IMPACT REPORT

HARNESSING THE POWER OF BUSINESS TO END POVERTY

YUNUS socialbusiness
GLOBAL INITIATIVES
We are living in extraordinary times

As individuals, it sometimes feels like we don’t have the power to influence huge problems like poverty and climate change. But what we forget is that each of us has a tremendous creative capacity to make a change.

I’ve always believed in the unlimited creative capacity of human beings - a fundamental resilience and ability we all share. The moment you introduce social business to this creativity, suddenly everything changes: we all become powerful.

We all have the power to make real changes by creating social businesses to solve problems. Working with these organisations, you start to see how powerful you are, how powerful your neighbour is, how powerful everybody is as an individual. By igniting our creative capacity with social business, all the global problems we face can be solved.

Yunus Social Business aims to spread the power of social business on a global scale. So I invite you to unleash your creative capacity, engage and spread the message of social business. Then see just how powerful it can make you.

Nobel Peace Laureate Professor Muhammad Yunus, Chairman of Yunus Social Business
Welcome to our Impact Report

Our Vision
Harnessing the power of business to end poverty

Our Mission
Finance and grow game-changing social businesses that solve the most pressing social problems in a financially sustainable way.

Building Social Business is the most effective way to reach the UN Sustainable Development Goals by 2030. We try to achieve this in two ways. Bottom-up - our philanthropic investment funds finance and support local social businesses which improve the lives of the poor. Top-down - we help global corporations to use their core competencies to solve social problems at a large scale. We have been able to grow the impact of our 60+ portfolio social businesses significantly in 2018: our companies have almost doubled the amount of incomes they are creating to 55k and have tripled the amount of poor customers they are serving with essential goods and services to 9 Million. We recently partnered with 3 Kenyan business leaders to launch our new office in Nairobi. In 2018 we made some inspiring investments including Godson Commodities in Uganda which works with over 6,000 smallholder Chia farmers to make a decent living from their produce. RangSutra in India, which is owned by the same 2,500 artisanal women it seeks to empower, quadrupling their incomes and allowing them to become financially independent. We also saw Impact Water reach 1,000,000 children in Uganda with clean drinking water. Our Corporate Innovation arm continues to develop, grow and support corporate social businesses with projects across the globe including plastic recycling, primary healthcare, and fighting unemployment. We know that we need a new kind of capitalism with social business as the driver. Are you ready to join us?

Saskia Bruysten
Managing Director
CEO & Co-Founder

Karen Hitschke
Managing Director
Chief Investment Officer for Philanthropic Funds

Daniel Nowack
Managing Director
Corporate Innovation

Karen Hitschke
Managing Director
Chief Investment Officer for Philanthropic Funds

Daniel Nowack
Managing Director
Corporate Innovation
Our Impact

IN NUMBERS

Our goal is to find, build and support social businesses that have the potential to impact millions of lives. We make investments that focus on the poor. They span different geographies and sectors, providing essential products and services like healthcare, safe water, clean energy or higher incomes for the poor.

INVESTMENTS PER SECTOR

Livelihoods 17
Agriculture 21
Education 6
Energy & Environment 7
Health & Sanitation 10

55,000 Higher Incomes Supported
9,000,000 Lives Impacted
1,800 Social Entrepreneurs Supported
$14 Million Invested

INVESTMENTS PER SECTOR

Energy & Environment
Livelihoods
Agriculture
Education
Health & Sanitation
Our Story

In 1983, Prof. Muhammad Yunus founded the Grameen Bank, beginning a microfinance revolution which earned him one of humanity’s most prestigious awards, the Nobel Peace Prize. Grameen grew from a microcredit bank in Bangladesh, into a group of enterprises created with the specific intention of solving human problems. These embodied the first cases of a new, emerging model: social business.

Yunus Social Business was founded in 2011 by Nobel Peace Prize Laureate Prof. Muhammad Yunus, Saskia Bruysten, and Sophie Eisenmann to expand the success of social business from Bangladesh around the world.

