

Message from the CEO

Village Enterprise is in the business of starting businesses, and giving our first-time entrepreneurs the opportunity improve their lives and make a mark on their local economies. Our 2017 trifecta of evidence, innovation and growth is indicative of our agile nature and commitment to our work.

Some call the key to success grit. Others tout business acumen, culture, or old-fashioned hard work. Many recognize technical expertise or bold yet prudent strategic planning as the fundamental element. All are necessary, and all are related to why Village Enterprise recently celebrated 30 years of alleviating extreme poverty through entrepreneurship. But, there is more to it than that.

Undeniably, we still have a lot to learn, and are committed to doing so. With that, there is something special about our 30-year longevity in a world where up to 50% of non-profits fail and only 7% ever reach scale of \$1 million dollars or more. Celebrating our 30th year led us to think back on lessons learned, and think forward on how to deepen our impact. What was born out of our founders' core beliefs has now been proven effective through an independent

Randomized Controlled Trial: the extreme poor can learn the skills of entrepreneurship, and microbusinesses can transform lives.

What stands out most from this retrospective look of our successes and failures is the strength of our roots and the community we have cultivated. That community includes you—our partners, funders, and donors—as well as our board, volunteers and staff.

Even in the age of automation, it is still individuals who count. It is the local leadership of our business mentors who train and inspire our entrepreneurs to gain the confidence to start businesses. It is our partners who facilitate our expansion and spark joint innovations. It is our funders who provide the resources that makes our work possible. *It is humanity that incites transformation and change.*

We thank you for your compassion and commitment to your work that extends to those most in need.

In gratitude,



Dianne Calvi, President and CEO

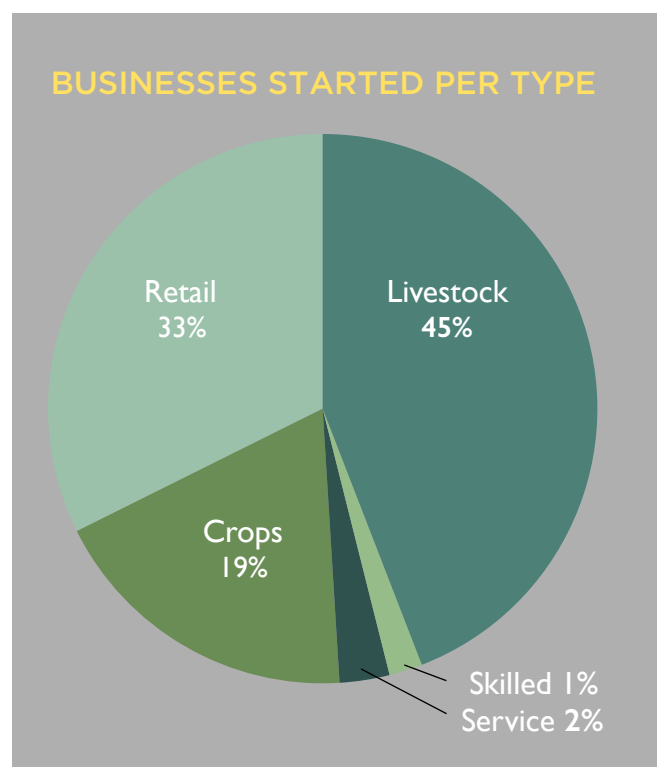


Performance Dashboard

Village Enterprise's Graduation program increases income and savings, household and productive assets, and food security. By combining highly effective targeting of the extreme poor with business and financial literacy training, business mentoring, access to savings groups, and a cash grant, Village Enterprise provides participants with a sustainable path out of extreme poverty.

We start businesses in 3 cycles per year. Each cohort is trained for approximately 4 months, and receives ongoing mentoring for the following 8 months. Seed capital is disbursed at two points during the program, and businesses 'graduate' at the one-year mark. This dashboard includes metrics for business cycles launched in FY16, from July 2015 - June 2016.

New trends seen from these internal M&E metrics: (1) over half of our business groups use the \$50 distributed as the second round of seed funding to diversify their businesses, and (2) our business owners consistently experience improvements in the quality of their diet.



