

# Message from the CEO

In 2013, we began an ambitious, independent randomized controlled trial (RCT) of our poverty alleviation program, an undertaking virtually unheard of for an organization our size. Conducted by Innovations for Poverty Action, this RCT tested the impact of Village Enterprise's program across 6,678 households in 138 villages in rural Uganda. Successfully completing the RCT required the involvement of nearly every person in the organization in areas as diverse as project design, planning, program implementation, and monitoring, evaluation and learning. But it was worth the investment.

Findings were released in February in Washington D.C. and in Kampala at events hosted by the World Bank's Partnership for Economic Inclusion (PEI), Innovations for Poverty Action (IPA), and Village Enterprise. Scores of government officials, journalists, researchers, and other NGOs attended to learn from our RCT results and experience. Results solidly verify what we have observed through our own internal monitoring and evaluation data: our program works and is cost-effective.

Since 2011, Village Enterprise has started over 20,000 businesses and trained 60,000 new entrepreneurs using the enhanced poverty graduation model evaluated by the RCT. These businesses have transformed the lives of over 400,000 women, children, and men in East Africa.

In other news, I am thrilled to announce that after three decades of positive impact in East Africa, we are expanding our geographic scope to the Democratic

Republic of the Congo (DRC) through a partnership with the African Wildlife Foundation and funding from the Arcus Foundation. This first-of-its kind project unites the two organizations in a dual mission to improve the livelihoods of residents in the Lomako area of the DRC while protecting the Bonobo population.

It is also our first partnership formed under **Village Enterprise Extend**. Extend was created last year to scale our reach by training partners to replicate our evidence-based, cost-effective model in additional African countries. Extend's replication strategy builds on our 10 years of experience providing technical assistance to partners such as Geneva Global, Wildlife Conservation Society (WCS), the BOMA Project and others.

We were also thrilled to successfully launch our first cohort of businesses funded by the Village Enterprise Development Impact Bond. Over the next two years, we will report our progress on this groundbreaking project that unites a collaboration of organizations and individuals focused on evidence, innovation and learning.

Thank you for your support that makes this success possible. Though your partnership and investment we are transforming hundreds of thousands of African lives and creating impacts that will ripple far into the future.



*Dianne Calvi*  
President and CEO



# Evidence Highlights: RCT

Village Enterprise and [Innovations for Poverty Action \(IPA\)](#) recently released RCT results that tested the effectiveness of the Village Enterprise Graduation model and its components. [Results](#) are encouraging for the entire Graduation sector.

## RCT Findings

*Results indicate that Village Enterprise's Model:*

- Increased participants' **income, assets and consumption**, and improved **nutrition** and subjective **wellbeing**
- Is the most **cost-effective** Graduation approach to poverty alleviation in Africa
- Indicated better **poverty reduction** and **subjective wellbeing** results than cost-equivalent cash transfers

## A Webinar with Panel of Experts

In April, we hosted a webinar with a panel of experts to discuss the importance of this RCT to the poverty alleviation sector, how it came about, what we learned, and why it matters.

Panelists included [Charlie Bresler](#) of The Life You Can Save, [Dianne Calvi](#) of Village Enterprise, [Elijah Goldberg](#) of ImpactMatters, [Nathanael Goldberg](#) of IPA, and [Michelle Kaffenberger](#) of the Partnership for Economic Inclusion at The World Bank. The webinar was moderated by [Laura Burke](#) of IPA. View the webinar here:

[Village Enterprise RCT: What it Means & Why it Matters](#)



ImpactMatters



## Why conduct a RCT?

In 2011, after positive internal M&E results, we decided to put our model to the test in a rigorous and external way through a randomized controlled trial. From the beginning, we made a commitment to release the results regardless of the RCT's findings to contribute to learning and a growing body of evidence necessary for sector-wide decision making.

## ImpactMatters upgrades Audit Rating

In 2016 ImpactMatters conducted an Impact Audit of Village Enterprise, recognizing it as a high impact, cost-effective, and transparent organization. ImpactMatters conducts these audits to rigorously estimate a non-profit's philanthropic impact, and compel them and their funders to make evidence-based decisions. Based on the RCT findings, ImpactMatters upgraded Village Enterprise's audit from highest ratings in 2 of 3 categories, to **top ratings** across all 3 of 3 evaluated: *Evidence, Monitoring and Learning*.

# Performance Dashboard

Village Enterprise equips Africans living on less than \$1.90 a day with the resources to create successful, sustainable businesses, permanently breaking the cycle of poverty for themselves and their families.

