Dear Dining For Women Community,

We would like to share with you the incredible progress we are making toward eradicating extreme poverty in the villages where we work. Thanks to you and our wonderful community of supporters, more than 55,000 people stepped out of extreme poverty this fiscal year (July 2014 to June 2015) alone!

Our mission is to equip people living in extreme poverty with the resources to create sustainable businesses. By providing start up grants, business training, and ongoing mentoring to hard-working East Africans, we are breaking the cycle of poverty for our entrepreneurs and their families. Your generosity is truly manifesting transformation in the lives of the world’s most needy.

This report highlights how we used Dining for Women’s donation of $45,000 over 3 years awarded in Spring 2013 as well as some of our recent accomplishments.

**YOUR IMPACT**

Village Enterprise continues to expand in the Budongo area of Western Uganda. Since August 2013, we started and funded 377 and 536 small businesses in FY 2014 (grant year 1) and in FY 2015 (grant year 2) respectively. Each business being composed of three people, over 2,700 new entrepreneurs were trained, mentored, and empowered in the Budongo region. Out of those total numbers, about 60% of our businesses are women businesses in the Hoima/Budongo region, therefore 550 women businesses were created and 1,650 women were trained on business skills, resource sustainability and financial literacy over the last 2 years. And over 18,200 people have benefitted from the businesses we started since the beginning of the grant period in August 2013.
The Village Enterprise Graduation Approach

To achieve these remarkable results, Village Enterprise follows these key steps:

1. Select program participants through an **in-depth qualification process** using rigorous assessment tools to verify that each participant’s income is below the poverty line.

2. Assist each business—consisting of three individuals—with selecting a **viable enterprise** and creating a **sustainable business plan**.

3. Provide **14 modules of training over the course of a year** that include: business and financial literacy, profit and loss, marketing, bookkeeping, and basic savings.

4. Disburse an initial **$100 seed capital grant** to start each business and a **$50 follow-on grant** or non-cash asset transfer if operational milestones are met.

5. Supplement training with a **full year of mentoring** to ensure that business owners receive sufficient guidance in running their enterprises.

6. Execute a **successful exit strategy** by organizing business owners into **Business Savings Groups (BSGs)** of 10 businesses each.

Program Impact

Village Enterprise collects baseline and endline data on sustainability metrics, housing conditions, education, clothing, nutrition, and savings from our business owners using the Grameen Foundation’s Progress-out-of-Poverty Index (PPI), in-house surveys & forms, and Consumption Expenditure recall data.
The results from our 2014 internal performance measurement shows that each business improves the lives of three families and an average of 20 people, increases their standard of living by 35% (measured through changes in the Grameen Progress-Out-of-Poverty Index) and provides a 178% jump in food consumption and food security (measured via the World Food Program’s Food Consumption Score). And this impact is long lasting: 75% of these businesses are still operating after four years.

Change to Goals, Timeline, Implementation and funding

STAFFING AND HR

- We hired Philip Arscott, former Director of Finances and Africa Support, as our East African Regional Director in February 2015 to oversee all our field operations. We also promoted Ellen Metzger as our Director of Innovation and Strategic Partnerships.
- In order to increase employee retention in the field, we expanded employees’ benefits in the field (i.e. medical insurance for business mentors) and we continue to promote from within and move East African staff into management roles (i.e. 2 M&E associates and 1 program associate have been promoted to managers with greater role and responsibilities). Increased compensations and professional development training have also been integrated in our Fiscal Year 2016 budget.

CONSERVATION PARTNERSHIPS IN THE BUDONGO AREA

Early 2014, Village Enterprise again partnered with Budongo Conservation Field Station with the goal of reducing hunting and disease transmission threats in the Forest by targeting 6 villages around the southern Budongo forest boundary with livelihood support conditioned on improved household health measures (e.g. livestock shelter, pit latrine, and drying rack). This project is supported by the Arcus Foundation, the world’s largest private funder of great ape conservation and welfare and Village Enterprise’s first major institutional funder, whose Board of Trustees and senior staff members visited our operations in June 2015: their Conservation Director Helga Rainer called it a “resounding success.”

RESULTS OF OUR 2014/2015 WOMEN FOCUSED STUDY

Women and girls are most affected by neglect in rural, poverty stricken areas. The UN World Food Program reports that 7 out of 10 of the world’s hungry are women and girls. In East Africa, women are more likely to be illiterate, do unpaid work and eat less in lean times than men.

Our model has a critical impact by targeting principally women living in extreme poverty. Enterprising women, who constitute 80% of our program participants, are role models to promote social justice in their communities. A woman will invest 90% of her income back into her family and prioritizes things like health care, nutritious food and education, compared to only 35% that a man invests in his family. As a result, a child in a household where the mother controls the budget is 20% more likely to survive – and much more likely to thrive.

