Dear Friends,

This was a year of substantial growth and increased impact for Global Partnerships (GP), and the future looks bright. “Impact investing,” the kind of work that we have been doing successfully for years, is rapidly emerging as a powerful force for good, and Global Partnerships is well positioned as a pioneer in the field.

Our brand of impact investing starts with mission. It is rooted in the conviction that everyone deserves the opportunity to earn a living, care for their families, and improve their lives. It reflects our belief that markets have an essential role to play in bringing meaningful and sustainable opportunity to millions of people living in poverty. It also sees capital — both philanthropic and investment — as critically important resources in effective global development.

This year, Global Partnerships made $20.8 million in impact investments, bringing our total of loans and grants to $69.8 million. As of June 30, 2012, we had active investments in a portfolio of 31 microfinance institution and cooperative partners in 10 countries throughout Latin America and the Caribbean. These partners collectively serve more than 1.1 million people, of whom 77 percent are women and 52 percent live in rural areas.

Philanthropic investment plays an essential role in our impact investing. Just as early efforts in microfinance were catalyzed by philanthropy, many next generation solutions to poverty will be as well. Philanthropy is the resource that unlocks early stage opportunities. We use it to seek out promising ideas from around the world, create partnerships, fund pilot initiatives, take risks, learn what works, and demonstrate success. This year, Global Partnerships invested in learning about cutting edge income generation work in rural markets. We launched a Health Services Fund to make startup grants for new business models that deliver health education, screening, and services through village banks. And we recruited the leadership for a Green Technology Fund, a startup grant fund to be launched next year aimed at fostering innovation that brings more green technology products to poor households.

Global Partnerships’ Social Investment Funds provide loans to our partners to help sustain and grow already proven solutions to poverty. We are pleased to report that our $8.5 million Microfinance Fund 2006 matured this year, returning capital with targeted financial return to all of its investors. Our $20 million Microfinance Fund 2008 and $25 million Social Investment Fund 2010 are invested and performing well. For the second straight year, Global Partnerships was recognized in Impact Assets 50 (IA 50). And because of our successful track record and growing market demand, we expect to close our fifth and largest Social Investment Fund next year.

In the coming pages, you can learn more about our strategy, investments, and results. Everything we do is made possible by donors and investors who share our commitment to pioneer efforts that expand opportunity for people living in poverty. We are grateful for the trust and confidence that you place in Global Partnerships.

Rick Beckett
President & CEO
Expanding opportunity for people living in poverty.
Who We Are

Global Partnerships (GP) is a nonprofit impact investor whose mission is to expand opportunity for people living in poverty. We pioneer and invest in sustainable solutions that help impoverished people earn a living and improve their lives.

Global Partnerships currently invests in a portfolio of 31 microfinance institutions (MFIs) and cooperatives in 10 countries and is staffed by a team of 25 employees in offices in Seattle, Washington, and Managua, Nicaragua*. We focus our investments in four impact areas: health services, rural livelihoods, green technology and microentrepreneurship. Across these impact areas, women currently comprise a majority (77%) of the people our partners serve. Through our partners, we continue our commitment in empowering women to improve their lives and the lives of their families.

Since our inception, GP has made $70 million investments in 57 partner organizations who now bring sustainable solutions to more than 2 million people living in poverty.

OUR IMPACT AREAS

Rural Livelihoods: Agriculture is one of the main livelihoods in rural areas, so we invest in partners who provide a targeted combination of agricultural technical assistance as well as access to markets and tailored credit products.

Microentrepreneurship: Combining education with access to credit can help microentrepreneurs create more successful businesses that provide a higher quality of life for themselves and their families. We invest in partners who bundle credit with practical financial and business education.

Health Services: Cost and quality of healthcare often present overwhelming obstacles for poor families. We believe that families should not have to make difficult choices between spending time and resources on their health, their family or their business. Our investments support partners that strategically combine credit with delivery of health education, disease screenings and affordable health services.

Green Technology: Access to affordable, environmentally-friendly technologies such as solar lights, panels and water heaters can save households and small businesses time and money while also improving their quality of life. We invest in early stage efforts to learn what unique role microfinance and cooperative partners can play in making green technologies more accessible and affordable.

*AS OF JUNE 30, 2012
“Global Partnerships (GP) offers a combination of strengths. It has a good track record, a coherent business model, and a team that can deliver. GP is innovative and offers an opportunity for high social impact with limited risk.”

-Oscar Farfan, Inter-American Development Bank Multilateral Investment Fund
Investing in Green Technology

THE OPPORTUNITY
Life without electricity is unimaginable for many of us. Yet, in large regions of the world, living with access to an affordable, reliable source of power is more the exception than the rule. Without power, families have fewer productive hours each day, economic opportunities remain limited and educational advancement is stymied. Green technologies such as solar lights, panels and water heaters allow households to save money and time, improve living conditions, enhance educational opportunity and reduce damage to the environment.

