TABLE OF CONTENTS

Letter from Leadership 3
Our Story 4
What makes Village Enterprise Unique? 6
2015 Program Highlights 7
The Need 8
Our Model 9
Our Impact 10
The Village Enterprise Way 12
Financials 13
Our Donors and Partners 14
Our Team 15
Dear friends and partners,

Your investment in East African microenterprises transforms lives. In 2015, Village Enterprise started 2,750 businesses and positively impacted the lives of over 55,000 rural East Africans—our most successful year ever.

The passionate collaboration of our partners, funders, board, staff and volunteers magnifies the impact of an organization our size. Working together on our mission to equip people living in extreme poverty with the resources to create sustainable businesses, we have made great progress, learned valuable lessons, and had some fun along the way! We hope this report will bring you closer to the people whose lives you’ve changed.

New research published in Science magazine (May, 2015) proves that “graduation” programs like ours successfully break the cycle of poverty without creating ongoing dependency for those living on less than $1.25 a day. This finding is consistent with our nearly 28 years of experience that hope is catalytic: once families can see a path to a better life, they can save and invest for a brighter future. This year, Pulitzer Prize-winning New York Times journalist Nicholas Kristof recognized Village Enterprise as an effective player in this sector, furthering our role as a thought leader that makes a unique and positive contribution to global poverty alleviation.

Our sound fiscal management and commitment to accountability and transparency have earned us a second four-star rating from Charity Navigator, America’s largest independent charity evaluator. Charity Navigator’s rating puts us in the top 0.1% of the roughly 1.6 million charitable organizations in the U.S. for our organizational and management practices. We hope this external validation reaffirms your confidence that we are using your financial support wisely!

Your generous funding of our 2012-2015 $5,000,000 Campaign to Scale Impact and Transform Lives enabled us to innovate and expand our efforts. Thanks to you, we exceeded our goal by almost $500,000.

We would like to specifically thank key partners who supported us this year in preparing for our next growth phase: Bain and Company for their three months of pro bono consulting on our new strategic direction; the Segal Family Foundation for their Targeted Capacity Support grant to help assess and develop our internal capacity to scale; and Silicon Valley Social Venture Fund (SV2) for selecting Village Enterprise as their next three-year international grant recipient.

We look forward to another record-breaking year in 2016. We hope that you are inspired to continue your support of our modest but significant contribution to the United Nations’ epic challenge of eliminating extreme poverty in the next 15 years.

With appreciation,

Dianne Calvi
Debbie Hall
Our Story

Creating over 33,000 sustainable businesses, training over 136,000 East Africans, and lifting over 700,000 women, children and men out of poverty.

1987
Village Enterprise Fund (VEF) was founded by Brian Lehnen and Joan Hestenes who were motivated by their Christian faith to help the poor start micro businesses. A small, volunteer-run organization working through local churches, the Village Enterprise Fund provided seed grants to the ultra-poor.

2001
Decision to focus efforts on East Africa. First paid staff hired in East Africa.

2005
KIVA Co-Founder Jessica Jackley launches Kiva after interning with Village Enterprise.

2007
First impact study completed; 10,000 businesses started since inception.

2008
Village Enterprise trains the BOMA Project in its microenterprise model.

2009
Budget reaches $1 million; collaboration in conservation launched, aligning our poverty alleviation work with the Jane Goodall Institute in Uganda.

OUR VISION

A world free of extreme poverty, where people have the economic means to sustain their families
In the next five years, Village Enterprise will lift 700,000 additional Africans out of poverty. With strong results from our randomized controlled trial, we anticipate that the Village Enterprise model will be adopted by leading NGOs, microfinance institutions, and governments. The new Village Enterprise Incubator will test, verify, and disseminate new innovations to alleviate poverty in an even more effective manner.

Scaling for Impact

2010
Dianne Calvi, first CEO hired and first five-year strategic plan developed. Name changed from Village Enterprise Fund to Village Enterprise.

2011
New Village Enterprise model launched to increase impact. New model includes rigorous targeting methodology, a one-year training program, and a savings program.

