INVESTING in OPPORTUNITY

Global Partnerships

PROGRESS REPORT 2011



Otavalo, Ecuador: To spend more time with her six children, María Mercedes Rivera started her own sewing business at home with loans and training from a GP partner and the support of her husband of 30 years. José Cuasque.



Founded in 1994, Global Partnerships is a nonprofit social investor whose mission is to expand opportunity for people living in poverty.

Dear Friends,

his was a year of continued growth, increased impact and strategic renewal for Global Partnerships (GP). In the midst of the most serious global economic downturn in decades, we are pleased to report that we achieved new heights in expanding opportunity for people living in poverty.

We began deploying our fourth, and largest, social investment fund at \$25 million. We have now raised \$55.5 million in GP funds, and are currently invested in a growing portfolio of 30 exceptional partners across Latin America. Our funds are creating opportunity for hundreds of thousands of people in poverty, while providing donors with high levels of social impact and investors with a real double bottom line.



Rick Beckett

Each year represents a chance for us to get smarter about what makes the greatest difference and set our priorities accordingly. We focus on partners that are committed to combining microcredit with delivery of business education, technical support for farmers, improved access to markets and basic health services—because these approaches are more likely than credit alone to help people earn a living and improve their lives. More than 70 percent of the people we serve are women, who play a unique and important role in altering the course of poverty in the developing world. We have increased our investment in rural markets, where economic opportunity is especially limited.

While we are proud of our progress, we are mindful of how much work is yet to be done. We believe that microfinance institutions and cooperatives can play an even greater role in addressing global poverty. What is required is innovation—pioneering new business models that our partners can use to broaden and deepen their social impact.

Based on our early success in helping develop a financially sustainable model for delivering health education and low-cost health services to microfinance clients in Nicaragua, Global Partnerships is planning to expand this work significantly. At the same time, our team is exploring how to strengthen models for helping rural farmers increase their income, and how to expand access to green technologies like clean cookstoves and solar panels that benefit people living in poverty and the environment.

All that we do at Global Partnerships is made possible by you, the mission-aligned donors and investors who share our vision. We are grateful for your confidence in us and your support for our work.

With best regards,

Rick Beckett

"With great focus and care, Global Partnerships continues to innovate and deliver industry-leading financial services and social programs that are making a real difference."

- Enrique Godreau III, Managing Director of Voyager Capital and GP board member

Impact: What you made possible in 2010-2011

All of Global Partnerships' work is fueled by our donors and investors, who entrust us to make the best possible use of their resources. Below are highlights of the impact they supported in 2010-11. Thank you!

SEPTEMBER 2010

Social investment fund closed: Global Partnerships (GP) closed its fourth fund, Social Investment Fund 2010, in late September, which pooled \$20 million to invest in partners that provide life-changing services and microcredit to people in poverty.

OCTOBER 2010

Wow! GP's Eighth Annual Business of Hope Luncheon raised a record-breaking \$935,000 for its programs. Guest speaker Edelma Altamirano, a Nicaraguan mother of two, told a stirring story of how access to credit and health programs supported by GP not only changed her life, but saved her life.

NOVEMBER 2010

Health model piloted:

More than 4,000 women in León, Nicaragua, now have access to a sustainable package of essential health services and preventive education, thanks to a joint initiative between GP, PATH and Pro Mujer to redesign Pro Mujer's business model for delivering health services. The León pilot, launched in the fall of 2010, will be extended to all Pro Mujer clients in Nicaragua.

FEBRUARY 2011

A Tour of Excellence:

GP's leadership team traveled to Central America to learn more about how GP can encourage the region's most innovative work in microcredit.











MARCH 2011

Coffee and hope: GP partnered with fair-trade coffee importer Sustainable Harvest to provide innovative, flexible financing to Café y Desarrollo, which works with coffee producers in some of the poorest states in Mexico.

Europe takes interest:

The Netherlands **Development Finance** Company, a leading European development bank, invested in GP's Social Investment Fund 2010, bringing the fund total to \$25 million.