FY16 OUTPUTS July 2015 - June 2016



Uganda + Kenya

VILLAGE - LEVEL INDICATORS	
Newly Reached Villages	59
BSG - LEVEL INDICATORS	
Business Savings Groups (BSG) Established	243
BUSINESS - LEVEL INDICATORS	
Businesses Started	3,235
TRAINING INDICATORS	
Program Participants Trained	8,976
Training Sessions Provided	1,854

FY16 OUTCOMES

VILLAGE - LEVEL INDICATORS		
Lives Impacted	44,880	
BSG - LEVEL INDICATORS		
Average BSG Savings at Endline ¹ <i>30 Individuals, 10 Businesses</i>	\$1,300	
BUSINESS - LEVEL INDICATORS		
Businesses Graduated	3,089	
HOUSEHOLD - LEVEL INDICATORS		
Average Poverty Likelihood <i>at baseline (using the \$2.50 poverty line)</i>	95%	
Increase <i>from Baseline to endline</i>	Household Savings	475% \$5 to \$29
	Average weekly animal protein consumption	112% 0.52 to 1.1
	Average daily meal consumption	22.51% 1.91 to 2.34

¹ FY16 BSG and household Savings figures based Jan. 16 2017 exchange rates: 1 KES = 0.0096 USD / 1 UGX = 0.00028 USD

Randomized Controlled Trial (RCT)

Evidence published in *Science* in 2015 suggested that Graduation programs offered some of the most effective means of lifting people out of extreme poverty (Banerjee et al, 2015). However, a significant evidence gap existed on the effectiveness of the model's components. Village Enterprise partnered with **Innovations for Poverty Action (IPA)** to complete a 3-year, large-scale RCT that addressed these gaps and tested the impact of different variations of Village Enterprise's model and its component parts, as well as unconditional cash transfers.

Study Design

5,770 Households

138 Villages

5 Treatment Arms

1 Control Group

Results show our Graduation program:

- > is an impactful and cost-effective approach to poverty alleviation
- > performed better on both income and consumption than cash only interventions
- > increased net assets and consumption of program participants

RCT results are being used as a benchmark for the **Development Impact Bond**, and to inform elements of our **replication strategy**. For an in-depth review of methodology and results:

Alleviating Poverty with an Integrated Microenterprise Program

Variations of Ultra-Poor Graduation Programming in Uganda

Village Enterprise and IPA will host events to present RCT results in Washington DC on February 7, 2018 and Kampala, Uganda on February 15, 2018.

