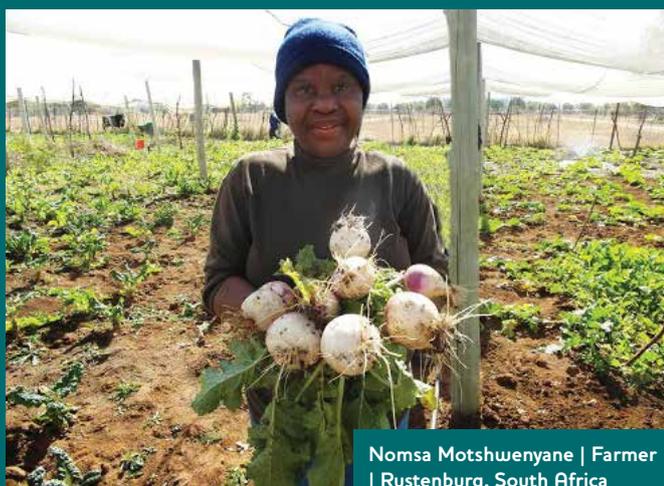




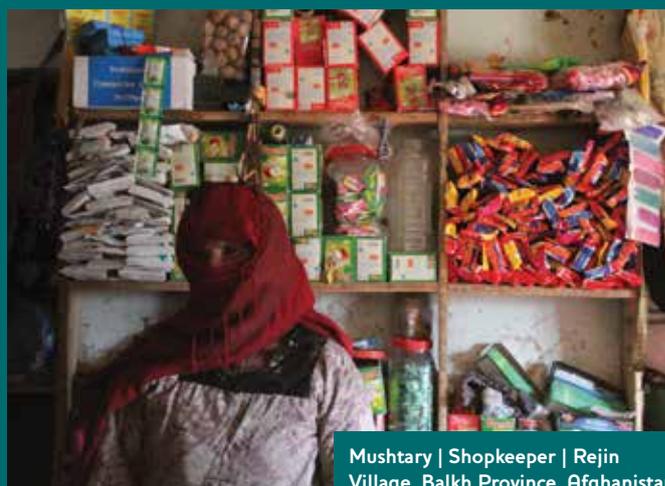
HAND IN HAND INTERNATIONAL  
**ANNUAL  
REPORT**  
2012-2013



A WORD FROM OUR CHAIRMAN	4
1. THE YEAR IN REVIEW	5
2. BUILDING A BASE OF COMMITTED DONORS	6
3. STAYING LEAN IN THE GLOBAL DOWNTURN	8
4. FUNDING OPERATIONS, CHANGING LIVES	9
5. LOOKING AHEAD	14
6. FINANCIAL OVERVIEW	16
7. AN ENTREPRENEURIAL BOARD OF TRUSTEES	18



Nomsa Motshwenyane | Farmer  
| Rustenburg, South Africa



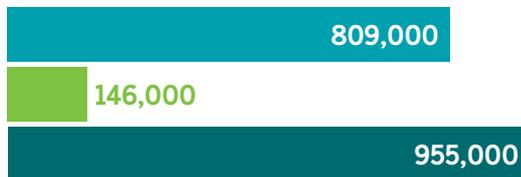
Mushtary | Shopkeeper | Rejin  
Village, Balkh Province, Afghanistan

Front cover shows a brick manufacturer supported by Hand in Hand Southern Africa | Rustenburg, North West Province, South Africa

# HAND IN HAND GROUP RESULTS AT A GLANCE 2012/13



BUSINESSES



JOBS



SELF-HELP  
GROUP MEMBERS



CREDIT  
DISBURSED

US\$ 164m

US\$ 20m

US\$ 184m

■ CUMULATIVE RESULTS TO MARCH 2012  
 ■ GROWTH APRIL 2012 TO MARCH 2013  
 ■ CUMULATIVE RESULTS TO MARCH 2013

ALL 2012/13 FIGURES IN THIS REPORT ARE FROM APRIL 1 2012 TO MARCH 31 2013, UNLESS SPECIFIED OTHERWISE.  
CONSISTENT JOB DEFINITIONS ARE USED ACROSS THE HAND IN HAND GROUP, BASED ON ILO (INTERNATIONAL LABOUR ORGANIZATION) STANDARDS.

