

Looking Back on 2007: A Year of Growth at Root Capital

2007 was a time of great change and growth at Root Capital, allowing us to reach more grassroots businesses than ever before. We increased our loan disbursements by 32%—from \$19 million in 2006 to over \$25 million in 2007. We expanded to four new countries and nine new industries. Our loans now strengthen the livelihoods of rice farmers in the Philippines, artisans and wine-makers in Chile, peanut farmers in Malawi, and to rural women in Ghana who produce shea butter. Other new industries include animal feed, bananas, cashews, timber, vanilla, and dried fruit.

Organizationally, we've made many changes as well. We began the year as EcoLogic Finance, and switched over to our new identity as Root Capital several months later. As we like to say, "Our mission's the same; our new name says it better." We've grown to two dozen full-time staff members in the U.S. and abroad and opened a new office in Peru. Most critically, we completed a four-year strategic plan that will allow us to grow and continue our work, which thus far in our history has included more than 400 loans with a value of over \$80 million to clients in 26 countries.

Key Achievements

- Made more than **127 loans**, worth over **\$26.4 million**.
- Assisted disadvantaged farmers, artisans, and fishermen in **26 countries** across Latin America, Africa, and Asia.
- Maintained a **99% repayment rate**, showing that our model works as well in practice as in theory.

Strategic Partnerships

Root Capital focused on building strategic partnerships in 2007, allowing us to share and learn from best practices in our field. We played a lead role in creating the Finance Alliance for Sustainable Trade (FAST) and the Aspen Network for Development Entrepreneurs (ANDE). We're also proud to have been selected for the Ashoka Social Investment Venture Fellows network.

FAST is a trade association of social lenders and related business stakeholders focused on sustainable trade that launched in May 2007. Root Capital serves on the Steering Committee, and expects FAST—which will emphasize advocacy and facilitating collaborative projects—to be the only trade association of its kind representing the majority of social lenders in the sustainable trade sector.



ANDE is a business alliance to support enterprises and entrepreneurs in the developing world who create jobs and build capital while providing other social goods, such as environmental stewardship and improved access to healthcare. The Alliance's current projects include comparing emergent private sector models to traditional development models, defining common standards for measuring impact, and attracting top professionals to careers that provide business solutions to development challenges. Partners include organizations such as the Aspen Institute, the German Marshall Fund of the United States, and World Bank Development, among others.

Finally, the Ashoka Social Investment Venture Fellows program is a new initiative within Ashoka, a global association representing 1,800 of the world's leading social entrepreneurs from 60 countries. The new program includes 22 Fellows as of 2007, and is projected to grow to over 100 within the next few years. Root Capital President William Foote and the Root Capital team will participate in this growing global network to transfer innovations between social financiers and the capital markets.

Public recognition

We're extremely proud that our impact resulted in recognition from some prestigious sources this year, including:

- *Fast Company*/Monitor Group's Social Capitalist Award (for the third year in a row);
- *Nuwire Investor's* Top 3 Charities for Investors;
- 4-Star Rating, Charity Navigator;
- Ashoka Social Investment Venture Fellow (selected for Root Capital's "innovative approach to pressing social problems");
- A media profile in the journal *Microfinance Insights*, as an example of innovative lending; and
- Recognition as an innovator by The Milken Institute and the German Marshall Fund of the United States in their recently released report, "Transatlantic Innovations in Affordable Capital for Small- and Medium-Sized Enterprises."

2008 is set to be even brighter, and we appreciate your support.