We attack poverty in two ways:

**Philanthropic Venture Funds**

Yunus Social Business Funds gGmbH (Charitable)

Our funds grow local social businesses that provide employment, education, healthcare, safe water and clean energy to over 9 million people in East Africa, Latin America & India. We turn donations into investments in social businesses, which we reinvest over and over again, multiplying the impact each time. Our long-term, patient loans and hands-on growth support are delivered by our team of local professionals, allowing our social businesses to flourish.

**Corporate Innovation**

Yunus Social Business GmbH (ltd company that reinvests all profits back into Yunus Social Business)

Great corporate leaders see the world how it should be - and create what is missing. Our work helps them realise their vision through social business. We help large corporations to build corporate social businesses or collaborate with entrepreneurs to solve global social problems in a large-scale way. Any profits we generate will be reinvested in the social cause of Yunus Social Business.

**How do we help social businesses?**

**Our Model**

**Utilising Philanthropic Capital and Deploying it as Affordable Loans & Growth Support for Social Businesses**

We provide patient finance for the gap in funding called the “Missing Middle”, for scalable social businesses that focus on ending poverty. These social businesses provide either a higher income or access to essential products and services for the poor. We look for businesses that are driven by ambitious local entrepreneurs with a strong business model and potential for large scale social impact.

- Using social business as a mechanism to solve social problems, rather than a traditional charitable approach.
- Supporting early-stage social businesses that focus on the poor.
- Working in emerging economies where there are few financial resources for the early-stage segment.
- Providing patient, flexible financing and hands-on growth support that propel social businesses to scale.
- Our approach is driven by local partners and teams supported by international resources to create the most impact.

To support these entrepreneurs fully on their way to scale, we offer long term loans with favourable interest rates and grace periods tailored to the individual needs of the business. Our financing volumes range from $100k – $500k released in several tranches along pre-agreed milestones.

**Our Work Empowers Social Entrepreneurs to Lift Millions out of Poverty with Social Business**

**Growth Support for Entrepreneurs**

We offer all our portfolio entrepreneurs ongoing growth support, playing a pivotal role in preparing them for scale. Our goal is to help them to maximise social impact while reaching financial sustainability. This includes access to our mentor and expert networks to help them overcome specific business challenges and connecting them to pre-vetted service providers. Our programmes include both formal cohorts and informal one-on-one coaching. We aim to improve business performance across financial planning, fundraising, HR & governance, operations, marketing and social impact management.
In a country of more than 200 million people, only about 5% of Brazilians speak English, which is vital for advancing career opportunities. However, the cost and location of language schools are still some of the largest obstacles for many low-income families in the country.

4YOU2 Idiomas promotes democratic access to education through English lessons with foreign teachers at extremely affordable prices. They currently maintain 7 schools in three different cities, reaching over 17,000 students so far.

THE PROBLEM

São Paulo is the biggest city in Brazil and generates 20,000 tons of waste on a daily basis. Yet only 5% of the residential buildings have public recycling collection services, while the majority of it goes to landfill.

THE SOLUTION

Instituto Muda picks up recycled waste from high-income condos and donates it to waste recycling cooperatives. They provide employment to low-income families, formerly homeless and former drug addicts at the cooperatives.

THE IMPACT

100 tons of recyclable material is diverted from landfill on a monthly basis. The social business maintains 435 jobs with a higher income.

Social Business Spotlight

4YOU2 Idiomas

Brazil

Instituto Muda

Environment & Energy

Instituto Muda helps vulnerable members of the community in São Paulo with a stable income.

Social Business Spotlight

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Social Business Spotlight

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The 50 year long violent conflict left many rural areas in Colombia with an underdeveloped employment ecosystem. In fact, 88% of employment in rural Colombia is informal with wages way below the national average and without access to pensions, a decent healthcare system or unemployment benefits.

THE SOLUTION
Pomario trains and employs smallholder farmers from the conflict regions in the cultivation of organic vegetables and edible flowers. They sell their produce to gourmet restaurants and chefs, which yields a higher margin than traditional produce. The employees are paid double the average salary of rural workers and are provided with full social benefits and educational opportunities.