# A WORD FROM OUR CHAIRMAN

A new wind is blowing through the world of international development and it is called job creation. First the World Bank issued a flagship report, simply called “Jobs”, and in May 2013, the UN’s High Level Panel report on the post-2015 Development Agenda put jobs firmly at the top of the international development agenda.

From Hand in Hand’s perspective, this interest is long overdue. We have already mobilized one million people, mainly poor women, into entrepreneurship. These women have started or developed more than a million small businesses, generating about 1.5 million jobs. Our long term goal is to generate 10 million sustainable jobs that will lift some 50 million family members out of poverty by 2020.

My own engagement with Hand in Hand started 13 years ago, when I realized that what keeps people poor is that they cannot earn a living. In many developing countries, 50% or more of the population are unemployed or underemployed. That is why job creation is so critical. Raising family income contributes to greater food security, better healthcare, housing and education; for instance, Hand in Hand (HiH) India has brought over 200,000 former child workers into school.

The Hand in Hand group’s results last year speak for themselves: almost 200,000 new entrepreneurs trained and 150,000 small businesses developed. The HiH India team led by Kalpana Sankar has continued to deliver impressively, expanding into central and northern India and piloting programs in South-East Asia. We have also seen good progress in East and Southern Africa, as well as in Afghanistan, despite the very difficult environment there.

I want to thank our board members, 5,000 employees and 50,000 volunteers for their great contributions. And I want to thank our donors and other supporters around the world. The results we have achieved would not have been possible without you.

**Percy Barnevik**  
Chairman



**Beth Wangui | Farmer**  
| Central Province, Kenya



**Weaver | Tamil Nadu, India**

# 1. THE YEAR IN REVIEW

FOR EVERY  
**10**   
WOMEN TRAINED

In the past year, 180,000 people joined a self-help group somewhere in the Hand in Hand network – almost 500 a day. Over 95% of them are women. The resulting 146,000 businesses and 228,000 jobs benefitted over 1.1 million marginalized people. To put this in context, Hand in Hand is supporting almost as many new family businesses as are being registered in the entire formal private sector of the countries we operate in.

aid\* and a record 20% fall in UK charitable donations\*\* by individuals during 2012.

Finance is vital if we are to reach our ambitious target of 10 million jobs by 2020. However, funding alone will not achieve this goal. Part of our job at HiH International is to support rapid global expansion while continuing to maximize the impact of every dollar donated. As well as continuing to support the existing Hand in Hand operations, we plan to scale up job creation rapidly and effectively by cooperating with partners which already have capacity on the ground and complementary expertise. HiH India and HiH Eastern Africa have started to engage in strategic partnerships in Cambodia and Rwanda respectively. Looking ahead, we are exploring further partnerships in other countries.

**15**   
JOBS ARE  
CREATED

Hand in Hand was originally founded in India and HiH India still generated the bulk of this year's results. Job creation programs by Hand in Hand operations in the six other countries are growing rapidly – particularly in sub-Saharan Africa.

\* OECD

\*\* National Council of Voluntary Organisations (NCVO)