2012
Mobile technology adopted and deployed for all monitoring and evaluation.

2013
Independent randomized controlled trial (RCT) begun in Uganda with BRAC. Village Enterprise recognized by Rockefeller Foundation as Next Century Innovator.

2014
Budget reaches $2 million. Organization receives its first four-star rating from Charity Navigator. 30,000 businesses started. Awarded first USAID grant through partnership with FHI360.

2015
Our grants-based ultra-poor graduation program recognized by Innovations for Poverty Action (IPA) and featured in New York Times.

Our Mission

To equip people living in extreme poverty with the resources to create sustainable businesses
What Makes Village Enterprise Unique?

Village Enterprise delivers a cost effective, innovative and results-oriented model that makes us unique in our sector.

**Grants, not loans.** Allowing people in extreme poverty to immediately reap the benefits of their new businesses profits.

**We succeed where others dare not go.** Working in poorer and far more remote villages than are typically served by other NGOs and microfinance organizations.

**Cost effective graduation program** (out of extreme poverty). Achieving results at significantly lower costs than other graduation models.

**Group-based approach.** Business groups of three bring diverse skillsets, spread risk, build social capital and produce cost efficiencies.

**Targeting the ultra-poor and most vulnerable.** A rigorous targeting methodology ensures that we serve those at the bottom of the pyramid. Over 80% of our participants are women.

**Rigorous monitoring, evaluation and continuous improvement.** Early adopters of smartphone-based data collection and reporting tools (ODK, TaroWorks).

**Local East African leadership.** Highlighted in the 10th anniversary issue of *The Stanford Social Innovation Review*. 95% of our field staff are African.

**Innovation and collaboration in our DNA.** Rockefeller Foundation’s 100 Next Century Innovators (among 1,000+ applicants) award in 2013. Village Enterprise’s incubator piloting new program elements and innovations, including USAID Youth Study & MasterCard Foundation Savings Study.

**Quality at scale.** Other models build systems for scale; we ensure quality at scale by integrating talent with technology at the grassroots level.

**We cannot end extreme poverty alone.** To increase our impact and scale, Village Enterprise partners with NGOs, governmental agencies, corporations, foundations, research institutions, universities, religious institutions, and giving networks.
Successful collaboration with USAID/FHI 360 in Uganda

We completed our first full year as an implementing partner of the successful USAID Community Connector (CC) project in Uganda, working alongside a group of highly respected NGOs, including the Grameen Foundation, BRAC, and Self-Help Africa.

CC is part of USAID’s flagship Feed-the-Future initiative to reduce poverty, food insecurity, and under-nutrition. In 2014, CC recognized that youth were a critical yet excluded demographic in their existing activities. Recognizing Village Enterprise’s program adaptability and eagerness to understand its communities, FHI 360 funded a study to research the preferences and habits of rural youth and then provided funding for youth-only businesses and savings groups. As a result, in 2015, we trained 360 young entrepreneurs and started 120 youth-led businesses as part of the CC project. Village Enterprise will continue this collaboration in 2016.

Collaborating to Conserve Chimpanzee Habitat

Village Enterprise helped reduce illegal hunting and disease transmission in the Budongo forest in Uganda through a partnership with the Budongo Conservation Field Station. To accomplish this, we delivered our program in villages circling the Budongo forest on the condition that participating households improve health conditions by building shelters for livestock, installing pit latrines, and introducing drying racks for dishes and cookware. Hundreds of families have now developed new livelihoods through Village Enterprise as an alternative to illegal hunting.

This project is supported by the Arcus Foundation, the world’s largest private funder of great ape conservation and welfare. We were happy to host the Arcus Board of Trustees and senior staff in Rwengab in June, a visit that Conservation Director Helga Rainer called a “resounding success.”

In 2013, we launched an independent three-year randomized controlled trial in Uganda to measure the effectiveness of the Village Enterprise model (more on page 10). While final results won’t be available until 2017, we were gratified to receive outside validation confirming the rigor of our methodology in targeting the most vulnerable.