JUNE 2011

GP named in ImpactAssets50: GP was selected in the inaugural ImpactAssets 50, a list of leading fund managers that deliver social and environmental value in addition to financial returns.

Money on a mission: In the year ending June 30, 2011, GP disbursed \$14.2 million from its fourth fund to 15 exceptional partners, as well as an additional \$1.25 million from its third fund to two partners. In the process, GP pioneered new loans and new partnerships, all aimed at expanding opportunity for people living in poverty.

SPRING & SUMMER 2011

Expanding health services: With a health initiative successfully piloted in Nicaragua, GP staff traveled to Honduras, Ecuador and Haiti to evaluate new potential health partnerships. The end goal: to bring essential health services to 100,000 people living in poverty in Latin America.









Impact: Global Partnerships by the numbers

As of June 30, 2011

\$36.2 Million

Fund capital invested

Number of countries where Global Partnerships (GP) works

30 Number of GP partners

257,000

Lives touched by GP^a

365,000

Number of microloans funded by GP capital since 2004

972,000

Number of people served by GP partners

71 Percent

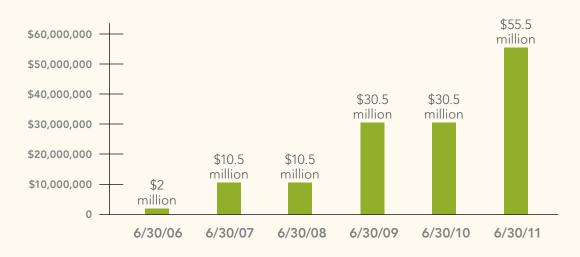
Percentage of borrowers served by GP partners who are women

40 Percent

Percentage of borrowers served by GP partners who live in rural areas

a Borrowers served multiplied by average household size (data from Economic Commission for Latin America and the Caribbean Statistical Yearbook, 2008)

GP's cumulative fund capital*



^{*}The amount GP has raised in investment capital, cumulatively





Our Investments

Global Partnerships (GP) believes expanding access to microcredit isn't enough to help many low-income people break the cycle of poverty. This is why we seek out and invest in exceptional microfinance institutions and cooperatives that combine credit with critical services that help their clients not just get by, but get ahead.

Many of GP's partners did not get their start by developing a microfinance program; rather, they were organized to address social problems, and gradually developed credit products as just one of an array of solutions to these problems.

Our coffee cooperative partners, for example, provide not only loans to help their farmer-members buy land and seed, but training to help them farm more productively, help with fair-trade certification

and access to specialty export markets that will pay more. A microfinance partner focusing on women entrepreneurs provides credit combined with practical business education and low-cost health services that empower women to take better care of their health.

Through our partners, Global Partnerships focuses our investments in five areas that we believe are particularly effective in countering poverty: microentrepreneurship, health services, rural livelihoods, green technology and women's empowerment. We seek out partners that exemplify excellence in one or more of these areas.

As you'll read in the following pages, we are not only investing money, but also leading innovation on business models that help our partners make more of a difference in the lives of the people they serve.



INVESTING in Micro-entrepreneurship



THE OPPORTUNITY: While the microfinance industry has made great strides in expanding access to credit, low-income people face other formidable challenges in providing for their families, such as a lack of financial education and job skills. But when microcredit is coupled with effective business education, microentrepreneurs can gain skills and knowledge,

improve financial literacy, establish better business practices and increase their revenues.

OUR INVESTMENTS: Most microfinance institutions and cooperatives with credit programs already deliver standard orientation on credit policies and loan practices. Many of our partners—including five that we've chosen because of their excellent micro-entrepreneurship programs—go beyond this foundation to deliver substantive, targeted education to help people in poverty increase their income.

IN ACTION: GP partner COMIXMUL is an all-woman cooperative in central Honduras that has literally created educational "ladders for the poor" for its members, to borrow a term from New York Times columnist Nicholas Kristof. All members have access to a training curriculum that starts with the basics in household finance and ends with certification in specific skills like baking, jewelry-making and salon services. Case in point: Nora, a baker and co-op member, has added custom orders and catering with help from COMIXMUL training. She now spends less time in a market stall, more time with her family and earns more.

