Global Partnerships expands opportunity for people living in poverty in Latin America by supporting microfinance and other sustainable solutions.


When hardworking people get the small boost they need to earn an income and improve their lives, they can accomplish big changes.

They multiply their income. They provide shelter, nutritious food, healthcare and education for their families. They create a more promising future for their children. They strengthen their communities.

Through our microfinance partners, Global Partnerships provides people with the tools to help them progress out of poverty and improve their livelihoods—and lives.

FROM THE PRESIDENT & BOARD CHAIR

Dear friends,

Over Global Partnerships’ 16-year history, the microfinance industry has changed dramatically, most notably by the rapid growth of commercial, profit-maximizing microfinance institutions. In this dynamic market, Global Partnerships has stayed focused on people instead of profits by investing in exceptional microfinance institutions that reach the people most in need with microcredit and other high-impact solutions.

The primary way we accomplish this is through our social investing strategy, which now has a five-year track record. In June of 2010, our first investment fund matured and refunded 100 percent of capital to investors, demonstrating that it’s possible to deliver high social impact and fixed-income returns with well-managed risk.

Our second and third funds continued to perform well. And over the last year, we secured commitments from 39 investors for a new $20 million fund.

As our team works to deploy this next fund, we are committed to staying at the forefront of social impact in microfinance. We have refined our criteria for our microfinance partners to further emphasize inclusion of people who have had no previous access to credit, and innovative “microcredit-plus” programs that address multiple dimensions of poverty.

We also expanded beyond microfinance to launch an initiative with PATH and microfinance partner Pro Mujer to create a sustainable model for improving women’s health through the microfinance platform. Still in the early stages of development, it aims to not only improve, but also to save women’s lives.

Such partnerships are the foundation for the impact you’ll read about on the following pages. It’s how we are helping create a world where everyone matters.

Thank you for your support.

Rick Beckett
President & CEO

Bill Clapp
Chair, Board of Directors

"Global Partnerships’ approach is unique and highly impactful. It supplies affordable loans to innovative microfinance institutions in Latin America that are delivering not just loans to their clients, but a package of highly effective tools to help people progress out of poverty."

Dean Allen, CEO of the McKratt Co. and board president for Global Partnerships
OUR IMPACT

2009–2010 HIGHLIGHTS

ROAD PAVED FOR "MICROFINANCE-PLUS" FUND
In preparation for the close of Global Partnerships’ fourth fund in the fall of 2010, we spent much of 2009–10 designing a fund aimed at increasing access to microfinance and other sustainable solutions to poverty. Against a stronger set of criteria for microfinance partners, our Managua field team performed in-depth due diligence on approximately 40 prospective microfinance partners, putting together an outstanding list of prospective partners for our 2010 fund. We also secured $20 million in new commitments from 39 investors who wish to align their assess with a mission of expanding opportunity.

The first year of the initiative focused on re-tooling Pro Mujer in Nicaragua’s existing health programming to be financially sustainable and have greater impact. Ultimately, we hope to create an effective model for MFIs to provide health solutions to their clients that can improve—and save—lives.

FUND MILESTONE REALIZED
In June 2010, Global Partnerships (GP) finished repaying all investors in our first social investment fund. Microfinance Fund 2005, either on time or ahead of schedule. Microfinance Fund 2005 was a five-year, $2 million debt fund that paved the way for two subsequent funds that together have helped GP increase the capital we have invested in microfinance institutions from less than $1 million (in 2005) to more than $37 million today.

MICROFINANCE SUPPORT EXPANDED TO MEXICO
In the fall of 2009, Global Partnerships made our first loan to a Mexican microfinance institution, FRAC, a nonprofit organization that works in some of the poorest areas in Mexico and offers interest rates that are relatively low by Mexican microfinance standards. This was a critical win for advancing GP’s mission because of the need for affordable, mission-based microcredit in Mexico, which is dominated by for-profit MFIs that charge high interest rates for microloans.