The baseline study found that, “with more than 75% of Village Enterprise households within the lowest two quartiles of national and district-specific welfare index values, Village Enterprise has done a [remarkable] job of targeting the poorest households.” This is especially relevant in that numerous studies have shown that beneficiaries of other microfinance programs fall mostly in the middle two quartiles, with less than 20% of the clients falling into the poorest quartile.

Study Validates Targeting Effectiveness

UPCOMING HIGHLIGHTS FOR 2016

2016 will bring more exciting developments, including the adoption of our new strategic plan to guide our scaling efforts through both organic growth and partnerships, the formal launch of Village Enterprise’s Incubator, and the release of mid-line data from our randomized controlled trial.
The Need

Village Enterprise is Dedicated to Achieving the UN’s Sustainable Development Goal 1.1—End Extreme Poverty by 2030.

More than one-third of those living on less than $1.25 per day reside in sub-Saharan Africa. While the global rate of extreme poverty plummeted from 36% in 1990 to 14% by 2014, the extreme poverty rate in sub-Saharan Africa barely decreased—from 57% to 47%—during that same period. And because of Africa’s high population growth, the absolute number of people living in extreme poverty has almost doubled to 415 million people.

Village Enterprise works in remote rural areas of East Africa, where nearly 60% of the population lives below the extreme poverty line. Without an adequate source of income, the rural poor are unable to provide basic needs for their families—food, education, adequate housing, and access to medical care—and the cycle of poverty is carried down through generations.

The good news is that there has never been greater attention placed on alleviating global poverty than now. The United Nations’ new Sustainable Development Goal #1, “End poverty in all its forms everywhere” and its sub-goal #1.1, “Eradicate extreme poverty by 2030” take a bold stance for action. For the first time, ending extreme poverty is within reach and Village Enterprise is at the forefront of achieving that goal.
The Village Enterprise Model

Village Enterprise equips people living in extreme poverty with the resources to create sustainable businesses.

Our model is simple, extremely cost effective at just $500 per business, and best of all, it works. By equipping enterprising East Africans who live on less than $1.25 a day with seed capital, training, mentoring and access to savings and growth capital, we are permanently breaking the cycle of poverty for our business owners and their families.

In bringing Silicon-Valley innovation to East-African entrepreneurship, Village Enterprise leads a game-changing effort to help hundreds of thousands of families extract themselves from endless poverty. Guided by technological and business acumen, Village Enterprise has refined a graduation model that is successful, scalable and locally adaptable.

Our Graduation Program

TARGETING
We identify individuals who live under $1.25 a day, have no prior business experience, and are unable to provide for their family’s basic needs. We assess poverty levels through a community-based Poverty Wealth Ranking exercise.

TRAINING
Our business mentors deliver nine months of business and financial skills training designed for participants who have little formal education and assist them in forming small enterprises of three budding entrepreneurs each.

SEED FUNDING
To light the fire of entrepreneurship, Village Enterprise provides $150 micro-grants as seed capital to start each business.

MENTORING
Business mentors guide each new group in selecting an enterprise that is best positioned to flourish, taking into account the team’s skill set, local market conditions, risk factors, and profitability.

BUSINESS SAVINGS GROUPS
Our new business owners form Business Savings Groups (BSGs), a self-generating, self-managed form of micofinance that pools savings and loans to members. BSGs provide members with ongoing protection against financial shocks and access to growth capital. Our Business Savings Groups serve as a safety net as well as our exit strategy.
Village Enterprise employs rigorous methodologies to monitor our program and evaluate its impact. We use mobile applications integrated with the TaroWorks database to collect and analyze data.

**Targeting**
We use locally defined poverty indicators via the Participatory Wealth Ranking process and Grameen’s Progress Out of Poverty Index (PPI).

**Monitoring**
We use business plan applications, progress reports, exit surveys, and Business Savings Group surveys to measure results.

**Evaluation**
We conduct surveys at the beginning and end of our program on 20% our business owners to assess changes in well-being.

