Global Partnerships
INVESTORS REPORT

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Dear Investor,

In our last investors report I shared insight into how Global Partnerships (GP) approaches helping small lot farmers increase their incomes and improve their lives. Specifically, GP seeks partners that combine credit, agricultural technical assistance and improved access to markets, believing this combination of services helps smallholder farmers expand their incomes and improve their resiliency. Until recently, most of GP’s investments in this space have been limited to agricultural cooperatives and value-chain microfinance institutions.

Our Impact and Research Team is responsible for continually identifying and evaluating emerging models, channels and enterprises that have the potential for sustained impact at scale. One particular channel that we have found to be effective in delivering this package of services—and referenced in the previous report—is the “outgrower,” or contract farming model. Our team began researching outgrowers in Latin America approximately nine months ago, and developed the following insights:

- **Scale:** Outgrowers have the potential for significant impact at scale, as they often operate in broad geographic areas and engage large numbers of smallholder farmers.
- **Reach:** With only an estimated 10 percent of the world’s smallholder farmers belonging to producer organizations or cooperatives, outgrowers represent an opportunity to reach large numbers of independent farmers and small producer organizations.
- **Diversification:** Outgrowers typically work across crop categories, providing GP with exposure to more crop diversity, including chia seeds, sesame seeds and cotton.

After examining the investable outgrower market, our Social Investment Team decided to focus its due diligence on one Guatemalan organization, Profasa, and two Paraguayan organizations, Arasy and BioExport, the latter of which is featured in this report. Both Paraguayan institutions are now GP partners, representing our first investments in Paraguay.

Moving forward, we plan on repeating the process outlined above as we analyze new initiatives. To reiterate, GP’s Impact and Research Team first identifies and researches a potential channel to distribute essential goods and services to poor populations. Next, the Social Investment Team (with input from the Impact and Research Team) builds a more detailed profile of promising partners in that channel. Only then does the Social Investment Team decide whether to proceed with full due diligence. Our current research agenda includes a couple of additional products and services that could scale to millions of people living in poverty. We look forward to keeping you updated on which of those products, services, or channels will provide investable opportunities and high impact to our target households.

Best regards,

Mark Coffey
Chief Investment and Operating Officer

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**BY THE NUMBERS**

- **13 COUNTRIES**
  where Global Partnerships has worked

- **80 PARTNERS**
  with whom Global Partnerships has worked

- **3.1 MILLION**
  LIVES IMPACTED
  (an estimate number of lives impacted as a result of GP’s contribution to the meaningful opportunities delivered by partner organizations)

- **$162.3 MILLION**
  cumulative capital deployed
Half of Paraguay’s population lives in poverty and over 30 percent rely on agriculture to earn a living.

**WHO**

BioExport is an outgrower that sources, processes, and exports sesame and chia from smallholder farmers throughout Paraguay. Additionally, it provides smallholder farmers with the services and products needed to produce high-quality sesame and chia. As Paraguay’s third biggest exporter, BioExport serves large numbers of smallholder farmers across diverse geographies and reinvests profits to grow the organization.

**WHAT**

BioExport provides a suite of services to its smallholder farmer producers, including access to working capital, training on crop practices, access to organically-certified seeds, and no-interest cash advances. It also aims to move farmers from subsistence crops to cash crops through education and training on optimizing land use to grow different high-value crops. BioExport leverages networks of local agricultural cooperatives and associations to deliver these services and then buys products from the networks’ 14,000 smallholder farmers. BioExports’ processing and storage facilities allow the products to meet the requirements of international buyers and organic certifications.

**WHY**

BioExport stands out from its competitors with its focus on smallholder producers and its commitment to reinvest all profits back into the business for the next 10 years. One hundred percent of BioExport’s smallholder producers live in remote areas in rural Paraguay and do not have access to international specialty goods markets. Ultimately, by selling their product to BioExport, smallholder farmers are able to grow quality products and access a niche market that is willing to pay premium prices. BioExport has the support from the Paraguayan government in its efforts to raise the quality of the agriculture sector in the country.
Fund Manager’s Comments

The Fund was busy with disbursements to our trade finance (cooperative) partners during the first quarter of 2015. Nine disbursements to three trade finance partners were made, totaling more than $1.8 million. At the close of the quarter, SIF 2010’s outstanding loan balances were at an all-time high of just over $25.8 million. Two additional disbursements of small, short-term loans to existing Fund partners are planned in order to maximize impact as we enter the final year of the Fund. Investor principal payments are due in October 2015 and June 2016, although there may be some modest prepayments of principal prior to those payment dates. For the Fund’s downstream loans, all principal and interest payments were once again made on time, reflecting the strength of the underlying investments.

Fund Overview

$25.8MM Capital Invested
$25.0MM Total Fund Capital
$67.3MM Cumulative Capital Deployed
118 Cumulative Number of Loans
18 Number of Consecutive Quarters PAR=0
742K Lives Impacted
(An estimate number of lives impacted as a result of SIF 2010’s contribution to the meaningful opportunities delivered by partner organizations.)