OUR INVESTMENTS
Our early research indicates that there is a great need for affordable and appropriate solar-powered products that will improve lives at the household level. Microfinance institutions have a unique role to play in identifying the specific needs of their clients, designing credit that works for household cash flows, and ensuring access to high-quality green tech products. In Nicaragua, for example, we believe there is great potential in investing in smaller solar-lighting systems that better meet family needs both in terms of cost and functionality, and will also provide savings in time and money. Currently, we have 3 loan partners in Nicaragua, Peru and Honduras who are in the early stages of offering solar products to their clients. We are poised to make our first grant investment through our Green Technology Fund in early 2013.

IMPACT IN ACTION
Our partner, Fondo de Desarrollo Local (FDL) in Nicaragua, is a nonprofit microfinance institution (MFI) that serves low-income micro, small and medium sized entrepreneurs in rural and urban areas. Nicaragua is the second poorest country in Latin America with 68 percent of its population struggling to live on a little more than $1 per day. Since 2004, FDL has collaborated with local technology suppliers to offer clients financing for solar home installations. They offer flexible repayment over three years to make solar products more affordable for off-grid families.

Candido Rodriguez is an FDL client. He lives in a modest, tin-covered house with three of his 5 children and wife in a rural community outside of Matagalpa in Nicaragua. Candido has 2 children that recently began attending university. He runs a dairy farm and grows corn, beans and coffee to support his family. Before purchasing a solar panel, he spent $5 per week on kerosene and candles which were his only lighting options. With his solar panel, he gets high-quality lighting that allows him to be more productive in his work, gives his children more time to study in the evenings, and provides better quality time with his family. Now that his 3-year loan is paid off, he has no other lighting expenses except to replace light bulbs and buy a new battery every few years.
“Solar lights have changed our lives. We have clear light for my children to do their homework in the evening. I feel very proud that my children can attend university.”

– Candido Rodriguez, FDL client
Investing in Health Services

THE OPPORTUNITY

People living in poverty are among the most likely to lack access to affordable healthcare. When they get sick too many are faced with difficult choices between taking care of their health, meeting other basic family needs, and going to work.

The partners we invest in are uniquely positioned to help break this cycle of poverty and poor health, and empower families. Throughout Latin America and the Caribbean, and indeed around the world, leading microfinance institutions and cooperatives are beginning to build on their strengths to make a difference. Specifically, our partners do the following at a very low cost:

1. **Deliver preventive health information and education through the village bank** — on topics ranging from family planning to reducing diarrheal disease through good hygiene to the importance of going to the doctor;

2. **Screen for treatable conditions** like cervical cancer, diabetes, malnutrition, and prostate cancer, where early detection is invaluable and lives can be saved; and

3. **Negotiate with local doctors and hospitals on behalf of thousands of clients**, making essential care more accessible and affordable.

OUR INVESTMENTS

Global Partnerships (GP) now has investments in 10 partners that are providing some level of health education, disease screening, and/or access to health services for their clients. Some programs are early stage with the potential to grow, while others are serving most or all of their members. As these partners seek to help more people and increase their impact, they face a common challenge. How can they do more in a way that is more sustainable? To respond to this need, Global Partnerships launched the Health Services Fund aimed at helping 6 partners in 6 countries build health programs that can be fully sustained by revenues and scaled to serve most or all of their clients. The fund supports GP partners with technical assistance and grant funding aimed at serving 100,000 people. We currently have pilots underway in Nicaragua and Haiti that are already serving more than 25,000 people, with plans to expand this year.

IMPACT IN ACTION

**ESPOIR**, our partner in Ecuador, is a microfinance institution (MFI) that was founded as an NGO in 1992. Since its founding, ESPOIR has been providing microenterprise credit along with basic health education and financial literacy to women throughout Ecuador. ESPOIR provides access to basic consultations and diagnostic exams via preventive health campaigns that take place on a rotating basis at select branches.

Rosa Illescas Riollo, lives in a small town outside of Cuenca, Ecuador. She is a client of ESPOIR and serves as a leader for her local village bank. This means that she hosts the monthly meetings for up to 12 women in her home and handles all coordination, communication and payment collections. Some of the women travel from as far as 2-3 hours away by bus. At these meetings, the women not only pay their monthly payments but they also receive health education classes. Through ESPOIR they receive discounted healthcare products and services. Rosa found out firsthand how important this service was when she mentioned her stomach pains to the loan officer who was conducting the health education classes. He made arrangements for her to go to the hospital where she was diagnosed with a hernia. She got the surgery she needed and is now able to continue caring for her 6 children. Her proudest accomplishment is staying healthy for her children; three are professionals and three are still in school.

www.globalpartnerships.org
“I was trying to work even though I was in a lot of pain. It was difficult, but I was being stubborn. But in talking with my loan officer I understood how important it was for me to be healthy, so I went and got checked out. They discovered a serious hernia and removed it. Now I am fine.”