FIRST SOCIAL INVESTOR FORUM HELD
A crowd of 175 people gathered at the Meydenbauer Center, in Bellevue, WA, for Global Partnerships’ Social Investor Forum in June 2010, a first-ever event that spotlighted our microfinance investment fund strategy and how it helps us expand opportunity for people living in poverty.

"We’ve been very impressed with Global Partnerships’ approach to social investment. By working with microfinance institutions to offer additional services, they are helping to bring microfinance to the next level."
- Elizabeth Boggs Davidsen, principal investment officer, Inter-American Development Bank's opportunities for the Majority Initiative, a GP fund investor

GLOBAL PARTNERSHIPS BY THE NUMBERS

As of June 30, 2010

$37.7 Million
Capital at work
7
Number of countries where Global Partnerships works
27
Number of microfinance partner institutions
845,000
Number of people being served through our microfinance partners
276,000
Number of microloans funded by Global Partnerships’ capital since 2004
98%
Average repayment rate by borrowers to Global Partnerships’ microfinance partners
1 in 3
Number of people in Latin America living below the poverty line
9 Million
Number of people in Latin America with access to microfinance
48 Million
Number of people in Latin America who could benefit from access to microfinance

Lucia Tarqui
EL ALTO, BOLIVIA
Lucia, a client of GP microfinance partner Pro Mujer, makes and sells hand-crafted plaster piggy banks. GP staff first met Lucia in 2008. When we saw her again two years later, she had added windows to her house, paved her courtyard and even bought a white 1986 Toyota Corolla to deliver her orders—a real breakthrough for her business. Because of Lucia’s success, her four younger children are on track to stay in school and become professionals like their two older sisters.
Global Partnerships provides capital to a select type of microfinance institution (MFI) that we call social enterprises: mission-driven organizations that are financially sound and focus on people most in need, such as the rural poor. Our partners often combine microfinance with services like business training and preventative health education that address multiple dimensions of poverty.

Our partners are selected through a thorough due diligence process that culminates with a site visit—up to a week long—by GP’s Managua-based team. In addition to financial sustainability, potential MFI partners are evaluated on rigorous criteria related to their social impact.

Our partners’ business model is aimed at economic sustainability instead of maximum profitability, which allows them to reinvest all profits in programs that benefit people living in poverty. Here are a few examples of how our partners have an impact:

- **Pro Mujer in Nicaragua** and **Pro Mujer in Bolivia** serve women living in poverty with not only microloans but health services and education, such as regular Pap smears, dental care and trainings on women’s empowerment.
- GP’s newest partner, **FRAC**, is a World Vision affiliate that works in some of the poorest areas of Mexico, offering microloans at lower interest rates than other MFIs in the country.
- **Enlace** works in very remote areas of El Salvador, serving primarily women with start-up loans that can help them get a small business off the ground. With an average loan size of about $250, Enlace has one of the smallest average-loan sizes in our portfolio.
- **Espoir** works in the Pacific Coast and southern regions of Ecuador, serving 100% women with microloans, health services and trainings on topics ranging from children’s health to chronic disease prevention to financial management.
- **FDL**, a Nicaraguan MFI that focuses on the rural poor, serves its poorest clients with loans and agricultural assistance to help them succeed in building a specific business, such as raising pigs or chickens.

“Having Global Partnerships as one of our most important strategic partners has helped us provide credit to the most vulnerable people in our country. We find in Global Partnerships an organization that is just as committed to social mission as we are.”

— Diego Fernández Concha Murazzi, Director of Microfinanzas, PRISMA, a GP microfinance partner in Peru
OUR STRATEGY

Since 2005, Global Partnerships has pursued our mission through a social investment fund strategy that has allowed us to significantly increase the number of people we reach. Here’s how it works: We raise capital from institutional and individual investors who wish to align their assets with their values, and pool that capital in a debt fund. We loan the capital at affordable rates to a select portfolio of high-performing, mission-driven microfinance institutions (MFIs) which, in turn, provide small loans and other services to people who typically wouldn’t get access to credit. The borrowers pay back the MFIs; the MFIs pay us back; and we repay investors at fixed-income rates over a multi-year period. The fund also delivers what we call “social returns”—meaning the impact that MFIs have on the lives of the people they serve. In an era when the microfinance industry has become dominated by the for-profit, commercial model, Global Partnerships’ focus on social performance is especially needed. GP has launched three funds since 2005, with more than $37 million invested in 27 microfinance partners as of June 30, 2010. Beyond our fund strategy, GP is exploring ways to help our partner MFIs increase their impact by pairing microcredit with services that can help people in poverty improve their lives over the long haul.