THE IMPACT
Pomario provides formalised employment to farmers with full social benefits and is dedicated to 100% organic produce, promoting sustainable farming in Colombia.

"In Colombia, we are investing in businesses that have a huge impact within their communities. After years of conflict, we are looking forward to a new era where social businesses can provide opportunities and services that foster a fairer society. We are a country bursting with ideas and young, passionate entrepreneurs dedicated to social change. Our goal at Yunus Social Business is to help them to achieve it."

- Gaia de Dominicis, Managing Director of Yunus Social Business Colombia
PHILANTHROPIC VENTURE FUNDS PORTFOLIO: INDIA

RangSutra

THE PROBLEM
Across India, more than 100 million people rely on the textile and handicrafts sector as their main source of income. However, more than 50% of these households live under the poverty line.

THE SOLUTION
RangSutra works with artisan cooperatives from rural villages to source textiles that are then turned into finished garments and sold to wholesale buyers and retailers. The social business also provides skills training, design inputs, and small-scale financing to support the development of the artisans.

THE IMPACT
RangSutra works with more than 2,500 artisans who have seen an average income increase of more than four times their original incomes.

Waste Ventures India

THE PROBLEM
Of the 140,000 tons of waste generated by urban areas in India, only 29% is recycled. The informal sector dominated by waste pickers is responsible for this recycling effort. However, the lives of waste pickers are plagued by low and irregular incomes, low social standing, as well as unfair pricing.

THE SOLUTION
Waste Ventures India has established a formalised market for waste streams which averts waste from landfill and creates higher incomes for waste pickers.

THE IMPACT
Waste Ventures India provide up to 25% additional income to 1,200+ waste pickers and improve their long-term living standards, as well as diverting waste from landfill.
Tugende

**THE SOLUTION**
Tugende offers boda drivers the opportunity to rent their bike at an affordable rate and ultimately own their own boda, which has a huge impact on their bottom line. After the bike has been fully paid off within 12-18 months, their daily incomes double on average from $5 to $10 (USD) allowing them to afford school fees and health expenses for their families.

**THE IMPACT**
Tugende has helped over 18,000 drivers on average supporting a household of 5, that’s over 85,000 lives improved. They also employ over 200 staff.

**THE PROBLEM**
Youth unemployment in Uganda is over 50%, causing a lack of opportunity among young adults and their families. Many young men work as motorcycle “boda” drivers but most drivers can’t afford their own motorcycle and have to rent them at high costs. This significantly reduces their disposable income.

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Godson Commodities

**THE PROBLEM**
As a smallholder farmer in Uganda, it is very hard to make a decent living from your produce. Earning a stable and reliable income is difficult due to lack of technical expertise and little to no access to international markets.

**THE SOLUTION**
Godson Commodities wants to change the lives of these farmers. The social business collects, processes and exports organic chia seeds grown by smallholder farmers, to transform their lives both socially and economically, and enables them to fairly participate in the international market.

**THE IMPACT**
Chia is a high-value crop, meaning farmers can earn on average 50% more through chia than other crops. Godson Commodities is reaching over 6,000 farmers with a guaranteed price for their produce.

"YSB is a great fit for us as an investor because they provide patient capital that is aligned with the impact that we are trying to create. It works well to have a partner who is looking to not only provide financial resources but advice and other support with a firm belief in our mission."

- Michael Wilkerson, Founder of Tugende.
With a base already in Uganda, we saw Kenya as a great opportunity to expand further into East Africa.

Building a stronger network in the region means that our current portfolio companies in Uganda can leverage the partner network in Kenya and vice versa. We are looking forward to making our first investments this year!

We launched a Philanthropic Fund in Kenya

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....with our Local Partner Model

We believe there is no better way to support social businesses than by teaming up with exceptional local business leaders, with local knowledge and networks. Our partners do not only commit local philanthropic capital, which we match with international donations, but also serve as experienced advisors and door-openers for our future portfolio companies. They provide their local infrastructure - such as office space and connections to pro bono professional services - which helps lower our local infrastructure costs.

We launched a new innovative financing tool:

The Social Success Note

The Social Success Note has been designed by YSB to leverage private sector capital with a pay for impact model.