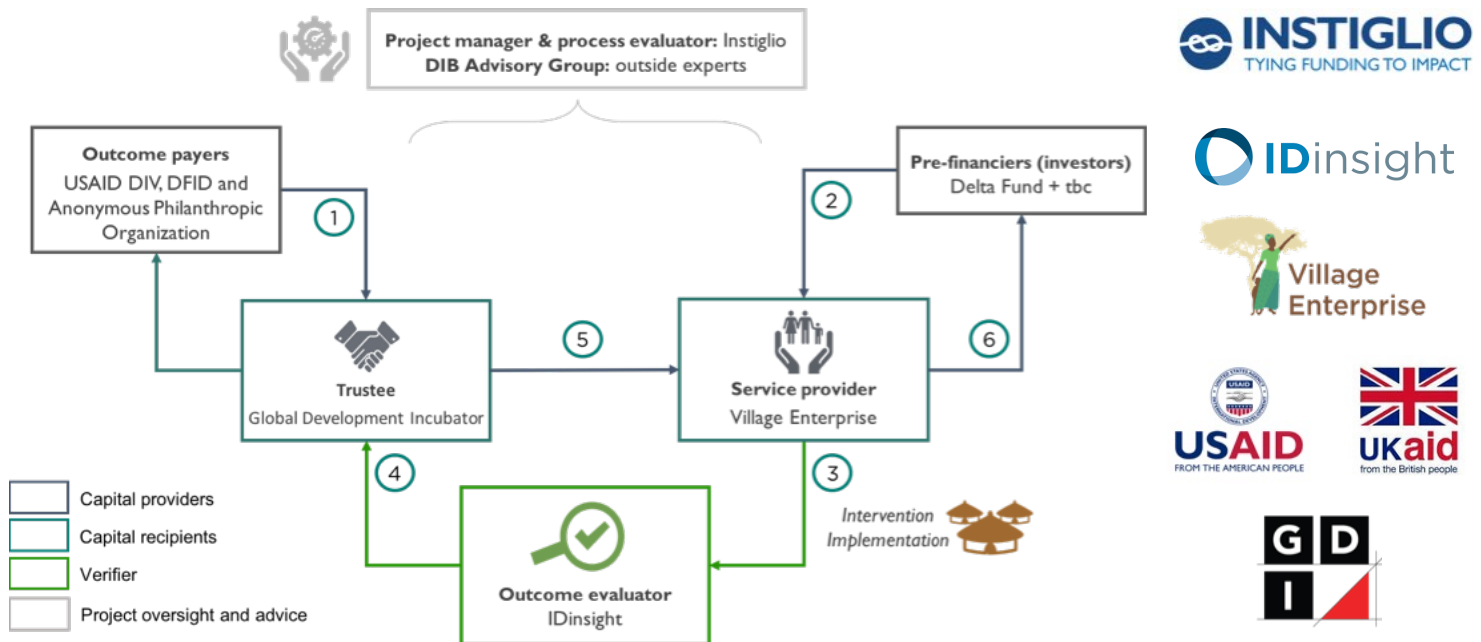


Development Impact Bond (DIB)

Based on the strength of our RCT evidence, Village Enterprise was selected from over 80 organizations to implement the first-ever DIB for poverty alleviation in Africa.

The DIB was publicly announced at the 2017 Global Innovation Week in Washington DC in September and in Devex's lead article:

New DIB brings in big donors, provides biggest test of model to date.



Purpose: To test proof of concept for an evidence-based, innovative funding mechanism to scale up effective international development programs through multi-stakeholder partnerships.

Intended impact: transform the lives of 80,000+ people in rural Kenya and Uganda by creating 4,600+ small sustainable microenterprises.

Total bond: \$5.28 Million (\$4.28M dedicated to outcome payments)

Outcome payers: USAID Development Innovation Ventures (DIV), UK Department for International Development (DFID) and an anonymous philanthropic fund.

Current Investors: Delta fund, and several perspectives

Evaluation Type / Partner: RCT / IDInsight

Timeframe: 3.5 years

Project Manager and Process Evaluator: Instiglio

Trustee of the "Outcome Fund": Global Development Incubator (GDI)

Payment Metrics:

Consumption (c) measured by Consumption and Expenditure (C&E) survey

Net Assets (a) include net household assets (HH savings, tangible assets, net of liabilities) and net business assets (business savings and tangible business assets, net of liabilities)

Investment Opportunity: \$2.5M with minimum investment of \$250,000 (Projected close date: Q1 2018)

ROI: up to 9% IRR (2 repayments: July 2020 / July 2021)

For more information, contact carolineb@villageenterprise.org

Scaling Through Partnerships

THE VILLAGE ENTERPRISE ACCELERATOR

To date, Village Enterprise has launched 39,400 small businesses, trained 156,000 new entrepreneurs and impacted over 850,000 individuals. With over 30 years of experience we are committed to greater impact by scaling through mission-aligned partners interested in replicating our cost-effective, evidence-based program in additional African countries.

In partnership with Spring Impact (formerly International Center for Social Franchising), Village Enterprise has developed its scaling strategy to reach **over 20 million people in 5+ additional Sub Saharan African countries by 2025**. Village Enterprise and Spring Impact's engagement has included a series of collaborative workshops and design sessions to determine the growth strategy and operational elements necessary to transfer our expertise to partners working in different contexts and regions. Our impact roadmap estimates that over 90% of our future impact will be achieved through implementing partners.



Liz Corbishley, Village Enterprise Accelerator Director

Leading our growth efforts, Liz brings over 10 years of experience in the non-profit sector, with expertise in strategic partnerships, management and business development. She seeks to support the bottom of the pyramid to lift themselves out of poverty through sustainable business-minded solutions.

DRC FEASIBILITY STUDY

The Arcus Foundation engaged Village Enterprise to conduct a study in the TL2 (Tshuapa-Lomami-Lualaba) region of the Democratic Republic of the Congo (DRC) to determine the feasibility of establishing our program there. This biodiversity hot spot is home to the endangered bonobo great apes.

Bonobos, only found in the DRC, are humankind's closest living relatives, and are endangered due to poverty and conflict fueling the hunting of wild animals (bushmeat) for food.