WHAT NEXT: GP is continuing to define best practice in effective business education among microfinance institutions and cooperatives. We have identified several new partners with strong education programs in which we plan to invest in 2011-12.

GP partner COMIXMUL is an all-woman cooperative in central Honduras that has literally created educational "ladders for the poor" for its members.

INVESTING in Health Services

With their ability to reach large numbers of people in poverty within a trusted relationship, microfinance institutions and cooperatives are in a unique position to shift the poverty-health dynamic.

THE OPPORTUNITY: Poor health and poverty are inextricably linked in ways that tragically reinforce each other. Impoverished people, particularly women, lack access to not only basic health care, but also to the information and support that would empower them to weave better health decisions into their daily life. At the same time, poor health can deepen poverty by diminishing a person's ability to make a steady income. With the ability to reach large numbers within a trusted relationship, microfinance institutions and cooperatives are in a unique position to shift this poverty-health dynamic.

OUR INVESTMENTS: Global Partnerships is invested in seven microfinance partners that were selected because they provide essential, high-impact health services to their clients, ranging from preventive health education offered at village bank meetings to low-cost diagnostics. A number of other partners also have smaller-scale health programs that have the potential to grow.

IN ACTION: Innovative health services offered by GP's partners include education on critical topics such as nutrition, sanitation and chronic disease prevention; community pharmacies staffed by cooperative members that sell basic medicines at half the normal cost; and clinics that offer screenings for potentially lifethreatening diseases, such as cervical cancer.

WHAT NEXT: GP will expand its health work significantly over the next three years. Beyond continuing to invest financially in partners with strong health programs, we plan to partner with six organizations to develop innovative business models that will bring essential health services to more than 100,000 people living in poverty.



INVESTING in Rural Livelihoods



THE OPPORTUNITY: If you're among the 122 million people in Latin America who live in a rural area, chances are that you're poor and you'll stay that way. Poverty is more concentrated in rural communities, and because people in rural areas tend to make their living in agriculture, they're seen as a riskier investment than microentrepreneurs. They lack access to credit and other resources that can fuel lasting progress. This is why strengthening agricultural activities in rural areas may be among the most effective ways of addressing global poverty.

OUR INVESTMENTS: GP is invested in seven microfinance and cooperative partners with strong programs to help clients in rural livelihoods earn a steady, increasing income. Services include specialized loans timed with the crop cycle; targeted technical assistance; improved access to specialty markets that pay higher prices; access to shared facilities such as coffee processing; and discounts on inputs such as seeds and fertilizer.

IN ACTION: In southern Peru, coffee cooperative and GP partner Crediflorida provides a post-harvest loan product that helps its coffee-producer members earn more by allowing them to delay selling their beans until the price is right. In Bolivia, where only 4 percent of the local microfinance industry serves rural dairy and livestock farmers, Sembrar Sartawi serves a muchneeded niche. Sembrar develops partnerships with businesses in the dairy "value chain," such as milk buyers and equipment vendors, to provide a stable market for its dairy farmer clients and lower their costs.

WHAT NEXT: GP expects our investment in the vital area of rural livelihoods to grow. We are identifying strategies—including new loan products and technical assistance—to help our partners improve and scale their most effective work.

Helping strengthen agricultural activities in rural areas may be among the most effective ways of addressing global poverty.

INVESTING in Green Technology

THE OPPORTUNITY: Deforestation and climate change are two examples of pressing environmental challenges in Latin America that disproportionally affect people living in poverty, harming their livelihoods, lives and their collective future. There is an opportunity to address these challenges through the financing power of microcredit, which can increase access to promising green technologies that save people money and improve lives, while addressing environmental concerns.

