household</td>
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<tr>
<th>Practices</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Impacts</th>
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EXAMPLE INVESTMENT INITIATIVE:
Women-Centered Finance with Education

<table>
<thead>
<tr>
<th>Products/Services</th>
<th>Client Results</th>
<th>Household Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• # of clients</td>
<td>• Income/consumption smoothing</td>
<td>Improved economic resilience</td>
</tr>
<tr>
<td>• % female clients</td>
<td>• More informed decision making</td>
<td></td>
</tr>
<tr>
<td>• Average loan size</td>
<td>• Building assets</td>
<td></td>
</tr>
<tr>
<td>• # of individuals receiving training</td>
<td>• Anticipating major expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Better dealing with shocks</td>
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</tbody>
</table>
Global Partnerships is committed to making markets work for those traditionally excluded. In turn, our Investment Initiatives are designed to address various dimensions of exclusion, including gender and geography. While the target market may vary by Initiative, we have a consistent focus on poverty outreach. To follow through on this commitment, we have sharpened our poverty measurement practice.

We continue to rely on enterprise proxies like average loan size or product price, but we now also leverage macro data including the Multidimensional Poverty Index (MPI) and the International Poverty Line (IPL) to better understand not only the prevalence, but also the nature of poverty in the regions where our partners operate. When available we compare this data with household survey data, such as that captured by the Progress out of Poverty Index (PPI), which tells us the probability that clients are living under the national or international poverty lines. Pre-investment, this analysis helps GP screen for the most inclusive partners. Post-investment, it provides valuable insight into where markets are and are not yet working.
Women-Centered Finance with Education

BUILDING ECONOMIC RESILIENCE

THE CHALLENGE
An estimated 2 billion adults lack access to formal financial services and the unbanked are disproportionately female, with 42 percent of women worldwide living without access to a bank account.¹

THE OPPORTUNITY
Global Partnerships aims to empower women living in poverty by investing in microfinance institutions (MFIs) that deliver credit and savings bundled with education.

WHO IS SERVED?
The target demographic is female microentrepreneurs living on less than $3.10/day.

WHAT IS DELIVERED?
- Small-to-medium size working capital loans, often delivered through the village bank
- Access to savings
- Education covering topics such as basic financial literacy, health, nutrition, business and money management

WHY IS IT IMPACTFUL?
Household resilience improves because women are agents of change. With access to financial services and education they are able to:
- Make more informed decisions
- Smooth household income and consumption
- Build assets
- Better deal with health and economic shocks

HOW IS IT SUSTAINED?
The interest rate charged for the loan is used to cover the marginal cost of education delivery.

ACTIVE SINCE 1994*

$94,049,479 Capital Deployed
49 Partners
13 Countries

2016 RESULTS
We realized significant growth within this Initiative during 2016, deploying over $16.8 million in capital, resulting in a 41 percent increase in our end of year balance. This growth was driven by four new partners and a substantial number of investments in existing partners.

$16,829,000 Capital Deployed
21 Partners
1,791,026 Clients
92% Female Clients
1,009,752 Borrowers
$781 Average Loan Size
1,031,736 Savers
735,495 Individuals Trained

KEY INSIGHTS
- Partners within this portfolio continue to leverage the group lending platform to reach previously excluded women. However, they are innovating with customized loan products, such as home improvement and school-fee loans, in order to meet their clients’ multifaceted needs.
- While we have always seen contextual variation in the educational curriculums delivered by our partners, we are witnessing marked differences in our East African portfolio. Compared to the broad-based programs that are prevalent in Latin America and the Caribbean, we are seeing greater emphasis on basic financial literacy with much of the training delivered pre-credit.

* Through March 31, 2017
Women-Centered Finance with Health

IMPROVING HEALTH AND ECONOMIC POSITION

THE CHALLENGE
An estimated 1.3 billion people worldwide have no access to effective and affordable health services. This lack of access and burden of disease continue to be shouldered disproportionately by women.

THE OPPORTUNITY
Global Partnerships aims to improve the health of women and their families by investing in microfinance institutions (MFIs) that deliver credit and savings plus access to basic health services.

WHO IS SERVED?
The target demographic is female microentrepreneurs living on less than $3.10/day.

WHAT IS DELIVERED?
- Small-to-medium size working capital loans, credit/savings for health and/or health insurance
- Preventative health education, screening and/or promotion of health services
- Health services focused on primary and/or specialty care

WHY IS IT IMPACTFUL?
Household health and economic position improves because women are agents of change. With access to financial and health services they are able to:
- Practice prevention
- Make more informed decisions
- Seek timely treatment
- Better deal with the costs associated with a health event

HOW IS IT SUSTAINED?
Discounted health services may be delivered directly by the financial institution or through a third party or insurance model, with costs covered via pre-paid subscription packages or fee for service.