Starting businesses in three cycles per year, each cohort is trained for four months, and receives mentoring for the next eight months. Seed capital is disbursed twice, and businesses 'graduate' at the one-year mark.

**Positive Trends** seen from this cycle's metrics are consistent with past results including high rates of diversification and increases in quality and quantity of food consumed.

## FY17 C1 Metrics July 2016 - June 2017



Uganda + Kenya

### KEY OUTPUTS

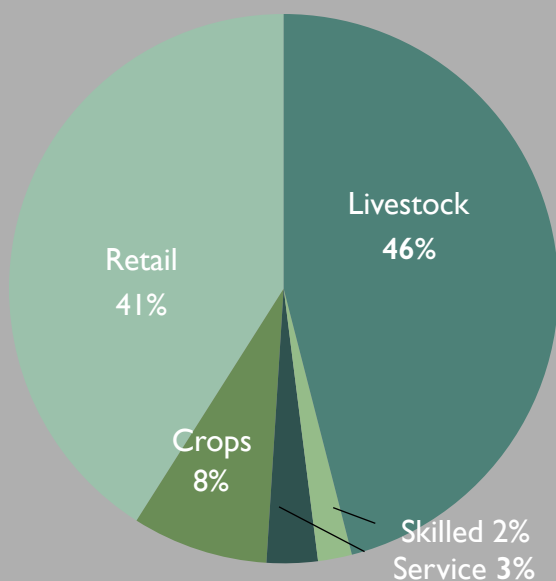
Newly Reached Villages	47
Program Participants Trained	3,022
Training Sessions Provided	1,315
Businesses Started	1,060
Business Savings Groups (BSG) Established	101

### KEY OUTCOMES

Average BSG Savings at endline*	\$1,009
Average increase in household savings*	\$19.64 (\$10.64 to \$30.28)
Average % increase in household savings	185%
Average increase in weekly animal protein consumption	95%
Average increase in daily meal consumption	13.1%

\* US Values are based Jan. 16 2018 exchange rates: 1 KES =

### TYPES OF BUSINESSES STARTED



# Village Enterprise Extend

We work with partners to adapt, adopt and implement our cost-effective, evidence-based Graduation model throughout Africa.

**Together, we can extend our reach to over 20 million lives by 2025.**

With over 400 million people in Sub-Saharan Africa living in extreme poverty — more than the number of extreme poor in all other regions combined — the most cost-effective and sustainable solutions to ending poverty must be identified and rapidly scaled.

We believe it is possible to equip millions with the resources to lift themselves out of poverty, but we cannot do it alone. With over 30 years of experience in rural Africa training more than 267,000 first-time entrepreneurs to start over 43,000 businesses, and a decade of experience providing economic development technical assistance to partners focused on health, education, youth, conservation and gender equity, we are committed to partnering with mission-aligned organizations to achieve greater impact by replicating our full Graduation model to accelerate the pace of poverty alleviation in Sub-Saharan Africa.

**Why scale?** The Village Enterprise model is one of the most cost-effective poverty alleviation programs to be rigorously evaluated by a 3rd party RCT. It has been validated to have extremely promising medium-term impacts on poverty reduction, food security and subjective well-being measurements. Through our model and culture of continuous learning, we are facilitating lasting, multi-dimensional impact by building the capacity of implementing organizations who can equip exponentially more individuals to lift themselves out of poverty.

**Who we partner with:** Governments and NGOs with the capacity and passion for implementing livelihood programs that provide individuals with a sustainable pathway out of poverty in rural Africa. We are also looking for donors who share the same commitment to ending extreme poverty.

**Our process:** Exploring partnership potential begins with a thorough assessment to ensure organizational capacity and missions align. Partnership engagements initiate with leadership workshops to co-design strategic direction and processes. Tools and resources are then adapted and developed to fit the local context and organizational needs. Village Enterprise provides onsite advice as well as ongoing remote support.



**For more information, please contact our Director of Expansion, [Liz Corbishley](#).**



## Our work with Spring Impact

Spring Impact helps organizations identify, design, and implement the right social replication model, enabling them to solve social solutions on a much larger scale.

In May 2018 we completed our year-long engagement with Spring Impact to define our scaling strategy and develop our replication model. It has been a pleasure working with the Spring Impact team and we highly recommend their services to other organizations with aspirations for scaling.

# Partnership Highlights

## EXTENDING OUR REACH TO The DRC

### African Wildlife Foundation & Arcus Foundation

After an insightful **feasibility study**, Village Enterprise and the African Wildlife Foundation have initiated a new partnership to reduce poverty and to protect the endangered Bonobo population in the biodiverse Lomako region of the Democratic Republic of the Congo (DRC).

