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This report covers the activities of the Hand in Hand (HiH) network – covering four operations based in India, Afghanistan, Eastern Africa and Southern Africa, as well as two fundraising operations in Sweden and the UK.

We are continuously trying to develop and refine this report. We appreciate your feedback. Please get in touch with Dorothea Arndt for any suggestions or questions darndt@hihinternational.org.
EXECUTIVE SUMMARY

DELIVERING ONE MILLION BUSINESSES

Hand in Hand has reached a milestone: with our support, one million businesses have been set up and developed by some of the world’s poorest people.

Over the past six months, we have empowered our group members to create and run a larger number of family businesses than are being newly registered in the entire formal sector of the countries where we operate.

28% of the jobs created in the past six months throughout the Hand in Hand network have been in our more recent countries of operation in Africa and Afghanistan. In India, 1.4 million jobs have been generated in total to date.

LAUNCHING LOANS THAT CHANGE LIVES

In July, we launched a social impact fund to directly benefit 100,000 Kenyan micro-entrepreneurs. The Enterprise Incubation Fund (EIF) will enable poor Kenyans to access much-needed loans to start their own micro-businesses. Hand in Hand is raising Kenyan Shilling (KES) 250m (US$ 3m) in loan capital. The fund is targeting micro-entrepreneurs who typically live on less than US$ 15 a week and often fail to be reached by classic microfinance. Most of these are women. Each loan recipient will be given continuous business mentoring – ranging from financial literacy to basic marketing advice – by Hand in Hand Eastern Africa.

A US$ 100,000 equivalent investment in the fund supports the creation of 11,500 jobs, helping to lift over 57,000 adults and children out of poverty. The fund pays a fixed 2% annual interest over five years.

SHARING THE LEARNING

As we enter into our second decade and are emerging as experts in the business of fighting poverty with jobs, we are intensifying our efforts to share learning across the entire network.

In August, we ran the Social Entrepreneurship Program for the third year. Taught by Professor Rangan of Harvard Business School, it is one of only a few courses of its kind in the world. Learning from other practitioners and researchers in social enterprise informs our operations and strategy.

In September, the network’s six CEOs met in London to exchange best practice on how to overcome low literacy levels – a challenge to our business training which we encounter in many countries. We also kicked off an initiative to interrogate our data more thoroughly across all operations, so that we can recognize, reward and repeat success more quickly.

RAISING FUNDS

Our dedicated fundraising operations in the UK and Sweden raised US$ 4.6m in the past six months. As well as opening up significant new funding from a private foundation, we are pleased that Läkarmissionen, a Swedish aid agency, has extended its support from India to Kenya.

To finance our planned growth over 2013-2015, we need to raise an additional US$ 34.4m.
1. OUR RESULTS

GENERATING BUSINESSES AND CREATING JOBS

The Hand in Hand network has supported 1.5 m jobs to date

| BUSINESSES | (000) CUMULATIVE MARCH 2013 | 955 | +56 | +5.9% | (000) CUMULATIVE SEPTEMBER 2013 | 1,011 |
| JOBS | | 1,398 | +107 | +7.6% | 1,505 |

TRAINING FOR BUSINESS SUCCESS

Every day in the past six months, 439 new members joined a Hand in Hand self-help group

| SELF-HELP GROUP AND TRAINING REACH | (000 MEMBERS) CUMULATIVE MARCH 2013 | 952 | +79 | +8.3% | (000 MEMBERS) CUMULATIVE SEPTEMBER 2013 | 1,031 |

PROVIDING FINANCE

Currently only Hand in Hand India is offering access to credit at scale (with a cumulative value of loans of US$ 199m - see page 7). We are ramping up direct micro-lending in Kenya (see page 15).