**Reporting**
We produce internal performance reports three times a year to troubleshoot problems in a timely fashion.

Our work begins at the individual level

- **200%**: Increase in individual savings
- **35%**: Standard of living increase
- **$455**: Savings per business savings group

Repeateable model is scaled across East Africa

- **33k**: New businesses started
- **136k**: Business owners
- **700k+**: Total lives impacted (cumulative numbers since 1987)

**Randomized Controlled Trial Underway**

In October 2013, Village Enterprise launched an ambitious, three-year, independent randomized controlled trial (RCT) to evaluate our ultra-poor microenterprise development program. An RCT is considered the “gold standard” of evidence for measuring the direct impact of any intervention.

Village Enterprise’s study is being conducted with data from over 6,600 households in Uganda, in conjunction with Innovations for Poverty Action (IPA) and the assistance of academics from the University of Chicago, Yale and Princeton. This RCT is being funded through an anonymous $1 million+ grant.

The purpose of the evaluation is to prove the impact of our program on extremely poor households compared to a control group, as well as to guide future refinements of our model. The positive results from another RCT on the graduation approach in six countries released this spring in *Science* magazine and published by *The New York Times* was a watershed moment for funders, policymakers, NGOs, and governments striving to end global extreme poverty.

Village Enterprise’s RCT is testing several variations of the graduation model’s efficacy—including a cash-only approach. Mid-line results with data from the one-year mark will become available in the spring of 2016, with final results to come in the spring of 2017.
Lucy is a shy but determined woman who takes care of two orphans in addition to her own five children. Before taking part in the Village Enterprise program, she struggled to provide for the basic needs of her family. She recalls, “Even eating was hard... we did not have proper meals.”

After receiving a grant and business skills training, Lucy started a profitable sheep-rearing business with her two business partners. Together they saved over 60,000 shillings, which they invested to start a butchery business. Lucy also used her new skills to embark on a solo entrepreneurial venture selling groundnuts.

Lucy now has a sustainable income to purchase the necessities she needs for her home, such as sugar, soap, and a radio. When family members fall ill, she has the ability to pay for their healthcare from her profits or by borrowing funds from her Business Savings Group. She can now send her children to school and plans to purchase more animals and build a better house.

Lucy shares how Village Enterprise has impacted her life: “I have a happy life and a better lifestyle. I am proud to see my sheep multiplying, and I have hope for the future.”

“One of the lessons of modern research is so simple and human: the power of hope to ease poverty.”

Nicholas Kristof
New York Times,
The Power of Hope is Real, May 21, 2015

MOST SIGNIFICANT CHANGE

This year we began supplementing our rigorous data collection with “Most Significant Change” stories that highlight the impact of our program on individual participants. Most Significant Change is a monitoring and evaluation technique used for evaluating complex interventions adopted by innovative organizations that are focused on continuous learning as an aspect of accountability.

“In our portfolio of 180 NGOs, organizations, CBOs and non-profits, Village Enterprise has one of the most advanced, comprehensive, functional and integrated-into-operations Monitoring and Evaluation Programs, and is particularly sophisticated for an organization its size.”

Ash Lauren Rogers, MPA
Director of Operations,
Segal Family Foundation
INNOVATION IN OUR DNA

While our program is designed to transform lives in a cost-effective manner, we recognize that the complexities of extreme poverty require a continuous cycle of human-centered innovation and learning.

Village Enterprise utilizes ideas and input from our field staff and business owners to design pilot studies that test and evaluate whether particular strategies or enhancements will allow us to achieve our mission more effectively.

Each year, this innovation process culminates with an Innovation Summit, where our team gathers to determine whether pilot findings should be incorporated into the core program.

Successful past pilots include the development of our SMART (Smarter Market Analysis Risk) Tool and our Savings with a Purpose (SWAP) program. Pilots underway for 2015 include a new Family Support Module to foster full household support for our women business owners and Value Chain Integration to increase the profitability of existing businesses.

CULTURE OF COLLABORATION

We believe in the African proverb “If you want to go far, go together.”

We listen. To achieve our mission of ending poverty, we first listen and understand the needs of the communities in which we work.

We work together. We work collaboratively with our communities and our team of stunning colleagues. We know that the best ideas come from our cross-cultural collaboration.