**75**   
FAMILY  
MEMBERS  
BENEFIT

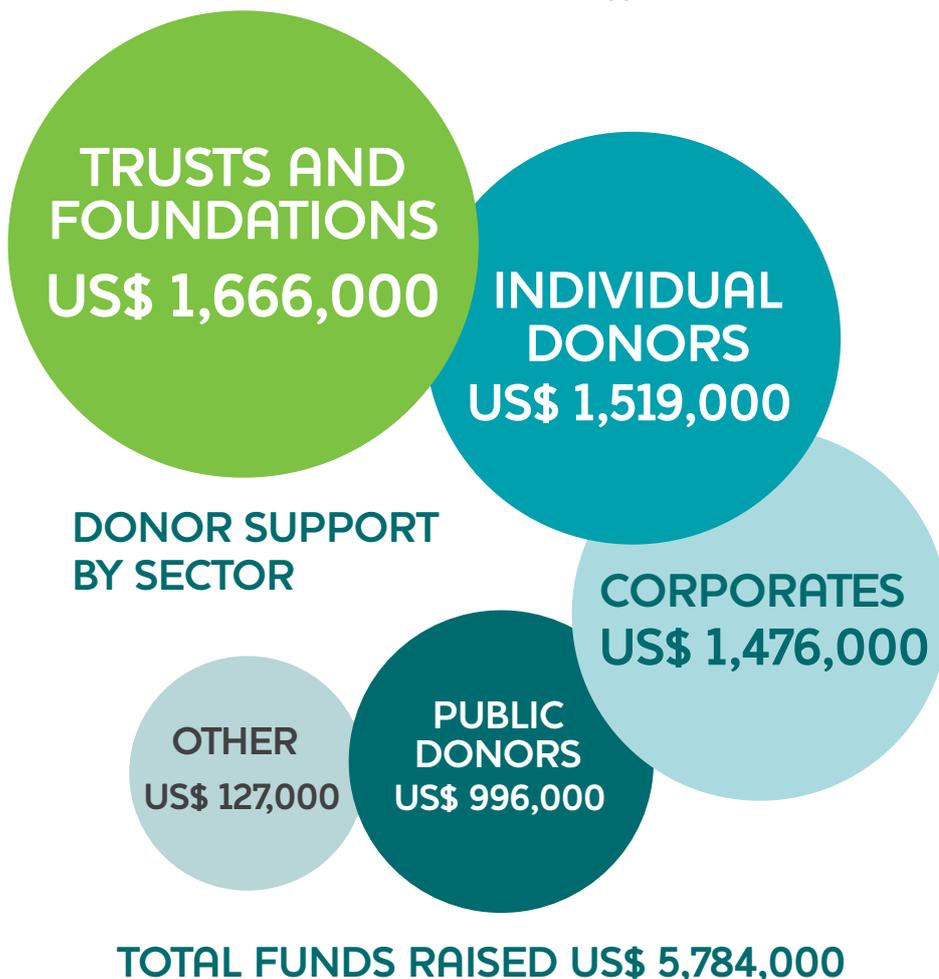
These successful programs are supported by funds raised by HiH International. During this financial year HiH International raised just under US\$ 6m. This was achieved against a global backdrop of declining donations – internationally there was a real drop of 4% in official development

## 2. BUILDING A BASE OF COMMITTED DONORS

The international fundraising environment has been challenging. None the less, thanks to the generosity of our donors, HiH International raised US\$ 5.8m during 2012/13.

We are grateful for the loyalty of our donors from both public and private sectors.

As well as opening up new sources of funding this year from private philanthropists and foundations, we are pleased that donors such as the Stichting af Jochnick Foundation, the Swedish International Development Cooperation Agency (Sida) and the Johnson & Johnson Corporate Citizenship Trust have continued their support.



“Even the largest of companies start off small, often with the support of a loan to help bring to life an inspired idea. We believe that an organization which gives the poorest and most marginalized in society an opportunity to increase family income by starting a small business, is a natural partner for the Johnson & Johnson Corporate Citizenship Trust.”

Frank Welvaert, Managing Director, the Johnson & Johnson Corporate Citizenship Trust



Malika, daughter of Sayed Ayoub | Seamstress | Balkh Province, Afghanistan

“My decision to support Hand in Hand was inspired by its unremitting focus on creating businesses and jobs and the multiplier effect this has on the aspirations, the well-being, the future of families and of entire communities.”

**Martin Wiwen-Nilsson,  
Partner, Goldman Sachs**

“The Postcode Lottery supports organizations and programs which make a sustainable difference to people’s lives. The Hand in Hand business creation model has a proven track record of enabling some of the poorest and most marginalized in Asia and sub-Saharan Africa to set up businesses and lift their families out of poverty.”

**Marieke van Schaik, Managing  
Director, Dutch Postcode Lottery**

“We have supported Hand in Hand for a number of years and have found that Hand in Hand’s cost effective, businesslike approach combined with its specialized job creation model helps deliver sustainable results.”