“As an investor in Global Partnerships’ debt fund, I am excited that I can leverage my foundation’s corpus to provide loans to socially driven microfinance institutions so that they can grow, provide more loans, and reduce poverty.”

– Dorothy Largay, Founder and CEO of Linked Foundation; GP fund investor and donor

The Global Partnerships Investment Cycle

“INFUSION OF CAPITAL”

- MFIs make loans to people in poverty
- MFIs repay GP fund
- GP fund makes loans to MFIs
- MFIs repay investors with financial and social returns

“SOCIAL RETURNS”

Ana Elisa Hernandez Gonzalez and Rosa Amelia Hernandez Gonzalez

NANDAIME, NICARAGUA

In a rural community outside the reach of electricity and running water, these two sisters and their mother have formed a family borrowing group. Together, they take out microloans from GP partner FDl, who also provides them with technical assistance. Ana (left) owns a small store and also raises pigs and cattle. Rosa grows crops and used her loan money to buy a cow and a bicycle to get supplies more easily. Both sisters have been able to build houses for their families. A shared dream is to purchase a pump so that they won’t have to haul their water from the river.
Global Partnerships is a 501(c)(3) nonprofit organization. Our operations are funded primarily by the generous contributions of individuals, foundations, and corporations. Global Partnerships also earns revenue through the management of our three Global Partnerships microfinance funds and through the provision of microfinance investment services to a strategic partner.

During fiscal year 2010, 94 cents of each dollar spent was directed to program services. Out of these dollars spent on program services, 82 percent or $10.3 million represented recoverable grants made to microfinance institutions and interest expense associated with our Global Partnerships microfinance funds. Our loans to microfinance institutions are expensed as recoverable grants in the year they are repaid. The total of unpaid recoverable grants at the end of fiscal year 2010 was $25,388,000.

Net assets for Global Partnerships, excluding the GP Microfinance Funds, were $6,585,000 at fiscal year end 2010. The GP Microfinance Funds, which consist of GP Microfinance Fund 2006, GP Microfinance Fund 2007, and GP Microfinance Fund 2008, ended the fiscal year with a combined negative net asset balance of $23,494,000. These net asset figures will be positively impacted as the $25,388,000 in outstanding recoverable grants are repaid.

To view our most recent audit report, please visit www.globalpartnerships.org or contact the Global Partnerships office. Global Partnerships is a member of the Better Business Bureau’s Wise Giving Alliance, and has been awarded the GuideStar Seal of Excellence.
THANK YOU TO OUR DONORS

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We strive for accuracy in our donor lists.

Thank you to all of our donors up to $1,000

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LARL, PERU

Donations used to earn a paralyzing working someone else’s land. With the help of GP microfinance partner FONDESUCRO, today she raises crops, is the proud owner of a variety store, and runs a billiards hall in a building adjacent to her home. Because of her income, Damiana and her husband were able to pay the costs related to complications she developed when pregnant with her daughter Sarah. Damiana only has an elementary school education, but dreams of someday studying alongside Sarah at the university.

Global Partnerships

Thank you to Gary Mulhar for his many years of service to Global Partnerships as a board member and Chief Investment Officer. Gary retired in 2010.

*Donors who have made annual gifts to GP for five consecutive years.
“Global Partnerships enables hard-working entrepreneurs to help themselves and define success and well-being for their own families. It is THE organization with which I’m most proud to be associated personally and professionally.”

– Renee Gastineau, owner, Gastineau Communications Inc. and GP donor