In 2016, Village Enterprise started 3,235 businesses, trained 9,705 new entrepreneurs, and positively impacted the lives of over 64,000 East Africans—our most successful year yet!

Last November, we published the first Village Impact Report, which we will continue to produce three times a year to coincide with each of our three business training cycles: Fall, winter, and spring. This report will share our news, highlight our successes and challenges, provide cycle-specific metrics, and introduce you to some of our businesses owners. Many thanks for all of the positive feedback on the first edition. We love hearing from you!

This edition introduces our new partners The Cartier Charitable Foundation, The Greater Impact Foundation, Instiglio, and 3 (c) Wines, highlights program expansion with our existing partners Geneva Global and the Segal Family Foundation, and shares some of the ways we are innovating to deliver our program.

Just as fall is the time for planting in agriculture, we also had the opportunity to sow new seedlings this season with our businesses owners, partners, and team, and were reminded of the dedication, hard work and collaboration necessary for healthy growth.

We hope you enjoy reading this Village Impact Report as we highlight the fruits of your participation in transforming hundreds of thousands of lives in rural Africa.

Dianne Calvi, President and CEO
Village Enterprise starts businesses in cycles 3 times per year. Each cohort is trained for approximately 4 months, and receives ongoing mentoring for the following 8 months, after which those businesses graduate at the one-year mark. This dashboard reviews metrics for the business cycle FY16C1 starting in July 2015 and ending in July 2016.

**FY16 Cycle 1 Outputs after 4 months**

<table>
<thead>
<tr>
<th>VILLAGE-LEVEL INDICATORS</th>
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<tbody>
<tr>
<td>Newly Reached Villages</td>
<td>25</td>
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<table>
<thead>
<tr>
<th>BSG-LEVEL INDICATORS</th>
<th></th>
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<tbody>
<tr>
<td>Business Savings Groups (BSG) Established</td>
<td>100</td>
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<table>
<thead>
<tr>
<th>BUSINESS-LEVEL INDICATORS</th>
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<tbody>
<tr>
<td>Businesses Started</td>
<td>1,281</td>
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<thead>
<tr>
<th>TRAINING INDICATORS</th>
<th></th>
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<tbody>
<tr>
<td>Program Participants Trained</td>
<td>3,926</td>
</tr>
<tr>
<td>Training Sessions Provided</td>
<td>818</td>
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**FY16 Cycle 1 Outcomes after 1 year**

<table>
<thead>
<tr>
<th>VILLAGE-LEVEL INDICATORS</th>
<th></th>
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<tbody>
<tr>
<td>Lives Impacted</td>
<td>19,630</td>
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<table>
<thead>
<tr>
<th>BSG-LEVEL INDICATORS</th>
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<tbody>
<tr>
<td>Average BSG Savings at Endline</td>
<td>$1,324</td>
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<table>
<thead>
<tr>
<th>BUSINESS-LEVEL INDICATORS</th>
<th></th>
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<tbody>
<tr>
<td>Businesses Graduated</td>
<td>95%</td>
</tr>
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<thead>
<tr>
<th>HOUSEHOLD-LEVEL INDICATORS</th>
<th></th>
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<tbody>
<tr>
<td>Average Poverty Likelihood at baseline (using the $2.5 poverty line)</td>
<td>96.57%</td>
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</table>

<table>
<thead>
<tr>
<th>Increase from baseline to endline</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>in household savings</td>
<td>$23.55 to $197.48</td>
</tr>
<tr>
<td>in average weekly animal protein consumption</td>
<td>0.55 to 1.20</td>
</tr>
<tr>
<td>in average daily meal consumption</td>
<td>1.91 to 2.39</td>
</tr>
</tbody>
</table>

1. BSG and Household Savings figures based on KES and UGX to USD exchange rates on Jan 16. 2017
2. Measured based on Progress-out-of-poverty score of program participants
3. Measured based on number of times protein is consumed per week for the program participant
4. Measured based on number of meals taken per day for the program participant
Village Enterprise is excited to be working with Instiglio on the first Development Impact Bond (DIB) in the poverty alleviation sector. Instiglio was founded on the belief that every cent spent on international development programs should have the greatest possible impact. DIBs are a new and innovative financing mechanism that tie funding to verifiable results. Instiglio works exclusively in developing countries using outcomes-based financing instruments to scale high-impact programs for vulnerable communities.