**Anders Rönquist, Head,  
Development Cooperation  
Embassy of Sweden in  
Nairobi**

# 3. STAYING LEAN IN THE GLOBAL DOWNTURN

Our donors rightly expect that overheads are minimized versus funds going to programs and that expectation is even higher in a global downturn. HiH International's lean operating model means that this year's ratio of fundraising and administration costs to expenditure (FACE ratio) was kept to 9%. We are committed to keeping our FACE ratio among the lowest in class but still sufficient to raise funds effectively and provide sustainable

support to the Hand in Hand group.

The clarity of the Hand in Hand approach also renders it highly cost-effective, as it is relatively easy to replicate in different national contexts. The cost to create one sustainable job across the Hand in Hand group this year varied from US\$ 20 in southern India to US\$ 225 in Afghanistan (reflecting the difficult conditions due to on-going security threats). On average, enabling a long-

lasting job costs the Hand in Hand group only US\$ 55, which compares favorably to other initiatives which train the poor to become entrepreneurs.

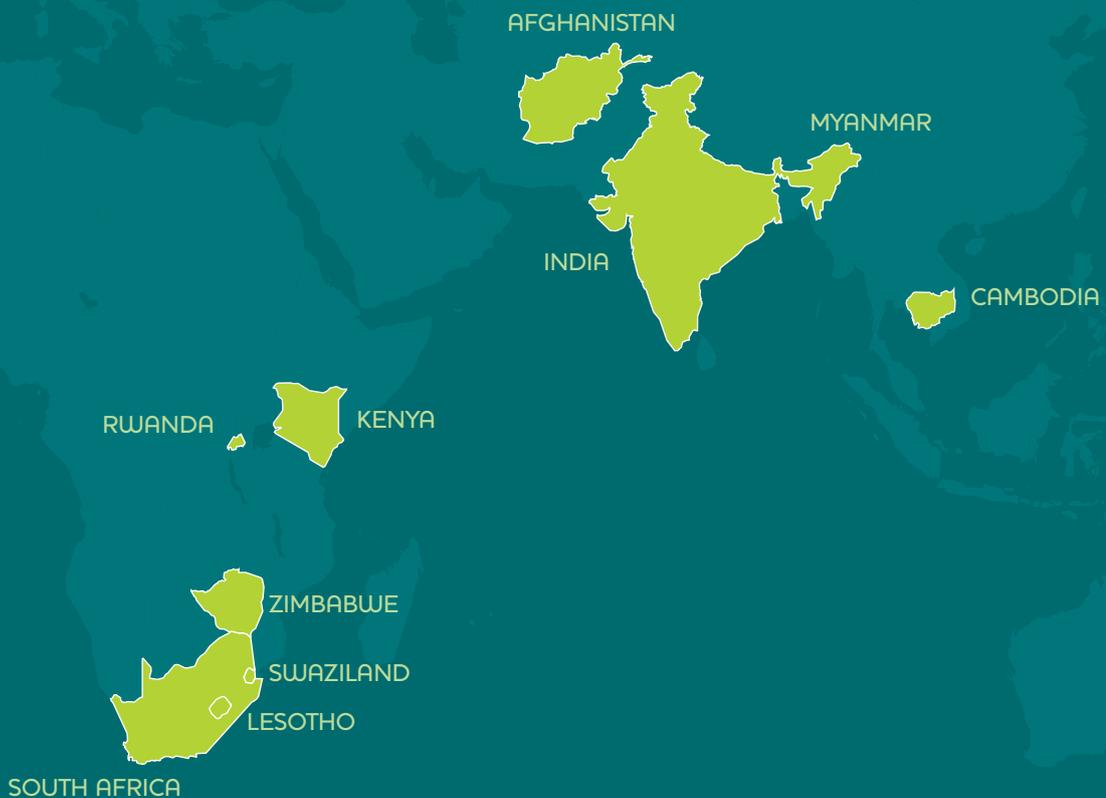
A study published in 2012 by the Institute for the Study of Labor found that the cost to train an individual alone - not the cost per job - ranges from US\$ 21 to US\$ 400 in other programs.

DISTRIBUTION OF FUNDING ACROSS PROGRAMS



## 4. FUNDING OPERATIONS, CHANGING LIVES

HiH International funds operations in Asia (Afghanistan, Cambodia, India and Myanmar) and sub-Saharan Africa (Kenya, Lesotho, Rwanda, South Africa, Swaziland and Zimbabwe).



