



Interim Report to Dining For Women

February 2016

Dear Dining For Women Community,

Thank you for your generous grant of \$45,000 over three years awarded in Spring 2013 that has been devoted to supporting women-led microenterprises in the Budongo area of Western Uganda.

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.**

We have been enjoying strengthening our relationship with the amazing network of wonderful women who are part of Dining for Women. Dianne Calvi, our CEO, had the pleasure to meet with two Dining for Women Board Members at the Segal Family Foundation Gathering last Summer. Lucy Wurtz, Our Director of Development and Communication, has joined the Portola Valley - California Chapter in the Fall.

This report highlights how we used Dining for Women's grant as well as some of our recent accomplishments.

Key Program Achievements

I. Budongo Program Outcomes

Village Enterprise continues to expand in the Budongo area of Western Uganda. Since August 2013, we started and funded 1349 (377 in Y1=FY14, 536 in Y2=FY15 and 436 in 1/2Y3=early FY16). Each business being composed of three people, over 4,047 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 810 women businesses were created and 2,430 women were trained on business skills, resource sustainability and financial literacy over the last 2.5 years. And over 26,900 people have benefited from the businesses we started since the beginning of the grant period in August 2013.

II. Challenges

Because Village Enterprise chooses to work in extremely remote and impoverished areas where other NGOs don't typically dare to go, we face unique challenges in delivering and scaling our program:

- **No One-size-fits-all Solution:** Addressing the complexities of extreme poverty requires a continuous cycle of human-centered innovation; Our model needs perpetual adaptation based on both the variety of the segments of population we work with (youth, women, etc.) and the diversity of the geographic areas in which we operate. Accordingly, we employ business mentors to deliver a locally appropriate and flexible program. We have also designed an effective feedback loop between field and local offices, which is key to fostering organizational agility and adaptability to scale.
- **Access to Mobile Technologies:** While Village Enterprise has been successful at using mobile technologies for targeting, monitoring and evaluation, and SMART (Smarter Analysis Risk Tool) to help identify profitable businesses, the integration of digital cash transfers has been challenging due to the lack of cellphone coverage, the very limited number of our clients owning cell phones, and accountability issues. We are currently exploring feasible solutions.
- **Alienation and Motivation:** The rural extreme poor are underserved and tend to be alienated; most have never belonged to a group before. Before we can start training and forming businesses and savings groups, our Business Mentors must focus on motivation and behavioral changes from an "I don't belong" to a "someone believes in me" mindset.
- **Distance to markets and accessible infrastructures:** Our communities are between 20-100km from reliable market systems and basic infrastructure, so it is hard to complete the links between our microenterprises and larger, formalized markets structures necessary for business expansion. We are thus working to successfully establish more micro market infrastructures and transportation systems (e.g. donkey water delivery business or boda (motorcycle) businesses)



The Village Enterprise Graduation Program

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-up 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 Organizing Business Savings Groups (BSGs) of 10 businesses and 30 entrepreneurs each. These groups provide a safe place for savings, allow access to growth capital, and build social networks. Business Savings Groups are ongoing, and serve as our 'exit strategy', enabling our business owners to expand their financial progress after the 1-year program ends.

Program Impact

Village Enterprise collects data at the beginning and end of our program to measure how our program improves the quality of participants' lives. Data collected includes food and nutrition, housing conditions, education, clothing, and savings levels. We measure these sustainability metrics using the Grameen Foundation's Progress-out-of-Poverty Index (PPI), in-house surveys, and consumption expenditure recall data.



The results from our 2014 internal performance measurement shows that each business improves the lives of an average of 20 people¹, increases their standard of living by 35%² and provides a 178% jump in food consumption and food security³. And this impact is long lasting: **75% of these businesses are still operating after four years.**

¹ Based on three business owners per business, and the regional average of 7 dependents per family.

² As measured through changes in the Grameen Progress-Out-of-Poverty Index

³ As measured through the World Food Program's Food Consumption Score

Organizational Highlights—2014/2015

AWARDS AND RECOGNITION

Village Enterprise’s sound fiscal management and commitment to accountability and transparency earned us a 2nd consecutive 4-star rating from Charity Navigator, America’s largest independent charity evaluator. 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 2nd Gold Rating from GuideStar, and a “Top Nonprofit” rating from Great Nonprofits based on reviews from our donors and volunteers.



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 (available on our website):

- A MasterCard Foundation research brief on Practices and Possibilities in Savings Groups on the needs and preferences of 139 of our savings group members in Uganda
- A Boston Consulting Group study on Bridging the Entrepreneurship Gender Gap that focused on the power of networks
- A USAID-funded study in collaboration with FHI360 on Working with Rural Youth.