We are currently in the process of defining outcome metrics, a payment structure, verification methods, and securing a matching outcome payer. Stay tuned!

Through this innovative funding mechanism, Village Enterprise aims to do the following:

1) Deliver quality at scale and significantly improve the lives of the members of more than 17,000 households across multiple villages in rural Kenya and Uganda.

2) Create an evidence-based, innovative flexible funding model to effectively scale up the Graduation model.

OUTCOME BASED FUNDING FLOW MODEL

1. Investor, service provider, and outcome payer enter into a contract with payments contingent on results.
2. Investor provides up-front working capital to service provider.
3. Service provider implements agreed upon social programs with flexibility to achieve outcomes.
4. Intervention outcomes are assessed by 3rd party evaluator.
5. If outcomes are verified by a 3rd party and meet conditions, the outcome payer pays investor.
Partnership Highlights

THE LWALA COMMUNITY ALLIANCE is a Kenyan-founded health and development non-profit that serves 20,000 people in rural Migori County, a region with particularly high rates of HIV and child mortality. The Alliance is best known for its success in increasing skilled delivery rates for pregnant women, reducing infant mortality, lowering rates of teen pregnancy, and raising primary school completion rates for girls. With a grant from THE GREATER IMPACT FOUNDATION, Village Enterprise will train 4,200 new entrepreneurs and jump-start 1,400 new businesses over the next three years, reinforcing the Alliance’s health and educational impact in Southwestern Kenya.

THE GREATER IMPACT FOUNDATION focuses on poverty eradication that enables those at the bottom of the pyramid to achieve self-sufficiency in a sustainable, environmentally viable and scalable manner.

THE CARTIER CHARITABLE FOUNDATION (CCF) strives to improve the lives of the most vulnerable. Our partnership with CCF will unlock the entrepreneurial spirit for 2,700 women in Western Uganda, enabling them to start 900 new environmentally friendly businesses. The grant will also develop new training modules on eco-agribusiness and eco-livestock.

(C)3 WINES As (c)3’s newest nonprofit partner, we are thrilled to share this unique opportunity to raise a glass while supporting our mission to end extreme poverty in rural Africa! In 2012, Brady and Christen Raanes set out to launch a cause-focused brand to fund their favorite charities. The result was (c)3, a Napa Valley philanthropic wine company that passes along 100% of its profits to its partners. The wine is produced and aged in Napa, CA. Click here for more information and to purchase! www.c3wineco.com/village-enterprise

Endorsements

IMPACTMATTERS IMPACT AUDIT
In November 2016, ImpactMatters published an Impact Audit of Village Enterprise. After a comprehensive four-month process examining our program design, data collection and analysis, financial management, and overall effectiveness, Village Enterprise was acknowledged for delivering a high-quality, cost-effective program and for being a transparent and learning organization. We received three stars out of three in all but one of the categories, demonstrating our commitment to excellence and delivery of a high-quality Graduation program.

ImpactMatters, a new organization led by Dean Karlan, Yale economist and founder of Innovations for Poverty Action, was founded to help donors identify nonprofits that offer the best return on charitable dollars as well as help non-profits increase their use of evidence to deliver effective programs.

Read Village Enterprise’s rating and full report here. www.impactm.org/impact-audits

THE LIFE YOU CAN SAVE
On the strength of the ImpactMatters audit, we were subsequently endorsed as a top charity by The Life You Can Save (TLYCS). TLYCS is a movement of people who hold that an ethical life involves using some of our wealth and resources to improve the lives of those living in extreme poverty, and is based on the philosophy of founder Peter Singer. We are the first charity implementing a Graduation program that has been endorsed by TLYCS. www.thelifeyoucansave.org
Innovation and continuous learning are part of Village Enterprise’s DNA. Our innovative approach has allowed for the development of several pilot projects that test adaptations and additions to our core program. Rigorous monitoring and evaluation allows us to make informed decisions about rolling out these pilots at an organizational level.