Over the past two years, Village Enterprise has increasingly focused its microenterprise development program toward ultra poor rural women in Kenya and Uganda. We conducted a study this year to understand the needs and challenges of our female business owners. The results indicated that women face particular hardship, as they are
expected to handle standard household responsibilities and be part of their business and Business Savings Group. Additionally, women are at times not taken seriously by their husbands yet are reliant upon them. The team concluded that Village Enterprise’s training program should shift its hours to accommodate household activity schedules and should incorporate discussions of business challenges face by women. To meet this latter goal and increase household support with the woman head participating in our program, a Family Support Module will be piloted this year to educate the whole household (spouse and children) on the benefits of the Village Enterprise program.

**News and Highlights—2014/2015**

**REWARDS AND RECOGNITION**

Village Enterprise’s sound fiscal management and commitment to accountability and transparency earned us a coveted 4-star rating from Charity Navigator, America’s largest independent charity evaluator for the 2nd year in a row. **Charity Navigator’s 4-star rating puts us in the top 0.1% of the roughly 1.6 million small charitable organizations in the US.** 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.

**THOUGHT LEADERSHIP**

Village Enterprise is increasingly perceived as a thought leader that makes a unique and positive contribution to the poverty alleviation sector. Last year, Village Enterprise was featured in three new studies: A MasterCard Foundation research brief on Practices and Possibilities in Savings Groups; a Boston Consulting Group study on Bridging the Entrepreneurship Gender Gap that focused on the power of networks; and a USAID-funded study in collaboration with FHI360 on Working with Rural Youth (described below). The full studies are available on our website.

We were also featured in some influential blogs, including the Huffington Post; “A Path Appears” website promoting New York Times journalist Nicholas Kristof's new book; and on NextBillion.net, one of the largest blogs in the poverty alleviation sector.

**SCIENTIFIC VALIDATION OF THE GRADUATION APPROACH**

A recently released J-PAL/IPA six-country study in the journal Science gives much needed visibility to the effectiveness of the ‘graduation methodology’ – a critical approach that is effectively reducing the rate of extreme poverty. This landmark study demonstrated that the graduation program showed statistically significant impact on all key outcomes and indices (consumption, food security, productive and household assets, financial inclusion, time use, income and revenues, physical health, mental health, political involvement, and women’s empowerment).

Nick Kristof, the Pulitzer Prize-winning columnist, has published an amazing column in the New York Times, "The Power of Hope is Real", in reference to the J-PAL/IPA study. And Village Enterprise was named as one of the programs that is successfully lifting people out of extreme poverty with a graduation approach!.
PARTNERSHIP ANNOUNCED WITH ELEVATE AFRICA

Village Enterprise is partnering to expand our model to new regions. We are happy to begin a new initiative with Elevate Africa, a microfinance organization operating in Mali and Burkina Faso. Last summer, we hosted a five-day joint training workshop in Hoima, Uganda. Upon completion, Elevate Africa Board of Directors Chairman Wes Wasson wrote:

*Your program is inspiring, your team outstanding, and your hospitality world class. You went above and beyond this week, and we couldn’t be more grateful. As we depart for West Africa, it will be with a renewed passion, knowing that the dream we seek for the people of Mali and Burkina Faso is indeed achievable, for we have seen it displayed before us in living color this week. May this mark the beginning of a long and fruitful relationship between our organizations as we pursue our common vision of a world where hope and self-reliance triumph over poverty.*

PRO BONO CONSULTING FROM BAIN & COMPANY

After a rigorous application and due-diligence process, Village Enterprise was chosen as one of three finalists for a strategic partnership with the prestigious consulting firm Bain & Company. As a finalist, we received three months of pro bono consulting services for our next 5-year strategic plan. The strategic plan, which will be completed in late summer 2015, will address how to scale Village Enterprise’s successful model and guide future growth. Stay tuned!

We kicked off our collaboration in September during Bain’s annual “Community Impact Day” with a day-long project on strategies to increase millennial engagement.
USAID COLLABORATION, LEARNING AND ADAPTATION (CLA) MANDATE

In December 2013, Village Enterprise was selected to join a consortium of highly respected international NGOs including the Grameen Foundation, BRAC Uganda, Self Help Africa, and the Communication for Development Foundation Uganda as a subcontractor on the USAID/Uganda Community Connector (CC) Project. Village Enterprise was chosen for our strong local leadership and our innovative and impact-oriented model that targets the most vulnerable. The Community Connector Project is a five-year, multi-million dollar project, and a flagship of the larger Feed the Future Initiative to reduce poverty, food insecurity, and malnutrition in Uganda.