In April, our staff conducted an exploratory field visit to TL2 that included travel by motorbike, canoe and on foot to conduct focus group discussions with community leaders, and to learn about the economic, political, social, and cultural dimensions of the bushmeat value chain. In September, we visited Kinshasa to meet potential partners and explore the strategic landscape.

Village Enterprise presented its findings to the Arcus Foundation, which indicated the significant need in the DRC for poverty alleviation and conservation, and confirmation that Village Enterprise's program may be an appropriate way to address both of these needs. However, adapting the model would require significant collaboration with a committed conservation partner with in-country expertise. The current lack of infrastructure and market access, as

well as an absence of suitable partners working or willing to work in the TL2 region, hinders Village Enterprise's ability to pursue opportunities at this time.

Arcus and Village Enterprise are discussing the potential for adapting an integrated strategy in other areas of the DRC which could be adapted in the TL2 region at a later date. In addition, we are determining how to best share the insights rendered from this study with the greater international development community.



Partnerships continued

Driving Youth-Led New Agriculture & Microenterprise (DYNAMIC) with Mercy Corps

Village Enterprise is honored to join Mercy Corps's DYNAMIC program in Kitgum, Uganda. Funded by the **Mastercard Foundation**, DYNAMIC is a 5-year rural market development program that takes a holistic approach to engaging with youth to increase the employability of youth and promote agricultural market systems. During this pilot year, Village Enterprise will launch 420 youth-based agribusinesses across 1,000 households and create 42 new savings group by utilizing our Graduation Program to improve rural self-employment, incomes, and resilience of these youth. This new partnership has the potential to expand and we are excited to join the consortia with **GOAL, Mercy Corps, Voluntary Service Overseas (VSO), and Restless Development.**



Preventing Poaching & Promoting Economic Opportunities with IIED

The illegal wildlife trade is a £6 billion (over \$8 billion) criminal industry annually threatening both wildlife and people worldwide.¹ Recent studies show that in Uganda specifically, there are few opportunities for the rural poor to earn a decent wage, which results in illegal but profitable activities such as selling bushmeat, timber or ivory. Other drivers of the illegal wildlife trade include cultural traditions surrounding natural resources. For example, some people around Queen Elizabeth National Park believe that a new bride will not conceive until she has consumed hippo meat.²

The Illegal Wildlife Trade (IWT) Challenge Fund, which is housed within the **UK Government Department for Environment, Food & Rural Affairs**, supports practical projects to develop sustainable livelihoods and economic development benefiting people directly affected by the illegal wildlife trade. Village Enterprise was awarded a multi-year grant, as part of a consortium led by the **International Institute for Environment & Development (IIED)** to implement a pro-poor entrepreneurship livelihood program which supports Human-Wildlife mitigation in Uganda, integrating expertise of the **Uganda Wildlife Authority, Wildlife Conservation Society, Uganda Conservation Foundation**, and other local NGOs.

Supporting Refugee Families & Children's education with Geneva Global

After a successful 2016 expansion into Nyowa District of Uganda with Geneva Global's Speed School Program, we have broadened our reach by creating 339 additional businesses, and have conducted a week-long 'social and economic empowerment' technical assistance training for eight of **Geneva Global** implementing partners to broaden the program's impact. To accomplish this, we developed a practical, interactive training manual on social and economic empowerment to ensure partners have the knowledge and tools to adapt and replicate the Village Enterprise Graduation program.



Murchison Falls National Park

is Uganda's largest and oldest conservation area. It is home to 76 species of mammals, 451 birds, and the Victoria Nile river. It was gazetted as a game reserve in 1926 and in 1951 "The African Queen" starring Humphrey Bogart was filmed on Lake Albert and the Nile in the Park.

Queen Elizabeth National Park

Known for its diverse landscape with sprawling savanna, humid forests, lakes and wetlands, this park boasts big game, 10 primate species and over 600 bird types. It spans the equatorial line and is Uganda's most popular tourist destination.

Global Visits

**Coming Together Is A Beginning;
Keeping Together Is Progress;
Working Together Is Success.**
- Henry Ford



Winnie Auma, Uganda Country Director

During her month-long visit to the Bay Area, Winnie helped ring on our 30th anniversary at our annual Donor Appreciation Event. She also participated in our Spring Impact Systemize workshop, an Akina Mama gathering, a quarterly board meeting, and represented village Enterprise during several other gatherings.