**BUSINESS PLANNING TOOL**
We tested a new Visual Business Planning Tool to maximize our entrepreneurs’ use of their productive assets over the course of the program. Using feedback from the first adopters, our team is now refining the tool to make it more user-friendly. The revised tool will be rolled out as part of our core program by mid-2017.

**FINANCIAL INCLUSION**
A challenge we face in remote, rural East Africa is gaining access to financial institutions, which can help our entrepreneurs build savings. Village Enterprise is experimenting with linking our Business Savings Groups to financial institutions. In Uganda, we recently launched a pilot with Post Bank Uganda to bring Post Bank managers to Business Savings Groups biweekly to sign business owners up for bank accounts.

**THE PASSBOOK PILOT**
Keeping good records is a challenge for any small business. It is even more difficult for business owners whose numeracy skills are limited. To overcome this obstacle, we developed and tested passbooks to help our low-literacy and low-numeracy business owners record their individual savings using stamps. We are currently evaluating the success of this pilot.

**PILOT AUDIT**
In October, our Innovations Team introduced a new auditing process to ensure that each pilot is being implemented according to plan, and that best practices and challenges are tracked and addressed. One recent example is the Business Planning Tool audit, which followed up with business owners to see if they were successfully using the tool.

Village Enterprise passbooks help low-literacy and low-numeracy business owners record their savings using stamps, making it easier to keep accurate records.
Conferences

**Arlington, VA: SEEP International Conference**
*Sept 19 - 21*
Under this year’s theme of Expanding Market Frontiers, SEEP participants shared proven practices in growing and deepening market systems.

**Cancun, Mexico: Opportunity Collaboration**
*Oct 10 - 13*
Opportunity Collaboration is an annual conference that convenes global leaders building sustainable solutions to poverty to solve common challenges and spark new opportunities.

**San Francisco, CA: Dreamforce**
*Oct 4 - 7*
At Dreamforce we learned from and connected with industry leaders who utilize the Salesforce Nonprofit Success Package for good.

**Palo Alto, CA: Débat: Comment innover dans l’humanitaire?**
*Nov 3*
Village Enterprise spoke alongside Annie Duflo, Executive Director of Innovations for Poverty Action, and Pascaline Dupas, Associate Professor of Economics, Stanford University and Development Specialist on a French-speaking panel discussing the effectiveness of social and charitable investments, and how to scientifically compare the impact of poverty alleviation programs.

*November 28 - 29*
We joined Blueprints at their interactive event which brought together global influencers to engage leaders, investors, and philanthropists on how to better collaborate and scale their impact.

**Kampala, Uganda: FHI360’s Community Connector Workshop**
*Nov 22*
We joined the Community Connector (CC) implementing partners in a showcase that offered Village Enterprise an opportunity to highlight our role in the CC Project for an audience of top level institutional donors, including USAID.

**Lake Naivasha, Kenya: Segal Family Foundation Talent Summit**
*November*
We joined SFF’s first Talent Summit where partners and HR experts discussed leadership, management, and talent retention.

**Nairobi, Kenya: Women in Tech, Africa Week**
*Sept 26 - 29*
Women in Tech Africa (WITA) is the largest women’s group on the continent. Their annual week-long event simultaneously runs in 40 countries with 400 event tracks and over 40,000 participants.
Spotlight

New Employees

NANCY CHUMO
ASSISTANT COUNTRY DIRECTOR KENYA
Nancy holds a Bachelor of Arts degree in Human Resource Management from Kenyatta University with extensive experience in program management, gender programming (women and youth), advocacy, civic engagement, governance, and resource mobilization/management. She also has experience implementing various programs funded by the Government of Kenya, USAID, EU, and bilateral agencies through organizations like Empowering Lives International, Mercy Corps and North Rift Women Voices.

SIMONE SHAHEEN
STRATEGIC PARTNERSHIPS MANAGER
After working in the US office for close to two years, Simone moved to Uganda to manage in-country partnerships in Kenya and Uganda. Prior to joining Village Enterprise, she worked in the equestrian industry for ten years, overseeing large-scale field teams in competitions around the world. An anthropologist at heart, she has a passion for grassroots efforts and unlocking human potential through entrepreneurship.