Village Enterprise was awarded $365,000 over two years to start 480 businesses (including 240 all-youth businesses), form 48 business savings groups and train 1,440 business owners in five districts in Northeastern and Western Uganda.

As part of the collaboration, Village Enterprise and FHI360 conducted a study to understand the needs, barriers and constraints of rural youth in starting small businesses. Village Enterprise has consequently been adapting its targeting and training methods to address the study’s key findings for the 2015 phase of this project. Results of the pilot were presented during a FHI 360/Village Enterprise workshop in Washington DC in March 2015 and during USAID Collaboration, Learning and Adaptation Conference in Kampala in April 2015.

RCT BASELINE REPORT: VALIDATION OF OUR TARGETING EFFECTIVENESS

In October 2013, we launched a 3-year Randomized Control Trial (RCT) to evaluate the effectiveness of our program and to contribute to the ongoing policy debate in the field of international development on the optimal mechanisms for poverty alleviation.

The RCT was conducted by Innovations for Poverty Action, which involves academics from the University of Chicago, Princeton and Yale, is unique in its breadth and complexity as it involves over 6,600 households in 138 villages and five separate treatment arms. The goal of the study is to evaluate the impact of the Village Enterprise model and the relative impact of each component of our program (cash or asset transfer, training and mentoring, and a savings program).

A study comparing baseline data of Village Enterprise participant households in the RCT to the households in the 2012-2013 Uganda National Household Survey (UNHS) as a means of benchmarking effectiveness in targeting those living in “extreme poverty” (e.g. below $1.25 a day) has been completed. The study found that, “with more than 75% of VE 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 evident when considering other microfinance organizations whose beneficiaries fall mostly in the middle two quartiles, with less than 20% of the clients falling into the poorest quartile.
INNOVATION SUMMIT AND VILLAGE INCUBATOR

Innovation is at the heart of Village Enterprise’s culture. Our Village Incubator conducts research and pilots to test new ideas in fighting extreme poverty in Sub-Saharan Africa. We hold a bottoms-up approach to innovation: new ideas and proposals for program modifications come from our business owners and field staff (95% African). Village Enterprise has recently held two Innovation Summits: in May 2014, in Kitale, Kenya and in February 2015 in Soroti, Uganda. The weeks were packed with presentations and lively discussions on the results of our most recent R&D, including pilots for mobile money transfer, optimizing our targeting methods, leadership training for youth-led businesses, and a module to better support our women business owners.

EXPANSION OF OUR POVERTY ALLEVIATION-PLUS-CONSERVATION WORK

Our conservation efforts aim at halting the deterioration of the habitat of African wildlife while providing a sustainable livelihood for the poor. Village Enterprise provides resource sustainability/conservation training to all its program participants.

In 2014, Village Enterprise partnered with the Budongo Conservation field Station in Western Uganda to provide alternative livelihoods to people living in extreme poverty next to the Budongo Forest, particularly hunters and forest scavengers. Receipt of the $150 grant is contingent upon participants signing forest use agreements and meeting sanitation requirements that will prevent damage to the forest.

Village Enterprise is also expanding its conservation efforts in the Rift Valley in northwestern Kenya close to Saiwa National Park, a sensitive area home to the endangered Sitatunga Antelope.

BUSINESS SAVINGS GROUPS

Business Savings Groups are increasingly recognized as a valuable vehicle for helping the “unbanked” transcend extreme poverty and are highlighted in Jeffrey Ashe’s new book, In Their Own Hands: How Savings Groups are Revolutionizing Development. He calls them a “catalytic innovation that bypasses subsidies, dependency, and high costs while effectively increasing food security, building assets, and empowering the community.”

Village Enterprise is proud to be an early adopter in the “savings revolution” by having added this component to our poverty alleviation model in 2012. On average across Kenya and Uganda, each savings group saved $455 last year! In 2014, we participated in a MasterCard Foundation research study of practices and possibilities in savings groups...
and provided extensive data on the needs and preferences of 139 of our savings group members in Uganda.

We continue to explore how to link our business owners with value chains to increase their market reach and incomes. We believe that these initiatives will increase our impact and your social return on investment.

**Use of Funds**

We are very grateful for Dining for Women’s 2nd grant disbursement of $15,000. We use those fund in the following line items:

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<td><strong>Total</strong></td>
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We want you to know that your contribution is significant us, and we apply a great deal of diligence to ensure that your philanthropic investment makes the greatest impact possible. Your support has empowered women in the Budongo area of Western Uganda to break the cycle of extreme poverty by creating sustainable income-generating businesses.

We look forward to continuing our longstanding partnership with Dining for Women.

With gratitude,

Dianne Calvi
President & CEO

Caroline Bernadi
Sr. Director of Institutional Giving