ACTIVE SINCE 1997*
$44,583,339 Capital Deployed
20 Partners
10 Countries

2016 RESULTS
We realized moderate growth in this Initiative during 2016, deploying $6.9 million in capital, resulting in a 19 percent increase in our end of year balance. Renewals and new investments in existing partners enabled this result.

$6,939,184 Capital Deployed
14 Partners
688,248 Clients
83% Female Clients
628,165 Borrowers
$887 Average Loan Size
281,631 Savers
442,539 Individuals Trained
502,761 Instances of Medical Attention

KEY INSIGHTS
- There are a variety of models MFIs deploy to deliver health services, with some focusing on access to basic primary care and others on early detection/referral for specialized conditions. Delivery methods include health brigades, owned and operated clinics, and/or referral to third party providers. Evaluating the effectiveness of these programs requires a robust understanding of the MFI’s objectives, client segment and operating context.
- The economics must work for clients, MFIs and health service providers in order for integrated health programs to achieve sustainability and scale. Package value, cost, and payment terms must be attractive to clients, fit within the MFI’s pricing structure and cover the cost of health services at the scale delivered by the provider.

* Through March 31, 2017
Rural-Centered Finance with Education

**IMPROVING ECONOMIC POSITION AND WELLBEING**

**THE CHALLENGE**
An estimated 2 billion adults lack access to formal financial services and 58 percent of the world’s rural population does not have access to any sort of financial services account.³

**THE OPPORTUNITY**
Global Partnerships aims to improve the livelihoods of rural households by investing in financial institutions that deliver credit and education tailored to meet their needs.

- **WHO IS SERVED?**
  The target demographic is rural entrepreneurs that live on less than $3.10/day who rely predominantly on farming and/or livestock to support their livelihood.

- **WHAT IS DELIVERED?**
  - Working capital loans tailored to the productive activity
  - Training/education, typically covering crop-specific farming practices, savings and financial management

- **WHY IS IT IMPACTFUL?**
  Rural household economic well-being, resilience and food security improve due to:
  - Increased business profit from productive investments
  - Diversification of income sources
  - Increased investment in basic household needs

- **HOW IS IT SUSTAINED?**
  The interest rate charged for the loan is used to cover the marginal cost of education delivery.

**2016 RESULTS**
We realized significant growth within this Initiative during 2016, deploying $16.6 million in capital, resulting in a 37 percent increase in our end of year balance. This growth was driven by five new partners and a substantial number of investments in existing partners.

- **$16,600,000** Capital Deployed
- **19** Partners
- **322,570** Clients
- **283,744** Borrowers
- **$1,350** Average Loan Size
- **110,906** Individuals Trained

**ACTIVE SINCE 2005**
*$69,711,168** Capital Deployed
**26** Partners
**10** Countries

* Through March 31, 2017
Smallholder Farmer Market Access w/ TA

INCREASING AND/OR STABILIZING INCOMES

THE CHALLENGE

There are an estimated 500 million smallholder farmers in the world. Smallholder farming is often characterized by lack of access to markets, fair prices and quality agronomic technical assistance.

THE OPPORTUNITY

Global Partnerships aims to improve the economic position of smallholder farmers and their families by investing in agricultural businesses that provide them with market access and technical assistance.

WHO IS SERVED?

The target demographic is smallholder farmers that manage fewer than five hectares and live on less than $3.10/day.

WHAT IS DELIVERED?

• Access to markets and higher prices via purchase contracts and price premiums
• Crop-focused technical assistance and basic financial management
• Certification training and access to improved inputs

WHY IS IT IMPACTFUL?

Household incomes increase and/or stabilize as smallholder farmers:
• Diversify their crops
• Increase and/or stabilize yields
• Obtain higher and/or more stable prices
• Make better use of inputs
• Reduce postharvest loses

HOW IS IT SUSTAINED?

The agribusiness purchases products from smallholder farmers and sells to upstream buyers. The cost of technical assistance is partially or fully funded by sales margins.

KEY INSIGHTS

• There is an increasing positive trend toward crop diversification by smallholder farmers. Many who principally grew only coffee for export markets are increasingly adding other crops to their small farms such as cacao, honey, fruits and vegetables. This is a positive trend because it increases farmer resilience and sustainability of the lands when done the right way.