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How does the SSN work?

The Investee is Impact Water, a social business that sells, installs and maintains water filtration systems in schools. Impact Water use investment capital from UBS Optimus Foundation and outcome payments from The Rockefeller Foundation to increase the scale of its impact to provide 1.4 million children with clean water over the next 5 years, aligning incentives between the Investor and the Investee Social Business.

THE DETAILS?

The Investor, UBS Optimus Foundation, provides the Investee Social Business, Impact Water, with a concessional loan. If the targets are met, the Outcome Payer, The Rockefeller Foundation provides an outcome payment that is split between the Investor and the Social Business. As well as designing the structure, the Impact Evaluator, Yunus Social Business coordinates the monitoring and evaluation throughout the 5-year term.

Our partners

Our funds in India, Brazil and Kenya are supported by a number of business leaders who serve as our local partners, and we are in the process of identifying local partners in Uganda and Colombia.

Bharat Doshi, Nilesh Doshi and Vinay Sanghrajka - Founding Partners of Yunus Social Business Kenya
Corporate Innovation

Societies around the world are demanding a new, more equitable and clean form of capitalism. We believe that companies play a significant role in providing a solution.

Our corporate social business initiatives are tangible examples of this change taking place. Together, we are rethinking the very purpose of doing business. We focus on enabling companies to engage in social business by connecting them to social entrepreneurs, helping them to build entirely new social businesses as part of their value chains, and set up their own investment funds for social businesses. Our corporate partners see social business as an integral element in their strategies towards becoming more innovative, more agile and, most importantly, purpose-driven.

INTERGRATED PRIMARY HEALTHCARE IN KENYA

People in rural and peri-urban Kenya lack access to high-quality healthcare and medication. Less than 5% of Kenya’s GDP is spent on healthcare and only 17% of Kenyans have health insurance coverage. With 46% of the country’s population living below the poverty line, Kenyans are particularly vulnerable to financial catastrophe when confronted with health issues. To tackle this, Merck KGaA implemented the CURAFA™ points of care concept. Local entrepreneurs with nursing and pharmaceutical training jointly operate a primary healthcare facility in peri-urban locations outside Nairobi county under the CURAFA™ brand name. They offer affordable and high-quality healthcare, disease screening and basic diagnostics, improved disease awareness amongst patients and over-the-counter and prescription medicines.

HOW YSB SUPPORTS THE INITIATIVE:

1. Leverage our experience setting up social businesses to structure the CURAFA™ points of care ventures through careful and iterative testing of hypotheses.
2. Support the development of impact measurement strategies that maximise the impact on patients and the local healthcare system. This includes the development of a coherent theory of change, defining KPIs for steering and reporting, as well as sketching a systems infrastructure for data collection.
3. YSB has engaged with Merck to maximise impact while finding pathways to financial sustainability, providing insights from experts in our portfolio and network to deploy innovative approaches in healthcare delivery in developing countries.
Access to affordable and clean mobility is a huge problem facing both urban and rural populations. By 2050 more than 6bn people will live in cities creating mass overpopulation, whilst rural populations simply do not have access to the global opportunities that cities offer. There is a worldwide need for social entrepreneurs with radical, innovative solutions for transport and logistics to deal with these growing problems.

The MAN Impact Accelerator addresses transport and logistical issues by supporting cohorts of social businesses to scale for maximum impact. Over the 8 month programme, we bring the cohort of 8 social businesses to San Francisco, Mumbai, Cape Town, Munich and Paris to follow a unique curriculum designed to catapult their ventures to success.

**WE GUIDE OUR ENTREPRENEURS THROUGH THE FOLLOWING 5 STAGES ALONG THEIR DEVELOPMENT PATH WITH US:**

1. Purpose, Leadership & Customer Development
2. Growth & Product Development
3. Impact Management & Organisational Development
4. Tech & Investment
5. Closing ceremony

**WE ARE MENTOR DRIVEN**

Our network of 300+ mentors dedicate their time, energy, expertise and resources into helping social businesses grow. We find visionary global leaders that take a strong non-consulting approach (i.e. guiding startups by asking the right questions instead of merely transferring knowledge) and match them based on their relevant expertise to a specific problem each startup needs to address.