– Rosa Illescas Riollo, ESPOIR client
Investing in Rural Livelihoods

THE OPPORTUNITY

Millions of smallholder farmers in rural areas of Latin America and the Caribbean face difficulties in earning a stable and secure income for their families. Without access to markets, working capital, affordable credit products and technical assistance to increase and diversify crops, farmers face many challenges generating a steady income to support their families. The challenges can feel insurmountable. Yet, with the right combination of access to essential non-financial services, tailored credit products, and commercial markets, they can weather these challenges while improving the sustainability of their farms and quality of life for themselves and their families. This combination of customized credit and essential non-financial services helps drive long-term prosperity.

OUR INVESTMENTS

We invest in partners that open the door to broader markets and combine access to affordable, tailored credit, better pricing and insurance options, technical assistance to improve crop yields and diversification to help farmers make a better living. We currently have loan investments in 8 partners in 4 countries and we continue to explore new opportunities to help smallholder farmers and producers earn a sustainable living.

IMPACT IN ACTION

Crediflorida is a 6000-member fair trade coffee cooperative in Peru that gives members access to technical assistance on topics such as farm administration, education on subjects like health, as well as savings services and access to credit.

Geronimo Richle, a client of Crediflorida, lives in a remote area two hours outside of La Merced, Peru, where he grows coffee and runs a subsistence farm, which includes dairy cows, pigs, horses and guinea pigs. He lives with his wife, Fryda, and nine year old son, Jeff. He also currently serves as president of the Crediflorida cooperative board.

Thanks to technical assistance and microloans from Crediflorida, Geronimo was able to increase his coffee crop yields over the last two years from 15 to 60 sacks—an increase of 300 percent. Because Crediflorida’s coffee is also fair-trade certified, member producers including Geronimo can obtain better pricing for their product. The combination of technical assistance, access to specialized markets, and access to loans has also benefitted other aspects of Geronimo’s life.

For example, his now stable and increased income enables Geronimo to rent a house close to a hospital so that his son, who has a chronic medical condition, can easily receive medical attention. Geronimo can also proceed with plans to expand his business to include organic cheese production.
“With training from Crediflorida, I was able to greatly improve the amount of coffee I produce. I used to average 15 sacks of coffee, but now my crops produce 60 sacks. I hope to have even more next year. Now, I can afford to live closer to town where it’s much easier for my son to attend school and receive the healthcare he needs.”

– Geronimo Richle, farmer and current president of the Crediflorida cooperative board
Investing in Microentrepreneurship

THE OPPORTUNITY
Access to credit makes it possible for many low-income individuals to start small businesses that support their families. However, often times, these entrepreneurs need more than just access to credit to run a successful business or increase their business revenues. They also require financial literacy and business management skills. When combined, education on key business topics and access to credit enable entrepreneurs to establish businesses that are more sustainable, more profitable, and most importantly, more beneficial to improving quality of life for their families. Microentrepreneurship is especially important for women who often are the primary caretakers, household managers and income generators for their families.

OUR INVESTMENTS
Global Partnerships (GP) invests in microentrepreneurship because we believe in the potential of small business owners, especially women, to become job creators, community leaders, and role models for positive change. With a small loan and practical business education provided by our partners, people living in poverty often create profitable businesses, improve the lives of their families and reinvest in order to expand their businesses. We currently invest in 6 partners in 4 countries to help empower people through microentrepreneurship. As our partners evolve to meet the growing and ever-changing needs of their clients and the market, we will continue to explore innovations and opportunities to invest in cutting edge services for entrepreneurs.

IMPACT IN ACTION
Located in Peru, Arariwa is a nonprofit microfinance organization that offers, primarily women, education on topics including business management, preventive health, and family welfare, in addition to offering access to credit through a village bank model. Ines Callanaupa Quillahuaman, lives in a small town 35 minutes outside of Cuzco. She is the owner of a women’s textile cooperative, which she has been slowly expanding for the past seven years. Ines learned to weave traditional textiles from her mother and grandmother but it was Arariwa that gave her the business education needed to start her own microenterprise. That education coupled with her first loan enabled her to afford the supplies to start her own business.

She now runs a cooperative comprised of 45 working mothers who hand make and sell their wares in her store outside of Cuzco. Each week, the cooperative rotates up to 10 women’s goods in the store—ensuring each woman an equal chance of selling her wares.