## HAND IN HAND INDIA

## BHANUMATHI NAGESH, THE MAT MANUFACTURER

Bhanumathi used to supplement the family income by making and selling coconut fiber mats. However, this side activity became their only source of income when illness forced her husband to close his welding business three years ago. Overnight their income fell from 7,000 Indian Rupees (US\$ 121) to INR 3,000 (US\$ 52) per month.

In desperation, Bhanumathi tried to increase the rate of production of her mats but, with little education and no knowledge of

how to run a business, she ended up making a loss.

It was not until she joined a self-help group that Bhanumathi learned how to successfully expand her business and turn it into a gainful enterprise. Today, Bhanumathi provides jobs for ten local women and receives bulk orders from wholesalers throughout the region. The business makes a net profit of some INR 9,000 (US\$ 156) per month.



Bhanumathi Nagesh |  
Sivagangai District,  
Tamil Nadu, India



## GUL HUSSAIN, THE STRAWBERRY FARMER

### HAND IN HAND AFGHANISTAN



Gul Hussain | farmer | Sholgara district, Balkh Province, Afghanistan

Gul Hussain joined the local Hand in Hand self-help group because he needed to increase his family income. His regular wheat crop was not bringing in enough income to provide for him and his family.

With HiH Afghanistan he not only learned how to maximize the return on his wheat crop, but also how to farm more profitable crops such as strawberries.

His initial investment in just 400 strawberry plants yielded a strawberry crop which he sold for a net profit of Afghani 4,800 (US\$ 87), increasing his total income by almost one third.

He now plans to invest the profits in more strawberry plants and reach out to bigger markets in the area.



## HAND IN HAND EASTERN AFRICA

### ALICE, THE GROCER

Totally reliant on the income from her husband's job, Alice Kakuvi found they could not afford the books and uniforms their three children needed for school. In an area with few regular jobs available, Alice decided to create an income for herself by starting her own business.

HiH Eastern Africa staff encouraged her to put a little money aside on a regular basis and taught her basic business skills.

Alice started her own grocery business which, today, brings in Kenyan Shilling 3,000 (US\$ 35) per month. This now enables her to send the children to school. She has also invested some of her earnings in a goat to farm or sell, if the family has a sudden financial crisis.



Alice Kakuvi | Grocery business owner |  
Tala Town, Eastern Province, Kenya

## HAND IN HAND SOUTHERN AFRICA



Unemployment in the village of Upper Makhuzeni in South Africa is high and just getting by is a struggle for many families. Even maintaining a roof over their heads used to be difficult because the expensive bricks and other raw materials could only be bought in the distant local town.

With mentoring by HiH Southern Africa, a group of five neighbors, led by Nombuso Ngubo, teamed up to establish the region's first business manufacturing bricks.

## NOMBUSO NGUBO, THE BRICK MANUFACTURER

Together, the members of the Sukuma Cooperative saved enough money to invest in the necessary raw materials and machinery. Now they make 450 bricks a day which are sold locally for 5 Rand (R) each (US\$ 0.6), generating a weekly turnover of R 13,500 (US\$ 1,350).

HiH Southern Africa is continuing to mentor the group as they reinvest some of their profits in a storage facility.



Sukuma Cooperative | Brick making business owners |  
Upper Makhuzeni, KwaZulu-Natal, South Africa

## 5. LOOKING AHEAD

### SCALING UP

To meet our long term goal of creating 10 million jobs by 2020, organic expansion of the existing network will not be sufficient. We estimate 3.5 million jobs will need to come from new Hand in Hand operations and new strategic partnerships in additional countries.

Working with these new implementing partners will allow us to accelerate growth and learn from others. Hand in Hand will engage with strategic partners who share our values and are willing to embrace our model of job creation at the bottom of the pyramid.

Our priority will be South East Asia and sub-Saharan Africa. Despite a decade of rapid economic growth, the latter remains the poorest continent, with a young and fast-growing population; by 2020, Africa is predicted to have added 220 million people to its labor force, most of them poor and many only educated to primary level. Hand in Hand's approach to training and financing micro-entrepreneurs can generate some of the employment so urgently needed on the continent.