**ACHIEVEMENTS FROM OUR 2018 COHORT**

**EXIT** Dubai's Careem acquires our Indian shuttle bus alumni Commut.

**FUNDING** Country Delight gets $10M equity funding from Matrix.

**PARTNERSHIP** Mellow Cabs partnership with DHL Sub Saharan Africa, Takealot, Uber and Ola.

**IMPACT** FarMart moved from being the Uber for tractors to the Amazon for farmers, and disbursed digital loans to 2,500 farmers.

Multiply your philanthropy

Taking on global challenges like eradicating poverty takes big ideas and radical changes in thinking. The power of social business turns these challenges into opportunities to create lasting change.

As a financial partner your philanthropic capital will not only support long-term, practical solutions to tackling poverty and climate change, it will help further a global shift towards reimagining business as a force for social good.

With Yunus Social Business your philanthropic capital is transformed into financing for social businesses to help them grow and increase their social impact. Once their financing is repaid, your donation can be used again, to support more social businesses, leveraging the impact your capital creates year after year.

**$1 Traditional Charity Donation = $8 of Social Business Donation**

As a social business repays our loan, your donation is recycled to create more impact over and over again.

HOW DOES IT WORK IN PRACTICE?

Let’s take the example of a social business that provides safe water to schools. They sell and maintain environmentally-friendly water purification systems at affordable rates that can be paid for over a long period of time. If we estimate that one filter costs $1,000 and each one reaches a school of 500 children, that’s clean water for millions of children delivered with a sustainable model compared to traditional charity:

<table>
<thead>
<tr>
<th>Traditional Charity</th>
<th>Yunus Social Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>100k Donation</td>
<td>100k Donation</td>
</tr>
<tr>
<td>Money spent directly on a project</td>
<td>Money given out as a patient loan to social business</td>
</tr>
<tr>
<td>Give away 100 filters</td>
<td>Sell 100 filters</td>
</tr>
<tr>
<td>50,000 students reached</td>
<td>50,000 students reached</td>
</tr>
<tr>
<td>Money runs out</td>
<td>Recover costs</td>
</tr>
<tr>
<td>The charity will need to be funded again next year to reach more children</td>
<td>Sell 100 more filters</td>
</tr>
<tr>
<td></td>
<td>100,000 students reached</td>
</tr>
<tr>
<td></td>
<td>Recover costs</td>
</tr>
<tr>
<td></td>
<td>Sell filters</td>
</tr>
<tr>
<td></td>
<td>200,000 students reached</td>
</tr>
</tbody>
</table>

Your donation is multiplied in two different ways with the “Double Multiplier” effect.

1. A Social Business creates an ongoing impact (much more than a charity) as it is financially sustainable.
2. The loan is repaid meaning the money can be invested into other social businesses over and over again.

**Your donation goes 100% to supporting social business**

Our operational costs are covered by our institutional development partners.
A charity dollar has one life - a social business dollar can be invested over and over again

- Prof Muhammad Yunus

Anchor Partner Board

This year we are excited to announce the launch of our Anchor Partner Board, who not only support us financially, but guide us in our strategic vision. They ensure the long-term success of YSB’s mission with their generous capital, and by sharing their learnings, expertise and networks.

Meet the Leadership Team

A diverse team of development & investment professionals with backgrounds in corporate finance, consulting and entrepreneurship.

Our Organisational Partners

These are the organisations that make our work possible with financial and pro-bono support.
Social business combines the best of two worlds: the social mission of a charitable organisation with the acumen of traditional for-profit businesses. They are set up to solve a specific problem to benefit the poor, and all other people, either through creating additional income or providing essential products and services like healthcare, safe water, or clean energy. Social businesses allow the poor freedom to choose for themselves the services and products they want, rather than becoming the recipients of aid. It is a revolutionary way of seeing business, not as a tool to drive profits, but a mechanism to efficiently achieve social change.