We are also piloting direct credit in Afghanistan, (with loans reaching a cumulative value of over US$ 357,000 in September 2013).
Our newer operations in Africa and Afghanistan generated 22% of total business growth over the past six months while India continues to represent the bulk of the network results.
2. OPERATIONS ACROSS THE NETWORK: INDIA

GENERATING BUSINESSES AND JOBS

Hand in Hand India has helped to generate 1.4 m jobs for some of the country’s poorest people

<table>
<thead>
<tr>
<th>BUSINESSES</th>
<th>JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(000) CUMULATIVE MARCH 2013</td>
<td>(000) CUMULATIVE SEPTEMBER 2013</td>
</tr>
<tr>
<td>915</td>
<td>959</td>
</tr>
<tr>
<td>+44</td>
<td>+77</td>
</tr>
<tr>
<td>+4.8%</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

Growing businesses in the Indian context

- GROWTH IN BUSINESSES SUPPORTED BY HIH 6 MONTHS TO SEPTEMBER 2013 (000)
- NATIONAL AVERAGE OF NEW FORMAL BUSINESSES PER HALF-YEAR* (000)

* The figure captures the average half-yearly figure of private companies with limited liability formally registered between 2004 and 2011 in India. Source: World Bank doingbusiness.org
ENCOURAGING SAVING AND TRAINING FOR BUSINESS SUCCESS

In the past half year, over 49,000 disadvantaged Indian women joined a Hand in Hand self-help group to find a path out of poverty.

+49
+5.9%

835

884

ACCESS TO CREDIT

Thanks to our continuous business training and support to borrowers, the loan repayment rate remains very healthy at 99.9%.

+15
+8.0%

184

199

FEATURING ENTREPRENEUR

Chandra | Turned a family-run brick kiln into a business that generates a monthly profit of well over US$ 300.

Thalikkal, in the state of Tamil Nadu.
Since our last progress report, Hand in Hand India’s pilot program in Cambodia has gone live. Our choice of Cambodia was dictated by need - it has the lowest income per head in South East Asia – as well as the opportunity to forge partnerships in the Mekong delta. Our aim is to create 10,000 jobs during the two-year pilot. Our implementing partner – Cambodia Rural Development Team (CRDT) – has trained 970 villagers in the remote Northeast of the country to date, adapting Hand in Hand India’s approach. In October the women will start to be trained in specialist skills such as tailoring, manicure and hair-dressing.
OTHER PROGRAMS

Uniquely within our network, the team in India operates four programs which complement the benefits of job creation by supporting group members to gain better access to education, health, a cleaner environment, and information on their civil rights.

<table>
<thead>
<tr>
<th></th>
<th>CUMULATIVE MARCH 2013</th>
<th>INCREASE 6 MONTHS TO SEPTEMBER 2013</th>
<th>CUMULATIVE SEPTEMBER 2013</th>
<th>INCREASE 6 MONTHS TO SEPTEMBER 2013 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EDUCATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child labor elimination:</td>
<td>1,010</td>
<td>15</td>
<td>1,025</td>
<td>1%</td>
</tr>
<tr>
<td>villages (panchayats)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schooling: number of</td>
<td>162,165</td>
<td>47,399</td>
<td>209,564</td>
<td>29%</td>
</tr>
<tr>
<td>children enrolled</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ENVIRONMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solid Waste Management:</td>
<td>360,599</td>
<td>9,947</td>
<td>370,506</td>
<td>3%</td>
</tr>
<tr>
<td>households reached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Resource Management:</td>
<td>3,638</td>
<td>3,317</td>
<td>6,955</td>
<td>91%</td>
</tr>
<tr>
<td>hectares covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HEALTH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anaemia: women reached</td>
<td>12,928</td>
<td>2,473</td>
<td>15,401</td>
<td>19%</td>
</tr>
<tr>
<td>Child malnourishment:</td>
<td>7,192</td>
<td>151</td>
<td>7,343</td>
<td>2%</td>
</tr>
<tr>
<td>children reached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanitation: toilets</td>
<td>7,861</td>
<td>546</td>
<td>8,407</td>
<td>7%</td>
</tr>
<tr>
<td>constructed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CITIZENS’ CENTRE ENTERPRISES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens’ centres:</td>
<td>3,122</td>
<td>82</td>
<td>3,204</td>
<td>3%</td>
</tr>
<tr>
<td>number established</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-literacy: people trained</td>
<td>395,685</td>
<td>48,909</td>
<td>444,594</td>
<td>12%</td>
</tr>
</tbody>
</table>
2. OPERATIONS ACROSS THE NETWORK: AFGHANISTAN

GENERATING BUSINESSES AND JOBS

Jobs and business creation has slowed down as we have focused primarily on strengthening the existing businesses.