This strategic expansion is already underway. This year, HiH International funded HiH India to take the first steps to expand in

South Asia by collaborating with local NGOs in Cambodia and Myanmar.

In March 2013, we also signed an agreement for HiH Eastern Africa and CARE Rwanda to collaborate. Together, they will empower 100,000 Rwandans – mostly women – to work their way out of extreme poverty by starting and running their own businesses and creating 80,000 sustainable jobs within three years.

### BOOSTING CREDIT ACCESS

In 2013 we will launch an impact investment fund offering philanthropists the opportunity to provide loans, not grants, to Hand in Hand micro-entrepreneurs for the first time. Hand in Hand will raise Kenyan Shilling (KES) 250 million (US\$ 3m) in loan capital for the Enterprise Incubation Fund (EIF). A US\$ 100,000 equivalent investment in the EIF will support the creation of 11,500 jobs, helping to lift over 57,000 adults and children out of poverty. The fund will pay a fixed 2% annual interest in KES over five years.

Access to credit is essential for micro-entrepreneurs to grow their businesses beyond subsistence

levels and achieve a secure income. Yet, many of them do not have the credit record necessary, or are unable to meet the terms offered by microfinance organizations. They need start-up capital to bridge to these institutions.

To accelerate business creation, HiH Eastern Africa will therefore begin providing micro-loans. The capital raised will revolve many times over five years, allowing micro-loans to be issued to up to 100,000 poor Kenyans. These micro-loans will only be open to individuals trained by Hand in Hand Eastern Africa to set up and run a business. The EIF is planned to expand later to Afghanistan and Southern Africa.



Christine | Basket weaver | Machakos, Eastern Province, Kenya

## SHARING BEST PRACTICE

Entrepreneurs are at the heart of Hand in Hand's model. The Social Entrepreneurship Program grew from our desire to share in leading academic research and learn from the experience of others advancing the role of entrepreneurs in development.

The Social Entrepreneurship Program (SEP) is a five-day interactive course, initiated by Hand in Hand and consultancy Socient Associates and taught by Professor Rangan of Harvard Business School. The course showcases the role of social entrepreneurs in reducing poverty.

One of only a few courses of its type in the world, the SEP attracts people from over 30 countries and a wide range of backgrounds, spanning micro-finance, social entrepreneurship, philanthropy and academia.

In 2012 the course was co-hosted in Kenya with HiH Eastern Africa. In 2013, its third year, the SEP will move to Rustenburg near Johannesburg, in South Africa, co-hosted with HiH Southern Africa.



Bhanumathi Nagesh | Sivagangai District, Tamil Nadu, India

## 6. FINANCIAL OVERVIEW

These summarized financial statements contain information from both the statement of Financial Activities and the Balance Sheet for the year ended 31 March 2013, but are not the full statutory report and accounts. The full financial statements were approved by the trustees on 12 June 2013 and have been submitted to the Charity Commission. They received an unqualified audit report and copies may be obtained from Hand in Hand International.

Signed on behalf of the trustees  
by Percy Barnevik

June 2013

We have examined the summarized financial statements of Hand in Hand International. Respective responsibilities of trustees and auditors: The trustees are responsible for preparing the summarized financial statements in accordance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made there under and in accordance with the recommendations of the Charities Statement of Recommended Practice. Our responsibility is to report to you our opinion on the consistency of the summarized financial statements with the full financial statements and Trustees' Annual Report. We also read the information contained in the summarized annual report and consider the implications for our report if we become aware of

any apparent misstatements or material inconsistencies with the summarized financial statements.

Basis of opinion: We conducted our work in accordance with Bulletin 1999/6, the auditor's statement on the summary financial statements issued by the Auditing Practice Board for use in the United Kingdom.

Opinion: In our opinion the summarized financial statements are consistent with the full financial statements and the Trustees' Annual Report of Hand in Hand International for the year ended 31 March 2013.