OUR INVESTMENTS: GP is in an exploratory phase, researching opportunities for investing in green technologies and learning more about our current partners' programs in this emerging field. We have identified two particularly promising areas for investment:

- Solar-powered products: Products like solar panels and lights can reduce carbon emissions and energy costs and bring electricity to those who can't afford it. Several of GP's partners already manage pilot projects to help clients purchase solar-powered technologies to generate electricity.
- Clean cookstoves: Tens of millions of people in Latin America still cook with inefficient, open-air wood cookstoves that lead to dangerous levels of indoor air pollution particularly harmful to children. Clean, efficient cookstoves—which use alternative fuels and are designed for efficient burning—would reduce a significant source of local pollution while reducing carbon emissions, promoting better health and increasing productivity.



WHAT NEXT: GP is assessing which green technologies have the greatest economic, health and environmental benefits and exploring the unique roles that MFI and cooperative partners can play in designing specialized credit products to make these technologies accessible. We are also learning how emerging carbon revenue markets might be tapped to fund progress.

Clean, efficient cookstoves would reduce a significant source of local pollution in Latin America while reducing carbon emissions and promoting better health.



"When traveling with Global Partnerships, I witnessed the newfound self-confidence of successful women who now felt empowered to not only provide for their families and keep their children in school but also to become leaders in their community."

- Anne Emanuels, GP donor and PartnerTrip traveler

INVESTING in Women's Empowerment

THE OPPORTUNITY: There are few things more powerful than getting economic resources into the hands of women in the developing world. When women earn an income and gain economic power, the effect is catalytic. They invest in ways that directly advance their families' futures, such as food, housing, education and children's health. They gain confidence and voice. And they become more active in their communities.

OUR INVESTMENTS: Global Partnerships' investments empower women in Latin America in many ways. Seventy-one percent of the borrowers served by our partners are women. Most of our partners lend to women through the village bank model, which offers impoverished women a powerful social support network, a training forum and the opportunity to become community leaders.

IN ACTION: High in the mountains of Bolivia, groups of 15-20 women—clients of GP partner CRECER—gather every two weeks for village bank meetings. Though the primary purpose of the meetings are to repay loans that they borrow together from CRECER, much more occurs. The women make decisions about future loans and members. They share business ideas. They participate in workshops on topics such as family health, business development and empowerment. For



many women, it is the first time they have practiced leadership and it is their only social network.

WHAT NEXT: GP is continuing to support microfinance partners that are having a positive impact on women in Latin America by investing in partners that primarily lend to women through the village bank model. Our work to expand sustainable health services in countries like Haiti and Ecuador will also primarily benefit women.

When women earn an income and gain economic power, the effect is catalytic.

Puerto Diaz, Nicaragua: The four Jaime sisters, all single mothers, built a successful cake-making business from scratch that supports their children. Key ingredients? Microloans plus education.



"OPIC, the government's development finance institution, has found Global Partnerships, at its essence, to be a knowledge organization that pilots innovative approaches to addressing poverty and shares its knowledge so that others may benefit from the lessons learned."

- Loren Rodwin, Managing Director, Micro and SME Finance, for OPIC, a GP investor

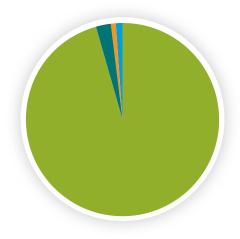
Financial Summary

Global Partnerships is a nonprofit social investor. Our financial summary illustrates our commitment to giving people in poverty a chance to earn a living and improve their lives. To view the complete audit report please visit www.globalpartnerships.org or contact the Global Partnerships office.

HIGHLIGHTS FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2011

REVENUES	
Social investment interest income	\$2,212,000
Individual contributions	\$1,275,000
Gifts in kind	\$446,000
Earned and other income	\$331,000
Corporate contributions	\$233,000
Foundation contributions	\$46,000
TOTAL REVENUES	\$4,543,000

EXPENSES	
Programs	\$3,928,000
Fundraising	\$515,000
Management & Administration	\$182,000
Marketing & Communications	\$172,000
TOTAL EXPENSES	\$4,797,000



2010-11 CASH OUTFLOWS

In 2010-11, 95 percent of GP's total cash outflows went to support and expand Global Partnerships programs.