Businesses

<table>
<thead>
<tr>
<th></th>
<th>Cumulative March 2013</th>
<th>Cumulative September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Businesses</strong></td>
<td>2,598</td>
<td>2,896</td>
</tr>
<tr>
<td>Growth</td>
<td>+298 (+11%)</td>
<td>+426 (+11%)</td>
</tr>
</tbody>
</table>

Jobs

<table>
<thead>
<tr>
<th></th>
<th>Cumulative March 2013</th>
<th>Cumulative September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jobs</strong></td>
<td>298</td>
<td>1,000</td>
</tr>
<tr>
<td>Growth</td>
<td>+298 (+11%)</td>
<td>+426 (+11%)</td>
</tr>
</tbody>
</table>

Business growth in the Afghan context

- **Growth in Businesses Supported by HiH 6 Months to September 2013**
- **National Average of New Formal Businesses per Half-Year**

*The figure captures the average half-yearly number of private companies with limited liability formally registered between 2004 and 2011 in the entire country. Source: World Bank doingbusiness.org*
ENCOURAGING SAVING AND TRAINING FOR BUSINESS SUCCESS

New member recruitment has been slower as we have focused on strengthening current members’ businesses.

Hand in Hand group reach in the Afghan context

Qari Rizwan | Finally moving beyond subsistence farming with a bee-keeping business | Shadiyan village, Mazar | Afghanistan

Najiba, bakery owner | Balkh province | Afghanistan

Source: SEEP, a global network of 120 NGOs dedicated to reducing poverty through financial inclusion
The Afghan team’s focus over the past half year has been on helping current members access wider markets and move into higher margin products, before recruiting new members.

As 2014 approaches, the upcoming presidential election and withdrawal of international troops are threatening Afghanistan’s fragile economic progress. We believe that creating sustainable business opportunities for poor rural Afghans is more urgent than ever.

Our in-depth analysis identified three provinces for possible expansion (see map). Bordering Hand in Hand Afghanistan’s most developed operation in the province of Balkh, the three provinces offer relative security, support from local communities and authorities and lack similar development programs. We are seeking funds for this expansion. To discuss our work in Afghanistan please contact Josefine Lindänge, jlindange@hihinternational.org.

In addition to business mentoring, Hand in Hand Afghanistan continues to offer members complementary hygiene and health training with funding from the Johnson & Johnson Corporate Citizenship Trust. To date, 3,905 rural Afghans have been trained in family hygiene, emergency first aid and made aware of vital health services such as family planning and vaccinations.
The businesses and jobs generated in Kenya have grown rapidly.

- **BUSINESSES**
  - Cumulative March 2013: 24,596
  - Cumulative September 2013: 33,442
  - Growth: +8,846 (+36%)

- **JOBS**
  - Cumulative March 2013: 32,730
  - Cumulative September 2013: 44,230
  - Growth: +11,500 (+35%)

**Business growth in the Kenyan context**

- Growth in Businesses Supported by HIH 6 Months to September 2013: 8,846
- National Average of New Formal Businesses per Half-Year*: 5,657

*The figure captures the half-yearly average number of private companies with limited liability formally registered from 2004 to 2008 in the entire country. Source: World Bank doingbusiness.org

Alice Nduku, commercial farmer | Tala area | Kenya
ENCOURAGING SAVING AND TRAINING FOR BUSINESS SUCCESS

Over 9,600 marginalized Kenyans have joined a Hand in Hand self-help group in the past six months

With over 773,000 people enrolled in group saving schemes, Kenya offers a highly conducive environment for our work

43

42,734

33,111

+9,623

+29%

MEMBERS TO DATE MARCH 2013

MEMBERS TO DATE SEPTEMBER 2013

HIH SELF-HELP GROUPS REACH (000 MEMBERS, MARCH 2013)

FORMAL NGO-LED SAVINGS GROUPS’ REACH (000 MEMBERS, 2012/2013)*

* Source: SEEP, a global network of 120 NGOs dedicated to reducing poverty through financial inclusion