IMMACULATE NTHIW’A
HUMAN RESOURCES OFFICER
Immaculate joins us from China Roads Corporation where she worked as a Human Resources Officer.

NAFEES AHMED
TECHNICAL ASSISTANCE MANAGER
Prior to joining the team as a staff member, Nafees served as a Princeton in Africa fellow. Her primary projects included the business planning tool, the financial inclusion pilot, redesigning the conservation program, and rolling out M&E tools for pilot projects. She graduated from Georgetown University with a degree in Government with a focus on International Relations and a minor in French, and has previously held roles at the UN Information center, and Chemonics International.

Field Visits

SEGAL FAMILY FOUNDATION - SEPTEMBER
This past September Segal Family Foundation (SFF) visited us in Soroti, Uganda to establish the impact and sustainability of our Graduation programs. Field Coordinators also organized visits to meet Business Owners, who shared their experiences with Segal.

GENEVA GLOBAL - SEPTEMBER
Gene White, Geneva Global’s International Director of Partnerships, visited our program in the Nwoya District of northern Uganda. Gene visited several businesses and Business Saving Groups to better understand our Graduation approach.

GREATER IMPACT FOUNDATION - SEPTEMBER
Ken Lewis, Executive Director of the Greater Impact Foundation, visited current operations in Uganda as well as one of our former operational areas in Kakamega, Kenya. Ken noted the sustainability of our program as he came across several businesses still in operation a number of years after Village Enterprise had exited the region.
Feature Story

Ajabo Nora is a Village Enterprise Entrepreneur living in Uganda. This is her story.

With the one-year anniversary of the commencement of their Business Savings Group approaching, Ajabo Nora and her two business partners, Oteny Zepanir and Oluga David, were excited to share the progress their business has made since receiving their seed funding. Ajabo Nora is the treasurer of her three-person business group, which calls themselves Pur Ber in the Ateso language, or ‘farming is good’. Like many local enterprises, Pur Ber is a retail business that purchases wholesale goods, such as fish, sesame, and millet, and sells them in town where higher demand means higher profits.

Before entering Village Enterprise's program, Ajabo Nora struggled to provide for her household.

Her family was malnourished as their small subsistence farm provided only enough for one meagre meal a day. When food was scarce, school fees were even harder to come by, and she was not able to send her children to class. Despite poor harvests and no money for school, what Ajabo Nora yearned for the most was knowledge, and with it an ability to think beyond how she might provide the next meal.

Her opportunity came when Village Enterprise launched its Graduation Program in her village in Fall 2015. By September, Ajabo Nora completed Village Enterprise’s business and savings training and had started to save money through her Business Savings Group (BSG). By November, her business group had received their first grant disbursement.

Now, almost a year later, their business is thriving and Ajabo Nora, the only woman in her business group, continues to take her role as treasurer seriously.

Her fellow BSG member, Imon’go, explains that women are often selected as treasurers in business groups because they are more trusted with money than men. Ajabo Nora laughs, adding that unlike men, women know everything that goes on in the household—when school fees are due, what is lacking, and what can wait to be purchased until the next week.

When women create income from a Village Enterprise generated business, they invest in the needs of their families.

As a result, the collective impact of the program goes beyond the individual business owner and even beyond the business owner’s family.

Ajabo Nora and her peers agreed that they have seen positive changes in the well-being of their entire community since Village Enterprise and its Business Mentor Catherine Ameso began working in her sub-county. Over the course of just one year, Ajabo Nora’s 45-member BSG has saved over 10.5 million Ugandan shillings (a little over 3,000 USD). Because of this type of savings program, more families are sending their children to school and cooperation between business groups and savings groups has strengthened community relationships. Ajabo Nora’s insights demonstrate that economic advancement is much more than a grant. It is seed capital combined with training and confidence that helps an idea turn into a profitable business, which leads to a sustainable income, which in turn can be reinvested into families and communities through education, healthcare and other livelihoods, breaking the cycle of poverty.