Zach Hoins, COO

Zach's visit to the US office was focused on strategic planning and organizational operations. He also managed to sneak in a visit to San Francisco's AT&T Park to cheer on his beloved Cubs.

Liz Corbishey, Accelerator Director

Liz joined the US team on two occasions over a 3-month period to participate in our Spring Impact Scaling Workshops, to attend SOCAP and to work closely with headquarters staff to build out elements of the Accelerator.

Cartier Philanthropy | Hoima, Uganda

In February, Executive Director Pascale De La Frégonnière joined us to visit women-led businesses, attend a business savings group meeting, and see a tree nursery business. Coincidentally, she also met a business owner named Pascale, who had the highest savings record in his Savings Group.

Whole Planet Foundation | Kiryand., Uganda

As an introduction to Graduation models, this May two members of the WPF team met with Village Enterprise staff and attended a training for new entrepreneurs.

DIB Field Visit | Soroti, Uganda

Teams from DFID, USAID DIV, IDInsight, and VE convened for a 3-day stakeholder visit and DIB planning trip in October. The group participated in working groups, attended a training and a capital disbursement and interacted with a Savings Group, which included owners of tailoring, bicycle repair, convenience shops and more.

Conferences

2017 was a year of engaging with thought leaders, sharing lessons learned, and learning from others.

11 of our colleagues attended over 20 global events, workshops & conferences, spanning 5 countries on 3 continents.

100% of our staff engage in working group sessions within their regions —most of whom also had the chance to interact with colleagues and partners from around the world.

American Evaluation Association Conference
Classy Awards and Collaborative Conference

Dreamforce

Global Innovation Week

Harvard Kennedy School, Exponential Fundraising Course

Interaction CEO Retreat & Forum

Opportunity Collaboration

Platform for financial Inclusion Meetings

Sankalp

Safaricom Foundation Dissemination Forum

SEEP Conference

Segal Family Foundation Annual Meeting

Skoll World Forum

SOCAP

Spring Impact Workshops

Tostan Training Center

UWA, WCS, IIED & IWT Wildlife Crime Workshop

World Bank Platform for Economic Inclusion Community of Practice

Wildlife Conservation Summit

Capacity Building

The 2017 Innovation Summit Hoima, Uganda

In April, Village Enterprise teams gathered in Hoima, Uganda for our 8th annual Innovation Summit. This tradition of reflecting on recent achievements and challenges, and setting upcoming priorities is essential to our growth and success. The theme of this year's summit was "Innovation in our DNA" and highlighted the importance of building a culture that actively encourages and promotes innovation.

We asked ourselves what can we learn, hone, and create, so that we can deliver the gold standard in graduation programs, and we created space for colleagues to gain insight from one another. Partners from the Lwala Community Alliance and the Wildlife Conservation Society joined for additional learning and camaraderie. For a second year, the Imago Dei Fund sponsored a Soul Care component of the summit.

Field Coordinator Retreat Soroti, Uganda

Field coordinators from Kenya and Uganda gathered to share best practices and lessons to create lasting solutions and synergies in program implementation across geographies.

Mentoring Manual Workshop Kenya & Uganda

In February and March, the Innovations team hosted a series of Mentoring Manual Workshops to inform the creation of an on-the-job guide for business mentors.



Pursuing An Evidence-Based Approach To Ending Extreme Poverty
USAID Microlinks Blog - May 10, 2017

Entrepreneurship is a Skill, Not a Talent: The Power of the Group-Based Graduation Model
The Next Billion Blog - July 2017

Village Enterprise: Alleviating Poverty, Delivering Results
Nonprofit Chronicles - November 21, 2018

New DIB brings in big donors, provides biggest test of model to date
DEVEX - October 6, 2017

Climbing Toward Hope: How Graduation Programs Help People Rise From Extreme Poverty
The Life You can Save Blog - May 24, 2017

Truth or Truthiness: Seven Steps to Track and Share Progress and Outcomes
GuideStar Blog - May 18, 2017

A Milestone in Innovative Finance: Exploring the First-Ever Outcome-Based DIB for Poverty Alleviation in Africa
Next Billion - November 16, 2017