Last fall, we were featured in several influential blogs, including the Huffington Post, Nicholas Kristof’s “A Path Appears” website, and on NextBillion.net, one of the largest blogs in the poverty alleviation sector.

SCIENTIFIC VALIDATION OF THE GRADUATION MODEL

A recently released six-country study in Science magazine 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 showed that “graduation programs” - like the Village Enterprise program - demonstrated statistically significant increases in participants’ consumption, food security, productive and household assets, financial inclusion, time use, income and revenues, physical and mental health, political involvement, and women’s empowerment. Common elements of graduation programs include business training and mentoring, start up grants or asset transfers, and a savings program.



Nicholas Kristof, the New York Times Pulitzer Prize-winning columnist, touted this research in his column, “The Power of Hope is Real”. And Village

Enterprise was named as one of the programs that is successfully lifting people out of extreme poverty through a graduation model!

The New York Times

PRO BONO CONSULTING FROM BAIN & COMPANY

After a rigorous application process, Village Enterprise was chosen as one of three finalists for a strategic partnership with the consulting firm Bain & Company. As a finalist, we received three months of pro bono consulting services for our next five-year strategic plan. The strategic plan, which will be finalized later this fall, will address how to scale Village Enterprise's successful model and guide future growth. Stay tuned!



PARTNERSHIP FORMED WITH ELEVATE AFRICA

Village Enterprise is partnering with other organizations to expand our model to new regions. Last fall, we cemented a new initiative with Elevate Africa, a microfinance organization operating in Mali and Burkina Faso. Village Enterprise hosted a five-day workshop in Hoima, Uganda to train their staff to implement our business training curriculum with their micro-borrowers. 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.

Progress and Innovations at Village Enterprise

USAID COLLABORATION, LEARNING AND ADAPTATION MANDATE

In December 2013, Village Enterprise was selected to join a consortium of highly respected international nonprofits 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 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, which is part of the larger flagship 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) in five districts in northeastern and western Uganda.

As part of the collaboration, Village Enterprise and FHI 360 (a USAID contractor) conducted a study to understand the needs, barriers, and constraints of rural youth when starting small businesses. Village Enterprise has consequently been adapting its targeting and training methods to address the study's key findings. Results were presented during workshops in Washington DC last March and in Uganda in April.

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.

Our Randomized Control Trial (RCT) is now being conducted by **Innovations for Poverty Action (IPA)**, the prestigious firm that conducted the six-country study mentioned above.



Village Enterprise's RCT, with 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) against a comparable control group that receives no treatment.

While final results won't be available until 2017, we were gratified to receive outside confirmation of the rigor of our methodology in targeting those most in need. The 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 than social protection programs.”**⁴ This is especially evident in that numerous studies have shown that beneficiaries of other microfinance organizations 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. We research and conduct pilots to test new ideas in fighting extreme poverty on an ongoing basis. We take a bottom-up approach to innovation: new ideas and proposed adaptations to our core program come mainly from our business owners and field staff, 95% of whom are African. These ideas and findings are presented and discussed at our annual week-long **Innovation Summit**. The Summit is packed with lively discussions on the results of our most recent R&D, which have included pilots for mobile money transfer, optimizing our targeting methods, leadership training for youth-led businesses, and how to create better support for our women business owners. As a result of the success of this process, we are formalizing our **Village Incubator**, which will be formally launched in March 2016 at our next Innovation Summit.

EXPANSION OF OUR POVERTY ALLEVIATION-PLUS-CONSERVATION WORK

Our conservation efforts aim at halting the deterioration of African wildlife habitats while generating sustainable livelihoods for the poor. To accomplish this, Village Enterprise provides resource sustainability and conservation training to all its program participants.

In 2014, Village Enterprise began partnering 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. In this area, receipt of the \$150 seed grant is contingent upon participants signing forest use agreements and meeting sanitation requirements that will prevent damage to the forest.

⁴ BRAC baseline report

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

Upcoming 2016 Developments

Again, **thank you very much** for your generosity to Village Enterprise over the last year.

Village Enterprise is at a critical nexus and at the cusp of rapid scaling. We have ambitious plans for this fiscal year (July 2015 to June 2016) and are focusing our efforts in the following goals and objectives:

- Start over 3,200 new businesses, train 9,600 men and women and transform 64,000 lives.
- Launch our new three-year Strategic Plan
- Develop a Flagship Partnership Plan and Identify 2-3 potential partners
- Expand to new regions in Uganda and Kenya
- Launch the Village Enterprise Incubator at the Innovation Summit in March
- Launch a new website and develop a Strategic PR and Marketing Plan

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 Western Uganda to break the cycle of extreme poverty by creating sustainable income-generating businesses.

We look forward to continuing our partnership with Dining For Women in 2016.

With gratitude,



Dianne Calvi
President & CEO



Caroline Bernadi
Senior Director of Institutional Giving