FEATUED ENTREPRENEUR

Martha Kimuyu | The first person in her area to manufacture and sell charcoal briquettes, a far greener cooking fuel than charcoal; she earns US$ 160 a month | Outskirts of Thika | Kenya
The launch of the Enterprise Incubation Fund (EIF) was the culmination of over half a year’s worth of hard work by the Kenyan team and brought into play Hand in Hand Eastern Africa CEO Pauline Ngari’s experience as one of Kenya’s eminent microfinance bankers. Over 100 field staff were trained in lending procedures. We will lend safely and responsibly: the enterprise incubation loans are only open to people who can demonstrate a solid saving history within their self-help group and have graduated from Hand in Hand’s business training. To fund the EIF, we are seeking loans from international investors of a minimum US$ 50,000 equivalent (denominated in KES), which offer a fixed interest rate of 2%, payable annually. To find out more, contact Sandy Sullivan in London ssullivan@hihinternational.org.
2. OPERATIONS ACROSS THE NETWORK: SOUTHERN AFRICA

GENERATING BUSINESSES AND JOBS

Hand in Hand Southern Africa is reporting strong growth in businesses and job creation.

**BUSINESSES**
- Cumulative March 2013: 12,384
- Cumulative September 2013: 15,722
- Growth: +3,338 (+27%)

**JOBS**
- Cumulative March 2013: 56,222
- Cumulative September 2013: 74,340
- Growth: +18,118 (+32%)

Business growth in the Southern African context.

Gontse Selomane, jeweler | Rustenburg area | South Africa

*The figure captures the half-yearly average number of private, formal sector companies registered from 2004 to 2010 in Lesotho and South Africa. Zimbabwe and Swaziland data is not available. Source: World Bank. doingbusiness.org*
ENCOURAGING SAVING AND TRAINING FOR BUSINESS SUCCESS

In the past 6 months, recruitment of group members throughout Southern Africa has increased by 29%

Relative to other NGOs operating in the region, we have established a sizable reach with our groups.

Golden Girls group | A tailoring cooperative, whose members now earn an additional US$30 a month to supplement their family income | Shurugwi, Midlands province | Zimbabwe

* Source: SEEP, a global network of 120 NGOs dedicated to reducing poverty through financial inclusion. Data includes South Africa, Lesotho, Zimbabwe and Swaziland.
The Southern African team – led by Sazini Mojapelo – operates programs across four countries including Lesotho. The tiny state landlocked inside South Africa, where half the population lives below the poverty line, was an obvious target for our regional expansion. Following a successful pilot concluded in Lesotho in January 2013, we have fully launched there and are on track to create 10,000 jobs by August 2015. Group recruitment has been rapid as we secured cascaded community buy-in, starting at district level and working through the administrative ranks to the traditional community chiefs. Many women in Lesotho have been left to fend for their families as their husbands have migrated to jobs in the South African mining industry. These women are eagerly embracing Hand in Hand’s entrepreneurial training – the only one of its type available in the country. Training has also been aided by Lesotho’s high literacy levels. With 80% of members living off the land, the most popular enterprises to date have been poultry collectives – a business which needs little initial capital and skill.
3. FUNDING

Our dedicated fundraising operations in the UK and Sweden raised US$ 4.6m in the past six months. As well as securing a three-year, multi-million funding agreement from a private foundation, we are pleased that institutional donors have extended their support, such as the Läkarmissionen, a Swedish aid agency which has extended its funding from our Indian to our Kenyan program. Radiohjälpen – the Swedish national public broadcaster’s national appeal – has renewed funding to Hand in Hand for the fifth year in a row.

A further US$ 34.4m remains to be raised to support the creation of an additional 1.4 million jobs in the years to 2015. This includes US$ 6m of capital required to offer enterprise incubation loans (see page 15) in Kenya and beyond.

We are committed to keeping our overheads ratio among the lowest in class. For instance, our UK ratio of fundraising costs was 10% in the past half year.

During the six-month period, HiH Sweden and HiH International collectively transferred US$ 5.0m to the HiH network’s operating organizations.

Geographical distribution of funds*

*Funds transferred by the dedicated fundraising operations based in the UK and Sweden

Hannah Haciku, tailor | Thika outskirts | Kenya
4. CHALLENGES AND LESSONS LEARNED

TEACHING BUSINESS WITHOUT THE ALPHABET

Illiteracy and very low numeracy is common among the groups targeted by Hand in Hand. For instance, in rural Afghanistan, nine out of ten women lack basic reading and writing skills. This clearly hampers the development of financial and business skills. To overcome this, Hand in Hand uses pictures, parables, activities and role play in our business training. When this is insufficient, we also tackle the issue of literacy head on by incorporating it into our curriculum.