Portfolio Overview

31 Current Number of Partners
$926 Average Loan Size
79% Percentage of People Served Who are Women
56% Percentage of People Served Living in Rural Areas

Inception Date
October 21, 2010

Fund Manager
Global Partnerships

Type of Fund
Debt

Investment Currency
US$ and fully hedged local currency
**Fund Manager’s Comments**

During the first quarter of 2015, SIF 5.0 disbursed almost $6.2 million to five partners, including two new partners in Paraguay. Not only is Paraguay a new country in GP’s portfolio, but the two Paraguayan partners are outgrowers and represent an exciting new channel that is discussed in this quarter’s Letter from the CIOO. The Fund has several new partners in the pipeline for the coming quarter and will maintain a high level of planned disbursement activity. The Fund is continuing to accept new commitments from investors and we anticipate calling additional capital during the second quarter. Meanwhile, all partners have made payments as agreed and are aligned with one or more of GP’s impact areas.

**Fund Overview**

$31.5MM Capital Invested

$34.3MM Total Fund Capital

$37.2MM Cumulative Capital Deployed

41 Cumulative Number of Loans

8 Number of Consecutive Quarters PAR=0

262K Lives Impacted

(an estimate number of lives impacted as a result of SIF 5.0’s contribution to the meaningful opportunities delivered by partner organizations.)

**Portfolio Overview**

25 Current Number of Partners

$1,065 Average Loan Size

57% Percentage of People Served Who are Women

71% Percentage of People Served Living in Rural Areas
Social Investment Fund 2010
Percent of investable assets

- BOLIVIA (20%)
  - Crecer (4%)
  - EMPRENDE (3%)
  - FONDECO (2%)
  - IDEPRO (6%)
  - Pro Rural (1%)
  - Sembrar Sartawi (4%)

- ECUADOR (16%)
  - Banco D-Miro (3%)
  - ESPOIR (4%)
  - Fundación Faces (3%)
  - Vision Fund Ecuador (6%)

- EL SALVADOR (9%)
  - ENLACE (6%)
  - CrediCampo (3%)

- GUATEMALA (2%)
  - Friendship Bridge (2%)

- HAITI (1%)
  - Fonkoze (1%)

- HONDURAS (3%)
  - IDH (2%)
  - RAOS (1%)

- MEXICO (11%)
  - CESMACH (3%)
  - CONSERVA (4%)
  - Triunfo Verde (0%)
  - VisionFund Mexico (4%)

- NICARAGUA (14%)
  - Aldea Global (3%)
  - FDL (3%)
  - MiCrédito (4%)
  - Pro Mujer in Nicaragua (4%)

- PERU (26%)
  - ADRA (8%)
  - Alternativa (Peru) (2%)
  - APROCASSI (3%)
  - CrediFlorida (1%)
  - FONDESURCO (3%)
  - NORANDINO (3%)
  - Pro Mujer in Peru (6%)

- CASH (<1%)

Note: All percentages have been rounded to the nearest whole number.
Outstanding Positions
Distribution by Institution and Country

Social Investment Fund 5.0
Percent of investable assets

- **BOLIVIA (24%)**
  - Emprender (5%)
  - FONDECO (3%)
  - Idepro (6%)
  - PRO RURAL (5%)
  - Sembrar Sartawi (5%)

- **COLOMBIA (3%)**
  - Fundación Amanecer (3%)

- **ECUADOR (21%)**
  - Banco D-MIRO (6%)
  - ESPOIR (5%)
  - Fundación Alternativa (5%)
  - Vision Fund Ecuador (5%)

- **EL SALVADOR (3%)**
  - CrediCampo (3%)

- **GUATEMALA (6%)**
  - Fundea (6%)
  - FECCEG/ECEG (0%)
  - PROFASA (0%)

- **MEXICO (10%)**
  - Pro Mujer Mexico (6%)
  - Vision Fund Mexico (4%)

- **NICARAGUA (10%)**
  - FDL (2%)
  - Fundenuse (2%)
  - Pro Mujer in Nicaragua (6%)

- **PERU (6%)**
  - Cenfrocafe (0%)
  - Pro Mujer in Peru (6%)

- **LATIN AMERICA (MULTICOUNTRY) (3%)**
  - Greenlight Planet (2%)
  - Tecnosol (1%)

- **CASH (5%)**

Note: All percentages have been rounded to the nearest whole number.
All Funds
Percent of investable assets

- **Bolivia (22%)**
- **Colombia (2%)**
- **Ecuador (18%)**
- **El Salvador (5%)**
- **Guatemala (5%)**
- **Haiti (<1%)**
- **Honduras (1%)**
- **Mexico (11%)**
- **Nicaragua (12%)**
- **Paraguay (6%)**
- **Peru (14%)**
- **Latin America (Multicountry) (1%)**
- **Cash (3%)**

Note: All percentages have been rounded to the nearest whole number.