

IMPACT NEWSLETTER

SPRING 2017 | EXPANDING OPPORTUNITY FOR PEOPLE LIVING IN POVERTY

What It Takes to be Impact-Led

By Peter Bladin, Chief Impact and Research Officer, Global Partnerships

Long before we invest in a partner delivering life-changing products or services to households living in poverty, we begin by identifying what impact our investment will have on those households. We call this being impact-led. It is a defining characteristic of what makes Global Partnerships who we are.

To ensure that we invest in a partner that is dedicated to reaching underserved populations, and that the product or service they provide results in a positive impact, we research and develop investment initiatives designed to target a specific aspect of poverty. These initiatives clearly identify who is served, what product or service is delivered, why it is impactful, how it is sustained, and what is the expected impact.

A new initiative must address five key areas of analysis that are rooted in our mission: to expand opportunity for people living in poverty.

Opportunity: Our work starts with an assessment of how many people are affected by a specific problem, such as lack of access to financial services or living beyond the electrical grid. We work on problems affecting as many people as possible; large-scale problems are likely to attract more entrepreneurs

trying to solve them, allowing GP to apply resources more efficiently and impact more people.

Impact Potential: Using a combination of primary and academic research, we determine which services and products are making a positive and measurable impact on households living in poverty. It is important to note that impact comes in many forms. It can be an economic opportunity, such as

Market-Driven: Next, we analyze whether the market can deliver these solutions in a sustainable way. We identify social enterprises that strive to reach marginalized populations with a focus on women and rural communities. These include non-governmental organizations (NGOs), for-profit social businesses, and cooperatives. We primarily invest debt capital into these social enterprises – our partners – who



Photo: Peter Bladin (right) and GP Impact Evaluation Officer, KJ Zunigha (left) visit Maritza Cruz, Humberto Cruz and their daughter (middle) in El Salvador. Humberto is a client of CrediCampo - a partner in our Rural-Centered Finance with Health Initiative.

when a smallholder farmer increases her yield or has better market access leading to higher prices and more income. Or it can be an innovation like a solar light that provides a clean, reliable and cost-saving energy solution, replacing toxic kerosene lamps that are expensive, unsafe, and contribute to upper respiratory disease.

provide their clients with access to credit and affordable, high-impact products and services. This enables people in poverty to save time and money, access quality healthcare and earn a stable income. Our market-driven analysis is essential to ensure that each solution is affordable, easily accessible, and

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Jocelyna with her daughter and son.

Home Improvement

By Kusi Hornberger, VP of Investment Research, Global Partnerships

In February, I had the opportunity to see the result of a year's worth of research come to fruition. Global Partnerships made a \$500,000 impact investment in Procaja, a microfinance organization working in rural Panama, to support Procaja's home improvement loan portfolio. This was not only GP's first investment in a partner in Panama, but also our first loan in a new investment initiative: Home Improvement Finance (HIF). I had the opportunity to participate in the development of this initiative and meet Procaja and their clients.

During our visit in February, we met people like Jocelyna Rodriguez Villar, her husband Demetrio, and their two children, Krystal and Deusalino. She and her husband have used three incremental home improvement loans from Procaja. The first loan was \$500 to replace their dirt floor with a cement floor. The second was \$500 to add a tin roof replacing one made from palm leaves. The third was \$500 to add security grills to their front door and windows, as they had recently been robbed while Demetrio was working.

The combination of all these loans allowed the Rodriguez Villar family to begin to replace a traditional hut home with a new, more secure home. For them, household health, security and sense of dignity have increased due to: (i) lower exposure to bad weather (roofs, walls and floors) and sources of disease (sanitation and water), (ii) physical protection from robbers or unwanted intruders, and (iii) improved confidence and sense of self-worth in the community.

In addition to insights from client visits like the one with the Rodriguez Villar family, there were three key factors that tipped our thinking in favor of launching HIF as a GP investment initiative:

(1) **A large and growing problem:**

According to UN-Habitat, about one in four people live in conditions that harm their health, safety and prosperity. A McKinsey Global Institute report suggests that



The Rodriguez Villar family's more secure home (right side)

the global population who live in substandard housing units will expand to 1.6 billion people by 2025. This is an ongoing challenge facing poor households, particularly in the regions where we work.