TOTAL CASH OUTFLOWS	\$20.135.000
Marketing & Communications	\$172,000
 Management & Administration 	\$182,000
Fundraising	\$515,000
Program Investment & Operations	\$19,266,000

BALANCE SHEET SUMMARY AS OF JUNE 30, 2011

NET ASSETS AND EQUITY	\$5,530,000
Current liabilities Long-term liabilities Total liabilities	(\$2,759,000) (\$41,721,000) (\$44,480,000)
Current assets Long-term assets Total assets	\$30,199,000 \$19,811,000 \$50,010,000

Leadership

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Co-founder Seattle International Foundation

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Portfolio Director

Heidi Thomson

Deputy Director of Development

Jessenia Vallejos

Administrative Coordinator

Jonathan Vanegas Flores

Portfolio Officer

Ricardo Visbal Agredo

Vice President,

Portfolio Management

Board, Leadership Council and staff listed as of November 1, 2011

*Launched in 2010, the Leadership Council is composed of individuals who had the vision to create Global Partnerships and whose leadership sustains us.

PHOTO CREDITS:

All photos by Chris Megargee, except for the cover and page 6 (Adam Weintraub), page 1 (Doug Ogle), page 2 (Lara Puglielli) and page 11 (Elisa Murray)

SPECIAL THANKS TO OUR 2010 BUSINESS OF HOPE LUNCHEON CORPORATE PARTNERS

VILLAGE BANK VISIONARY

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MCM A MEISENBACH COMPANY







JPMorgan Chase & Co.



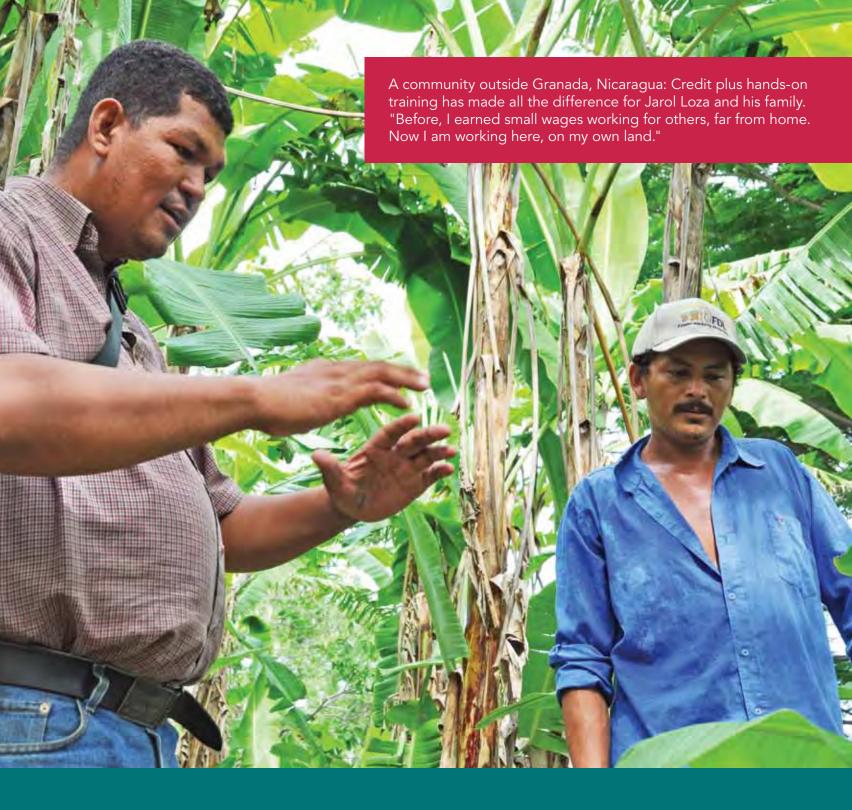


VILLAGE BANK LEADER

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MICROSOFT CORPORATION

PERKINS COIE SEATTLE UNIVERSITY THEO CHOCOLATE





"In helping our Latin American neighbors confront debilitating poverty, Global Partnerships is marrying new financing innovations with other services that improve those lives."

- Steve Davis, Director of Social Innovation at McKinsey and Company and GP board member