Graham Wildin  
of Wildin and Co

June 2013

### BALANCE SHEET AS AT 31 MARCH 2013

	2013 US\$	2012 US\$
<b>Fixed assets</b>		
Tangible assets	31,032	38,924
<b>Current assets</b>		
Loans due in more than one year	333,268	-
Debtors	696,683	31,478
Cash at bank and in hand	6,790,748	6,604,505
	7,820,699	6,635,983
<b>Creditors: amounts due within one year</b>	(97,621)	(140,173)
<b>Net current assets</b>	7,723,078	6,495,810
<b>Net assets</b>	7,754,110	6,534,734
<b>Funds</b>		
Restricted funds	1,051,804	217,128
Unrestricted funds:	-	-
Special Fund for Development	2,526,032	4,675,429
General funds	4,176,274	1,642,177
<b>Total funds</b>	7,754,110	6,534,734

Approved by the Trustees on 13 June 2013. The formal accounts were reported in £ values but they are shown here in US\$, at a conversion rate of 1.51893.

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2013**

	RESTRICTED US\$	UNRESTRICTED US\$	DESIGNATED US\$	2013 US\$	2012 US\$
<b>Incoming resources</b>					
Donations and similar incoming resources in furtherance of the charity's objects	3,059,632	2,635,609	-	<b>5,695,241</b>	9,070,921
Interest Received	-	89,219	-	<b>89,219</b>	18,408
Other Income	-	-	-	-	-
<b>Total incoming resources</b>	3,059,632	2,724,828	-	<b>5,784,460</b>	<u>9,089,329</u>
<b>Less: Costs of generating funds</b>					
Fundraising costs	-	353,463	-	<b>353,463</b>	505,175
<b>Net incoming resources available for charitable application</b>	<u>3,059,632</u>	<u>2,371,365</u>		<b>5,430,997</b>	<u>8,584,154</u>
<b>Charitable expenditure</b>					
Supporting people in Afghanistan	681,676	218,250	-	<b>899,926</b>	1,028,841
Supporting women in India	910,515	420,042	-	<b>1,330,557</b>	1,246,683
Supporting people in Kenya	119,781	276,435	-	<b>396,216</b>	1,065,031
Supporting people in Rwanda	-	24,683	499,155	<b>523,838</b>	-
Supporting people in Southern Africa	369,468	560,722	-	<b>930,190</b>	1,312,592
The Social Entrepreneurship Program	95,120	20,791	-	<b>115,911</b>	92,746
Governance Costs	-	14,983	-	<b>14,983</b>	11,073
<b>Total charitable expenditure</b>	<u>2,176,560</u>	<u>1,535,906</u>	<u>499,155</u>	<b>4,211,621</b>	<u>4,756,966</u>
<b>Total resources expended</b>	<u>2,176,560</u>	<u>1,889,369</u>	<u>499,155</u>	<b>4,565,084</b>	<u>5,262,141</u>
<b>Net incoming resources and net movement in funds</b>					
Transfer between reserves	883,072 (48,396)	835,459 48,396	(499,155) -	<b>1,219,376</b> -	3,827,188 -
<b>Funds at 1 April 2012</b>	<u>217,128</u>	<u>1,642,177</u>	<u>4,675,429</u>	<b>6,534,734</b>	<u>2,707,546</u>
<b>Funds at 31 March 2013</b>	<u>1,051,804</u>	<u>2,526,032</u>	<u>4,176,274</u>	<b>7,754,110</b>	<u>6,534,734</u>

All of the above results are derived from continuing activities. There were no other recognized gains or losses other than those stated above. The formal accounts were reported in £ values but they are shown here in US\$, at a conversion rate of 1.51893.

# 7. AN ENTREPRENEURIAL BOARD OF TRUSTEES

## THE BOARD OF TRUSTEES IN NUMBERS:



HiH International's board of trustees is a group of directors with, on average 30 years' experience in entrepreneurship, education, finance or business operations from around the world.

Between them they bring experience from 10 different industries and have founded more than 10 highly successful companies.

They have acted as board directors across 80 organizations and served academia as scholars, guest speakers or honorary members.



**PERCY BARNEVIK, CHAIRMAN OF THE BOARD OF TRUSTEES**

The co-founder of the Hand in Hand group, he currently serves as the chairman of HiH International. He was previously CEO and chairman of a number of global multinationals including Skanska, ABB, Investor, AstraZeneca and Sandvik, and a board member of Du Pont and General Motors. He has seven honorary doctorate degrees, is a member of the Academies of Engineering Sciences in Sweden and Finland and Honorary Member of the Royal Academy of Engineering,

UK. He has been a board member of the Bilderberg Group, Vice Chairman of the World Economic Forum and member of the American Council for Foreign Affairs.