We innovate. We are a learning organization that values new ideas and technologies.

We have fun. We enjoy working together to end poverty and believe that this positive energy radiates out in concentric circles to all our stakeholders.
In 2015, Village Enterprise continued double-digit growth in revenue with expenses remaining relatively flat.

Revenue rose 20% (up $332K) driven by very strong support from individual donors (+58%, up $397K). Foundation donations in 2015 were flat because of significant giving for our RCT (randomized controlled trial) in 2014.

Because of the increasing efficiency of our field operations, we started 17% (400) more businesses and trained an additional 1,200 business owners last year while keeping program expenses lower than in the previous year (-7%, down $116K). Program expenses accounted for 80% of total expenses. Overall expenses fell slightly (-2%, down $35K).

The strong revenue performance and at expenditures drove positive net income of $93K, indicating a significant improvement from the net loss of 2014.

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<th>Income</th>
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<td>Individuals</td>
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<td>Foundations</td>
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<td>Other Institutions</td>
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<td>Event Income (net of costs)</td>
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<td><strong>Total</strong></td>
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<th>Expenses</th>
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<td>Program Services</td>
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<td>Fund Development and Marketing</td>
<td>$272,623</td>
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<td>Management and General</td>
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<td>$96,616</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$1,865,159</strong></td>
<td><strong>$1,899,746</strong></td>
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2015 Financials—July 1, 2014 through June 30, 2015

Village Enterprise’s sound fiscal management and commitment to accountability and transparency earned us a second four-star rating from Charity Navigator, America’s largest independent charity evaluator. Charity Navigator’s four-star rating puts us in the top 0.1% of the roughly 1.6 million charitable organizations in the U.S. We have also received a Gold Rating from Guidestar and the highest “Top Nonprofit” rating from Great Nonprofits based on reviews from our donors, volunteers, and interns.
Our Donors

INDIVIDUALS

Leadership Level - $20,000 and Above
Mary Anne and Len Baker
Cheryl and Ken Branson
Debby and Pat Brown
Kirsten and Lewis Cirne
Bill Elmore
Debbie and Russ Hall
Susan and Mark Lampert
Sue and Larry Langdon
Deedee and Burt McMurtry
Mandy Lowell and Charles Munger
Laura Ellen and Bob Muglia
Linda and Ted Schlein
Cynthia and Bruce Sewell
The Younger Family Fund

Major Level - $5,000 - $19,999
Affi Ekerenduh and Emeka Ajoku
Jim Anderson
Anonymous
Beth and Jonathan Bishop
Katie and Brian Boland
Katie and Mark Bowles
Christina and Ben Bullock
Terri Bullock
Rebecca and Cy Colburn
MJ Elmore
Joyce and Jay Friedrichs
Jennifer and Dale Fuller
Stacey and Rob Chess
Norm Godinho
Janelle and Michael Grimes
Laura and Jamie Hale
Kathryn and Kirk Hanson
Julie and Bill Hooper
Lisa and Cal Huntzinger
Joanne Kagle
Beth and Guy Kawasaki
Gina and Rich Kelley
Dottie and Bob King
Barbara Bishop and Michael Leavell
Peggy and Pedro Lizard
Geri and Scott Macomber
Jane and Michael Marmor
Simona and Bill Martin
Tashia and John Morgridge
Mary and Andy Naegeli
Susan Packard Orr and Dr. Lyn Orr
Bev Rees
Pamela Cogan and Jed Riddle
Lata Krishnan and Ajay Shah
Kristen and Paul Vais
Kim and John Whitcombe
Larry Wu
Susan and David Young
Hagit and Oren Zeev

FOUNDATIONS AND ORGANIZATIONS

3rd Creek Foundation
Aid For Africa
Anonymous
Arcus Foundation
College Futures Foundation
Dining For Women
Elevate Africa
FHI 360/USAID
Global Impact
Green Gem Foundation
Heaven’s Helping Hand Foundation
Hurlbut-Johnson Charitable Trusts
Jerome A. and Estelle R. Newman Assistance Fund
John F. and Mary A. Geisse Foundation
Kellogg School of Management
Parncutt Family Foundation
Project Redwood
Segal Family Foundation
Sidney E. Frank Foundation
SV2 - Silicon Valley Social Venture Fund
West Foundation
Weyerhaeuser Family Foundation
Wildlife Conservation Society