An Arcus Foundation grant provides pilot funding for VE to train AWF to implement the Village Enterprise Graduation Model. AWF will identify and train 720 program participants, who will launch 240 new group-based businesses centered around alternative livelihoods to hunting bushmeat. This first-of-its kind project unites the two organizations in a dual mission of conservation and economic development, and will provide a better understanding of the potential for scaling to other regions.



*“Village Enterprise’s proven track record of training the ultra-poor to start businesses in highly sensitive conservation areas gives us confidence that this collaboration will increase both income and savings of local residents and support the long-term protection of the bonobos.”*

*Jef Dupain, African Wildlife Foundation*

## CORE PROGRAMMING

### Whole Planet Foundation: New Partner in Northern Uganda



Whole Planet Foundation is committed to investing in entrepreneurs and entrepreneurial solutions to alleviating poverty, now and for future generations. Whole Planet Foundation recently approved a three-year grant to support Village Enterprise’s work in northern Uganda. This grant will support seed funding for 1,500 new three-person businesses in an estimated 32 villages.

### Boeing Foundation: Program Expansion into West Pokot, Kenya



We recently expanded into West Pokot from our Kitale base. Our new field team of 12 business mentors is up and running, and building strong relationships in the local community. With funding from the Boeing Foundation, we plan to start 240 business groups in this region in June 2018.

*Located in the Great Rift Valley, West Pokot reports a poverty rate of 69.7%, ranking as 1 of 10 poorest counties in Kenya. The primary economic activity is nomadic pastoralism, and the majority of households rely on livestock sales and casual labor for income. Most of WP is classified as food insecure due to chronic drought. Low school enrollment rates are associated with high poverty rates, food insecurity and local practices such as cattle rustling and early marriages. (Kenya Vision 2013)*

### Lwala Community Alliance: Health and livelihoods in Migori, Kenya



Our work with the Lwala Community Alliance in Migori, Kenya funded by the Greater Impact Foundation continues to be an inspiring example of the power of partnerships. Village Enterprise delivers economic empowerment training to complement Lwala’s efforts to tackle the multidimensional drivers of poor health. In this partnership, Village Enterprise invests in starting thriving local businesses, and Lwala Community Alliance is able to provide additional support. This fiscal year, we will train 1,260 new entrepreneurs to kickstart 420 businesses. We are thrilled about the ongoing holistic impact that our partnership is making within these communities in Southwestern Kenya.