In September, to help develop best practice, the network CEOs formally shared their approaches to literacy training. In all countries, we typically use government-approved teaching materials and only offer literacy training to those members who both need and want it.

The Indian team has the most extensive experience, with over 150,000 women taught to date. These efforts have improved the groups’ self-monitoring, as newly literate group members are in a better position to hold their leaders to account.

Afghanistan is the operating country with the lowest literacy levels and consequently, we have started to assess our members’ reading and writing skills there as a matter of course and to offer relevant training, collaborating closely with the Ministry of Education.

In Kenya – where the proportion of adults who can read and write varies hugely, from 87% in Nairobi to 8% in the North-East – a pilot initiative will teach 8,000 people in two districts to read and write alongside our usual business curriculum. The pilot will help us to assess how important reading and writing actually is to set up a micro-business in Kenya. To find out more about literacy projects, please contact Sara Löfberg in Stockholm, sara.lofberg@handinhand.nu

Women’s literacy varies widely between our countries of operation

Source: World Bank, Unesco (India), EU (Afghanistan), data ranges from 2008 to 2011
MOVING UP THE VALUE CHAIN

Once they have set up a business, the success of our micro-entrepreneurs hinges on selling higher margin products and accessing large groups of customers.

In Kenya, our most advanced entrepreneurs are starting to sell into regional and national retailers because Hand in Hand is helping them to improve their packaging and labeling, and to secure national certification for the quality standard of their products. To help our members produce higher margin products such as dried fruit, yoghurt and soaps, the Kenyan team have also forged a training partnership with the Ministry of Agriculture.

A recent evaluation of our program in Afghanistan commissioned by Sida (the Swedish development agency), equally recommended that our members need to switch from basic farming to producing high margin products: products which are worth the transport costs in a country where roads are few and unsafe, and which can compete with the cheap imports flooding Afghan cities. We have identified the most promising and viable types of high margin enterprises in the Afghan context with the support of a micro-enterprise consultant specializing in conflict zones. The Afghan team will start to provide specialist training and essential tools for our members to start up these high-margin businesses such as honey making, silk and wool weaving, oil processing, and tailoring.
5. LOOKING AHEAD

RAISING OUR PROFILE

Our efforts to raise our profile with important stakeholders are starting to pay off: In India, Hand in Hand co-founder Kalpana Sankar hosted Matt Damon (pictured left). The Oscar-winning actor and founder of the charity Water.org visited a joint water project in rural Tamil Nadu. Hand in Hand Eastern Africa CEO Pauline Ngari was invited to Dhaka to speak at the 10th Commonwealth Women’s Affairs Ministerial Meeting forum, assembling advocates for women’s leadership from around the globe. The Guardian (a UK national widely read by development experts) interviewed our CEO in Afghanistan Abdul Rahim Nasry about the challenges of working in a conflict zone. Co-founder Percy Barnevik launched the Enterprise Incubation Fund at the Partners for Global Impact conference in Lugano to an audience of 200 philanthropists, social entrepreneurs and development practitioners.

Much more work is needed to make Hand in Hand stand out in the crowded NGO market-place and ensure we communicate effectively with you, our supporters. For instance, perhaps you would like to be kept informed in a different way than with the current monthly and six-monthly updates. Please contact Dorothea Arndt in London to share your views (darndt@hihinternational.org).

READY FOR TAKE-OFF IN RWANDA

We are cooperating with CARE (a development NGO) to empower 100,000 Rwandans – mostly women – to work their way out of extreme poverty by running their own businesses. We aim to create 80,000 sustainable jobs by 2015.

The partnership was formally launched in Kigali in June 2013 and blends the best of both organizations’ approaches: we are drawing on CARE’s experience to help the groups mobilize savings and access loans, and our business training expertise. CARE Rwanda is now ready to start enrolling already established groups into entrepreneurship training, as well as mobilizing thousands of Rwandans into new groups. To find out more about this program please speak to Josefine Lindänge (jlindange@hihinternational.org).

CONTACT DETAILS
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Follow us on Twitter at @hihint