(2) **Focused on poor households:**

Unlike affordable housing, home improvements provided via microfinance organizations can be financed incrementally with loans, and thus reach a wider and lower-income demographic.

(3) **High-impact support services:**

In addition to tailored financing, we found that many microfinance organizations are also providing project budgeting and work planning, best practice construction education, as well as, on some occasions, assistance negotiating discounts on construction materials. This is consistent with our practice of investing in organizations that offer value-added services alongside access to credit that empower people to make the most of those loans.

A year ago, we set out to explore HIF as a potential initiative. Today, our investment in Procaja marks the first HIF partnership, as we now build an investment portfolio in this important and high-impact area of need. We are excited to share with you our expanding portfolio of initiatives as we continue to find more impactful and sustainable ways to address poverty.

Today, Jocelyna and her family feel safer, and they were full of pride as they showed me their home and the specific improvements they have added over the last two years.

As a parent, I know how important it is to provide a safe and secure home for the ones we love. I am proud GP is able to play a role in improving the health, security and dignity of households like the Rodriguez Villar's.

OUR INITIATIVES

GP's current initiatives are each designed to address a specific aspect of poverty. To learn more about our investment initiatives, visit: globalpartnerships.org/impact



Cookstoves



Digital Study Materials



Essential Medicines



Health Clinics



Home Improvement Finance



Rural-Centered Finance with Education



Smallholder Farmer Market Access with Technical Assistance



Solar Lights



Urban Sanitation



Women-Centered Finance with Education



Women-Centered Finance with Health

EVENTS

World of Opportunity

SAVE THE DATE

15th Annual Luncheon

October 16, 2017

12:00 - 1:00 p.m.



2017 Luncheon

Mark your calendar! Global Partnerships' 15th Annual Luncheon is on Monday, October 16, 2017 from 12:00 - 1:00 p.m. at The Westin Seattle. This year's luncheon will focus on **Investing in Women**.

Come learn how you can help women earn a living and improve their lives.

To register, visit:

globalpartnerships.org/luncheon

Interested in hosting a table? For more information, contact Jennifer Crouch at (206) 456-7813 or jcrouch@globalpartnerships.org

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provides enough value for clients to choose it over existing options.

Scale: Fourth, we look at the potential for scale. Systematically addressing poverty is a massive undertaking, so we target solutions that can ultimately reach millions of people in the markets we serve — Latin America, the Caribbean and sub-Saharan Africa. We continually research market trends to see what could drive supply and demand for a product or service long-term, and whether the solution fits the market.

Investment Readiness: Once an initiative gets to this stage, we then build a pipeline of potential partners in which to invest. To be investment ready, a social enterprise must have finance needs that match the investment instruments we offer and qualify for our impact-led capital.

Developing these high-impact initiatives is made possible by you, our donors. Your gifts help fund the work of GP's dedicated impact and research team. We work with leading industry experts as well as entrepreneurs who are pioneering innovative solutions. We meet with partners and their clients in person to learn about their preferences, challenges, goals and progress. We seek to understand the best outcomes through our research, helping us deploy capital to the best partners.

Your support allows us to remain impact-led, ensuring we invest in the most meaningful solutions for households living in poverty. It also enables us to monitor our results so we can continue to improve for even greater impact.



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IN THIS ISSUE

2016 in Review

GP's Impact and Research team dive in on how we explore and launch new initiatives.

Impact in Action

Meet Jocelyna and her family, clients of Procaja, which helps rural families improve their home.

Events

Our Annual Luncheon is October 16th! Come learn how GP invests in women around the world. Register today!



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Read about Global Partnerships' newest initiative, which supports home improvements for people like Jocelyna Rodriguez Villar and her children.

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Thank You for Giving Big!

Thank you to our donors for supporting GiveBIG, and standing with people like Jocelyna. Our community raised more than \$33,500, and met our matching challenge of \$16,000!

We are deeply grateful to YOU and to our wonderful matching donors. Whether it's starting a small business, improving the security and health of a home, or providing quality healthcare, you are the catalyst for our work. Thank you for expanding opportunity for people living in poverty.

P.S. – You can make your impact last all year long. Join our GP monthly giving club at: globalpartnerships.org/donate