# Sticks in a bundle are unbreakable.

*- African Proverb*

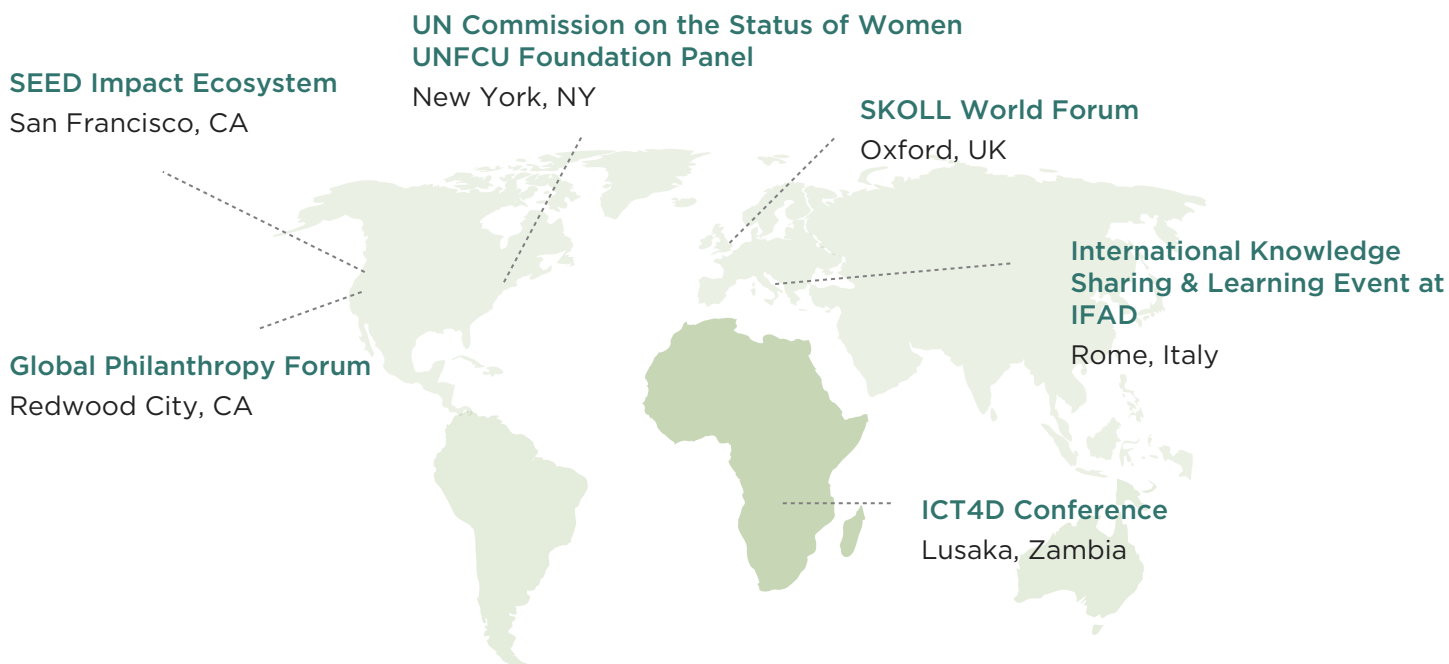
## Development Impact Bond

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

With outcome funding secured from USAID DIV and DFID, Village Enterprise recently completed the targeting and training and provided seed funding to its first cohort of 831 new business owners in Kenya and Uganda. IDinsight conducted the verification of the cash transfers using three interconnected processes (photo verification, financial audit and phone follow-up), and confirmed that the disbursements happened successfully in all 14 villages. IDinsight is conducting a randomized controlled trial that will measure outcomes to determine the level of repayments to investors.

Over the course of the next two years, Village Enterprise will launch 4,600+ businesses and train over 13,800 new entrepreneurs with funding from the DIB. Coming up in our next Impact Report will be more details on the learnings and structure of this new innovative project.

## Village Enterprise Footprint



# Capacity Building

## The Business Development Toolkit

Our business mentors deliver our program and serve as our frontline thought leaders. Business mentors equip our first-time entrepreneurs with the skills and knowledge to start sustainable, income-generating businesses through training on topics related to financial literacy, marketing, profit and loss concepts, basic accounting methods, savings, conflict resolution skills, and more.

Feedback loops integrated throughout our program helped us identify elements of our training processes that needed updates, and led to the creation of a new Business Development Kit. The Business Kit provides local, practical information on running businesses and savings groups, and enables our field staff to provide a higher quality of support to our entrepreneurs. One major upgrade included in the Kit is the new business selection module. This module guides entrepreneurs through the process of choosing a business, and highlights market access as a critical factor to success and profitability. Our entrepreneurs now complete a market mapping activity to better understand the relationship of their business to markets. (Next up: a pilot to facilitate market linkages.)

## Human Centered Design Training

Our Innovations and Senior Management Field Teams participated in a Human-Centered Design (HCD) course offered by Acumen and IDEO. The aim was to better understand how we can design a scalable process for providing cash disbursements to our entrepreneurs.

## Strategic Plan Workshop

In Kampala, Uganda our Senior Management Team gathered for a retreat and strategic planning. The US staff held a similar retreat in the Bay Area. Input from these meetings refined our current strategic plan and priorities for 2019 and 2020.

## In the Press

**A Milestone in Innovative Finance: Exploring the First-Ever Outcome-Based DIB for Poverty Alleviation in Africa**  
Next Billion — Voted as the 2nd most influential blog of 2017

**Faster, Lighter Touch and Group-based: A Different Approach to Poverty Graduation**  
Next Billion — April 2018

**Fighting poverty through entrepreneurship training**  
Daily Monitor — March 2018

**Former Apple General Counsel Bruce Sewell Joins Village Enterprise Board**  
Press Release - April 2018

**How can we best help extremely poor people, today?**  
Non-Profit Chronicles — March 2018

**Microenterprise graduation leads to higher consumption, asset ownership**  
The Independent — February 2018

**New Research Shows Innovative Microenterprise Graduation Program leads to Higher Consumption, Asset Ownership and Incomes among the ultra-poor.**  
Press Release - February 2018

**Ultra-poor graduation model shows more than just cash is needed**  
Devex — February 2018

**Village Enterprise and African Wildlife Foundation Team Up to Alleviate Poverty and Protect Bonobos in the Democratic Republic of Congo**  
Cision PR Newswire

**The rise of the mega-donors**  
Devex — April 2018