CHURCHES

First Presbyterian Church of Burlingame
First Presbyterian Church of Concord
Menlo Church
Piedmont Community Church
St. Luke’s Presbyterian Church
Trinity Presbyterian Church of San Carlos

CORPORATIONS

Amazon Smile
Bain & Company, Inc
Boeing Corporation
Colabra, LLC
Google, Inc.
Gravity Payments
Koonce Financial
The Little Nell Aspen
Mavericks Business Adventures
Mayer Brown
Motorola Mobility Foundation
PMB Helin Donavan
Playa Viva
Tesla Motors
Woodruff Sawyer & Company

MATCHING

American Express
Bank of America
Boeing
Google
Kaiser Permanente
Microsoft
Starbucks
Visa

HOW CAN I HELP?

DONATE today via check, credit card, or online.

VOLUNTEER your time or talent.

Host a FUNDRAISING EVENT or sponsor or participate in a FUNDRAISING CAMPAIGN.

Find out about PLANNED GIVING opportunities.

FOLLOW US on Facebook, LinkedIn, and Twitter and share our stories with your friends and networks.

Support our AKINA MAMA network of women entrepreneurs supporting their counterparts in East Africa.

FOR MORE INFORMATION, please contact Lucy Valentine Wurtz at lucyw@villageenterprise.org, or visit us at villageenterprise.org.
Our Team

U.S.
Caroline Bernadi
Senior Director of Institutional Giving
Dianne Calvi
President & CEO
Kelsey Freeman
Executive Assistant & Office Manager
Kimberly Munn
Manager of Finance & Accounting
Anne Olson
Director of Africa Operations
Simone Shaheen
Development Manager
Lucy Valentine Wurtz
Director of Development and Marketing
Konstantin Zvereff
Agribusiness Development Consultant

KENYA
Philip Arscott
East Africa Regional Director
Linnet Ayuma
Finance & Administration Manager
Fabian Khamati
Assistant Country Director
Calistus Luchetu
Field Coordinator
Nathaniel Kimutai Maiyo
Field Coordinator
David Mango
Finance & Administration Assistant
Tadeo Muriuki
Country Director
Kate Reott
Program Manager
Nancy Shikuri
Field Coordinator

Melvin Shisanya
Program Manager
19 Business Mentors
4 Enumerators

UGANDA (SOROTI)
Grace Akeremo
M&E Program Associate
Winnie Auma
Country Director
Thomas Basilson
Finance & Administration Associate
Maurice Eriaku
Field Coordinator
Stellah Ikiring
Finance & Administration Assistant
Gerald Kyalisima
Field Coordinator
Ellen Metzger
Director of Strategic Partnerships and Innovation
Isaac Otim
Senior Field Coordinator
14 Business Mentors
4 Enumerators

UGANDA (HOIMA)
Peter Dema
Assistant Country Director
AJ Doty
Director of Monitoring and Evaluation
Geoffrey Kajuma
Field Coordinator
Dennis Kwaligira
Finance & Administration Associate
Martin Mutebi
Field Coordinator

Cissy Nakayimba
Finance & Administration Assistant
Solomon Tumusime
Field Coordinator
Mildred Wengonzi
Youth Program Associate
15 Business Mentors
4 Enumerators

VILLAGE ENTERPRISE FELLOWS
Nafees Ahmed, July 2015-June 16
Conservation and M&E Fellow
Heidi Graves, July 2015-June 16
Development Fellow
Justin Grider, July 2014-June 15
M&E Fellow

BOARD OF DIRECTORS
Emeka Ajoku
Jamie Austin
Barb Bishop
Pat Brown
Dianne Calvi, President & CEO
Joe Dougherty
Jay Friedrichs
Tim Geisse
Debbie Hall, Board Chair
Tim Tight
Larry Wu