• Certifications such as Fair Trade and Organic continue to be differentiators for many of the smallholder farmers we support. These certifications not only provide price guarantees but also ensure that organizations are fulfilling the highest environmental, social, and governance (ESG) standards. This has allowed many cooperatives we support to consistently pay higher prices and increase their member household revenues – even when commodity prices drop.

2016 RESULTS

We experienced a slight contraction in this Initiative during 2016 as climate change, commodity prices and currency exchange continued to impact agricultural cooperatives. We reduced our number of partners by one and deployed roughly $7.4 million, which was down 13 percent compared to the previous year.

$7,364,553 Capital Deployed
11 Partners
69,727 Farmers
100% Rural Farmers
14,738 Individuals Trained
30,240 Tons of Chia, Coffee, and Sesame Purchased from Farmers

* Through March 31, 2017
Global Partnerships (GP) aims to improve the economic position and quality of life of off-grid households by investing in manufacturers and distributors that provide access to quality, low cost solar lights and home systems.

THE CHALLENGE
Roughly 1.2 billion people worldwide have no access to electricity and spend an estimated $27 billion annually on dangerous alternatives such as kerosene lamps, candles and batteries.\(^5\)

THE OPPORTUNITY
Global Partnerships (GP) aims to improve the economic position and quality of life of off-grid households by investing in manufacturers and distributors that provide access to quality, low cost solar lights and home systems.

WHO IS SERVED?
The target demographic is beyond the grid populations, many of whom live on less than $3.10/day.

WHAT IS DELIVERED?
- Solar lights
- Solar lights with mobile phone charging
- Small solar home systems

WHY IS IT IMPACTFUL?
Household economics and quality of life improve as clients see:
- Reductions in fuel and phone charging costs
- Increased productivity
- Decreased smoke from kerosene
- Increased study time for their children

HOW IS IT SUSTAINED?
The client pays for the product upfront or through a pay-as-you-go model. Once paid off, the solar light products create savings compared to ongoing spending on kerosene or candles.

ACTIVE SINCE 2013\(^\ast\)
$6,795,133 Capital Deployed
9 Partners
Regional sales throughout Latin America and East Africa

2016 RESULTS
The solar light market continued to grow at a rapid pace in 2016. To stay ahead, we hired a dedicated Portfolio Director and further honed our investment strategy. We continue to focus on pico lights and small home systems, with a keen interest in pay as you go (PAYG) business models. However, we strategically scaled back on the number of partners to focus on branded market leaders that can compete both in terms of price and quality. We expect to ramp up lending activities further in 2017.

$2,850,000 Capital Deployed
6 Partners
1,801,458 Units Sold

KEY INSIGHTS
- The solar light market is showing clearer signs of market segmentation and product proliferation. The market opportunity also ushered in cheaper products of questionable quality at the lower end of the market, making it even more important for impact investors to screen for quality, appropriate warranties and strong customer service.

- Rapid industry growth is attracting both early and later stage capital, with impact-oriented investments continuing to play a critical role. Commercially-driven equity is flowing at ever-increasing rates into the sector, which we expect to lead to further segmentation and pressure to serve higher income customers in order to realize faster earnings. We remain focused on solutions that are more inclusive for people living in poverty.

\(^\ast\) Through March 31, 2017
**Health Clinics**

**IMPROVING HEALTH AND ECONOMIC POSITION**

**THE CHALLENGE**
1.3 billion people lack access to effective and affordable health services.\(^6\) In turn families are often forced to go untreated or rely on poor-quality care from unqualified providers, resulting in distrust, increased costs, complications and, all too often, death.

**THE OPPORTUNITY**
Global Partnerships aims to improve the health and economic position of households living in poverty by investing in primary and specialty care clinics that provide high quality, low cost services.

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**WHO IS SERVED?**
The target market is primarily urban and peri-urban populations living on <$8/day.

**WHAT IS DELIVERED?**
High quality, low-cost, primary and specialty health care, including medical consults, diagnostic services, and holistic preventative care.

**WHY IS IT IMPACTFUL?**
Household health and economics improve due to:
- Improved access to timely and appropriate treatment
- Improved utilization of higher quality health care services
- Lower incidence of preventable illness
- Higher labor force participation

**HOW IS IT SUSTAINED?**
- Lower cost of services with innovations in service delivery
- Client pre-paid subscription for bundled services and/or fee for service
- High perceived value drives patient retention and economies of scale

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**2016 RESULTS**
We made our first investments in Health Clinic Services in 2016, adding two new partners: Penda Health in Kenya and Clinicas del Azucar in Mexico. Each of these organizations have developed an affordable network of hub-and-spoke service points to deliver basic, high quality services to low income populations in urban and peri-urban areas.