For Ines, weaving traditional textiles is not only a means of earning a living, but a way of keeping her culture alive and creating opportunity for other women in her local community. Because of the business education and credit she receives from Arariwa, Ines has the confidence and knowledge to continue pursuing her dreams of growing her cooperative to include over 200 working mothers, and expanding her business into international markets including the U.S.
“I was one of the first ones to go and ask for a loan at the communal (village) bank. It has helped me a lot because it allowed me to build my store, which now houses the handmade goods of the 45 women in the cooperative. I also received help learning how to market our goods to tourists. This has allowed me and the rest of the mothers to earn more income and better support our families.”

– Ines Callanaupa Quillahuaman, Arariwa client
Impact by the Numbers

As of June 30, 2012

**People**

- **1.1 MILLION**
  People served by GP partners

- **52 PERCENT**
  Borrowers served by GP partners who live in rural areas

- **77%**
  Borrowers served by GP partners who are women

**Portfolio**

- **$20.8 MILLION**
  New impact investments

**Performance**

- **100 PERCENT**
  Repayment rate to investors with target return

- **10 NUMBER OF COUNTRIES**
- **31 NUMBER OF GP PARTNERS**
TOTAL IMPACT INVESTMENTS (LOANS AND GRANTS)

2006: $3.9M
2007: $8.6M
2008: $12.1M
2009: $22.5M
2010: $32.3M
2011: $48.8M
2012: $69.6M

Total: $189.8M
Financial Summary

JULY 1, 2011 THROUGH JUNE 30, 2012

Global Partnerships (GP) is a nonprofit impact investor whose mission is to expand opportunity for people living in poverty. We pioneer and invest in sustainable solutions that help impoverished people earn a living and improve their lives. To view the complete audit report please visit www.globalpartnerships.org or contact us at info@globalpartnerships.org.

Balance Sheet Summary

As of June 30, 2012

<table>
<thead>
<tr>
<th>Current assets</th>
<th>$27,851,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term assets</td>
<td>$22,234,000</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>$50,085,000</strong></td>
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<tr>
<td>Current liabilities</td>
<td>($381,000)</td>
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<tr>
<td>Long-term liabilities</td>
<td>($42,015,000)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>($42,396,000)</strong></td>
</tr>
<tr>
<td><strong>NET ASSETS AND EQUITY</strong></td>
<td><strong>$7,689,000</strong></td>
</tr>
</tbody>
</table>

REVENUES

- Impact investment interest income $3,110,000
- Individual contributions $2,756,000
- Gifts in kind $411,000
- Foundation contributions $346,000
- Earned and other income $233,000
- Corporate contributions $210,000

**TOTAL REVENUES** $7,066,000*

*REVENUES INCLUDE FUTURE-YEAR GIFTS.

EXPENSES

- Programs $3,825,000
- Fundraising $633,000
- Management & Administration $281,000
- Marketing & Communications $168,000

**TOTAL EXPENSES** $4,907,000

2011-2012 CASH OUTFLOWS

In Fiscal Year 2012, ninety-four percent of GP’s total cash outflows went to support and expand Global Partnerships’ impact investments.

<table>
<thead>
<tr>
<th>Impact Investments &amp; Operations</th>
<th>$17,020,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>$633,000</td>
</tr>
<tr>
<td>Management &amp; Administration</td>
<td>$281,000</td>
</tr>
<tr>
<td>Marketing &amp; Communications</td>
<td>$168,000</td>
</tr>
<tr>
<td><strong>TOTAL CASH OUTFLOWS</strong></td>
<td><strong>$18,102,000</strong></td>
</tr>
</tbody>
</table>

78% 3% 6%
44% 39% 3%
1% 2% 3%
“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
A gift to Global Partnerships (GP) expands opportunity for those living in poverty. GP invests in organizations who share our commitment to reaching those in underserved populations including women and the rural poor.

The disparity between rich and poor is greater in the Caribbean & Latin American region than it is anywhere else in the world. Women like Julia Quispe (pictured above) often lack access to employment opportunities and find they are unable to get a business loan or the necessary training to generate their own source of income. But thanks to the support of GP’s programs, Global Partnerships is able to identify and invest in microfinance institutions (MFI) and cooperatives which provide women like Julia the tools needed to progress out of poverty.

Since our inception, Global Partnerships has made $70 million in investments in 57 partners to help expand opportunity for people living in poverty in Latin America and the Caribbean.

“I am proud to claim Global Partnerships as my charity of choice. Through the years, I have valued GP’s strategic approach to broadening its mission and incorporating logical extensions to its original microcredit concept.”

– Kay Schellberg, GP Donor