**ERIC DREWERY**

The former Executive Vice President and member of the

Group Executive Committee of ABB, the power and automation technology multinational, he held a number of leading positions in the engineering industry in the US, Australia, Canada and the UK.



**LYNN FORESTER DE ROTHSCHILD**

A pioneer in the telecommunications industry, where she launched a number of companies, she is today CEO of E L Rothschild LLC, a private investment company. She serves as a director and adviser to The Economist Newspaper, the Estee Lauder Companies and the Herrhausen Foundation of the Deutsche Bank and has been a member of the United Nations Advisory Committee on Inclusive Financial Services.



**BJÖRN FRÖLING\***

Since leaving his position as head of the Scandinavian office of Lazard, a leading independent investment banking firm, he has founded his own advisory practice and is the chairman of a number of Swedish financial sector companies, including privately owned investment bank E. Öhman J:or and private equity firms Neqst Partners and RP Ventures.



**JONAS AF JOCHNICK**

Co-founder of Oriflame International, a listed cosmetics company with a sales-force of three million independent entrepreneurs generating annual sales of around €1.5 billion across 60 countries, he also serves as a director of Medicover Holding and AAR, leading private healthcare services providers in Eastern Europe and Eastern Africa, respectively.



**DR RITA RAKUS**

Since qualifying as a medical practitioner at Sydney University (Australia), she has practiced in London for over 20 years and is the founder and CEO of a leading cosmetic clinic in London. She is a founding member of the British College of Aesthetic Medicine.



**BRUCE GRANT**

A serial entrepreneur, he started his career at Arthur D Little where he rose to become the firm's President of North America. He founded and chairs management consulting firm Applied Value LLC, which advises Global Fortune 500 corporations on turnarounds in North America, Europe and China. His investment company Garden Growth Capital acquires stakes in a growing portfolio of small firms to nurture their long term potential.



**LARS G JOSEFSSON**

As chairman and board member of five companies in the energy sector in Europe and North America and former CEO of Vattenfall (one of Europe's largest electricity producers), he has a long-standing interest in sustainable energy which led him to advise Germany's Chancellor Angela Merkel on climate issues. He is honorary professor in physics at the Technical University of Brandenburg, Germany.



**PAOLA UGGLA\***

A former legal counsel of the Volvo Group in Sweden and of Tatweer Dubai, LLC, a diversified Middle-Eastern business conglomerate, she was admitted to practice at the New York Bar. Her long-standing professional interest in corporate social responsibility (CSR) led her to guest-lecture on CSR at the University of Gothenburg (Sweden).

\* Paola Ugгла formally joined the Hand in Hand International board in June 2013. Björn Fröling was a member of the Board in 2012/13 but will step down in 2013/14.



**HAND IN HAND INTERNATIONAL CEO – SVEN SANDSTRÖM**

Sven spent 30 years with the World Bank, the last ten as Managing Director. He also chaired the Bank's Policy and Operations Committees and the International Development Association. In the absence of the

Bank's President, he served as Acting President and Chairman of the Board.

Since retiring in 2001, Sven has been a director and adviser at a number of organizations including the European Commission, the African Development Bank and the International Union for the

Conservation of Nature. For six years he chaired the funding negotiations for the African Development Bank and for the Global Fund to Fight AIDS, TB and Malaria.

He is a Director of the AES Corporation (USA), a global electric power company.



HAND IN HAND  
International

Charity Registration Number: 1113868

### **DONATE**

[www.hihinternational.org/donate](http://www.hihinternational.org/donate)

### **CONTACT US**

20 York Street, London W1U 6PU, United Kingdom

Phone: +44 (0) 20 7514 5091

Fax: +44 (0) 20 3070 0005

[info@hihinternational.org](mailto:info@hihinternational.org)

### **FOLLOW US**

on Twitter @Hihint

### **FIND OUT MORE**

[www.hihinternational.org](http://www.hihinternational.org)