- $710,000 Capital Deployed
- 2 Partners
- 6,519 Client Subscribers
- 33,299 Instances of Medical Attention

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**ACTIVE SINCE 2016\(^*\)**

\(^*\) Through March 31, 2017

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Urban Sanitation

IMPROVING HEALTH AND ECONOMIC POSITION

THE CHALLENGE
Worldwide, 2.5 billion people lack access to hygienic sanitation. Inadequate and unhygienic sanitation is the second largest cause of disease in the world. It leads to contaminated waterways and food supply, as well as dangerous infections, caused by direct contact with human waste.

THE OPPORTUNITY
Global Partnerships aims to improve the health and economic position of urban and peri-urban households by investing in sustainable waste value chains.

WHO IS SERVED?
The target market is populations living in poor, informal settlements in urban and peri-urban areas.

WHAT IS DELIVERED?
Low cost, hygienic on-site toilets and community toilets with waste management services.

WHY IS IT IMPACTFUL?
Household health and economics improve due to:
- Access to improved sanitation
- Reduced use of unhygienic sanitation services
- Lower rates of diarrhea and sanitation-related diseases

HOW IS IT SUSTAINED?
- Pay per use for community toilets
- Monthly fees for waste removal and treatment of waste converted to retail products (fertilizers, etc.)

ACTIVE SINCE 2016*
$445,000 Capital Deployed
1 Partner
1 Country

2016 RESULTS
The close of the Social Venture Fund marked our first investment in Urban Sanitation. Our partner, Sanergy, is a social enterprise that builds and franchises small-scale, high quality toilets in informal settlements. Sanergy then collects the waste and transforms it into a portfolio of valuable byproducts.

$445,000 Capital Deployed
1 Partner
906 Active Toilets
42,695 Avg. Daily Visits

KEY INSIGHTS
- Customer convenience, experience and choice are of utmost importance when it comes to the provision of basic sanitation services. Understanding this, Sanergy has designed clean, aspirational facilities that meet the needs of the communities they serve.
- Not only do women stand to benefit disproportionately from access to improved sanitation, they are critical agents of change. It is generally known that lack of access to private sanitation facilities carries risks both in terms of violence against women and their educational attainment. What is less known is that women play critical roles in their homes and in their communities, promoting the adoption of hygienic practices.

* Through March 31, 2017
Digital Study Materials

IMPROVING EDUCATIONAL OUTCOMES FOR YOUTH

THE CHALLENGE
Poverty keeps more than 50 million school age children out of school in sub-Saharan Africa, nearly 6 million of whom are in East Africa. For those enrolled, high student-to-teacher ratios and lack of quality study materials prevent students from advancing their education.8

THE OPPORTUNITY
Global Partnerships (GP) aims to give children the resources they need to learn by investing in affordable, interactive study content delivered via low-cost mobile phones.

WHO IS SERVED?
The target market is households in rural and peri-urban areas with children in primary and secondary school.

WHAT IS DELIVERED?
High quality, low-cost, education and test prep materials via SMS or mobile applications.

WHY IS IT IMPACTFUL?
Youth graduation rates, literacy and cognitive skills improve due to:
• Improved performance on national exam, leading to greater likelihood of continuing education
• Replacement of traditional education for those without access to schools

HOW IS IT SUSTAINED?
• Client pre-paid subscription for monthly services
• Lower cost of services and personalized learning through mobile delivery

ACTIVE SINCE 2016
$125,000 Capital Deployed
1 Partner
2 Countries

2016 RESULTS
The close of the Social Venture Fund marked GP’s first investment in Digital Study Materials. Our partner, Eneza, is a social enterprise that makes affordable education available to those who have limited access.

$125,000 Capital Deployed
1 Partner
149,419 Avg. Monthly Active Users

KEY INSIGHTS
• With rapid advancements in mobile technologies and the declining cost of devices and data plans, there has been exponential growth of mobile phone subscriptions in sub-Saharan Africa. Now commonplace among poor and low income households, mobile phones are becoming a critical channel for the transfer of information.
• Eneza set out to deliver educational quizzes and learning tools to students via mobile phones. However, they quickly learned the power of the data to better inform schools and parents about students’ learning outcomes. Today Eneza processes, analyzes and packages the data captured through the test-prep feature, enabling parents and teachers to track student performance and provide additional support.

* Through March 31, 2017