



THE WORKING WORLD

ANNUAL REPORT 2011

A Different Kind of Finance
for a Different Kind of Business

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Brendan Martin

Despite the backdrop of worldwide economic turmoil, 2011 was a year of tremendous expansion for The Working World, and a successful execution of a global strategy that had been in the works for many years. With this success, The Working World is now poised to do incredible things with the methods of bottom-up finance we've developed.

In Nicaragua, we went from a pilot staff of one person to a full office of five. Our original regional director, Emma Yorra, did a fantastic job transforming a one-person show to a fully coordinated team. At the same time, the office more than doubled the number of businesses it was working with, and the full team is poised to expand its impact dramatically in 2012.

The United States saw the opening of our first office, bringing our brand of alternative finance back to North America. U.S. Director Ethan Earle took a bare bones budget, a group of volunteers, and an entirely unknown environment and managed to get our offices operational within six months, giving out three loans and even starting a successful new cooperative business in New York City. The potential to push forward new finance and new businesses in the U.S. looks tremendous, and we are doing everything possible to prepare ourselves for this challenge.

Back in our home base in Argentina, our team continued its feverish pace of growth, again doubling the amount loaned in 2011, investing almost USD \$1 million in cooperative businesses using the same shoestring budget of \$50,000. We also received the highest form of trust and endorsement from our target populations: cooperatives we work with in Argentina began putting their own savings in our fund so that we can lend it out to other businesses, one of our proudest achievements as an organization.

For The Working World, all this expansion means that we can take the potential we have uncovered in our first years in Argentina and scale it into something with **truly global potential**, both in terms of our own organizational reach and more importantly for the model we can share with others. Operating in three very different contexts has been our goal for many years, and achieving it is the result of an incredible effort from our team. The success we've already found in these disparate locales is a testament to the power of the innovations we've created.

2012 looks to be an exciting and challenging year. The potential for transformative change in our field of work has never been more possible. Making sure we are able to harness these winds of change will require us to increase our efforts even more and look for a wider network of supportive and like-minded people. To complement our robust group of donors, this past year we introduced a powerful new way of receiving outside help through an investment tool in which people loan us money that we can then loan out to businesses. This and other new methods will be essential in ensuring we are able to **maximize our impact** and expand our reach in this coming year and for many years to come.

In closing, I'd like to thank our team for doing such an incredible job making our goals come true, and thank the community of supporters like you without whom none of this would be possible.

The Working World manages a revolving loan fund to support the creation and growth of worker cooperatives. Our mission is to provide an alternative finance model to meet the needs of democratic business structures. We strive to create broader wealth, well-being, and opportunity for a greater number of people.

JUST-IN-TIME CREDIT

We practice a flexible, incisive form of social investment, delivering exactly the right amount of capital to growing businesses right when they need it. We then tie loan returns to project revenue creation, ensuring wealth is only created and never extracted from the businesses we serve.

HIGH-TOUCH & CAPACITY DEVELOPMENT

Capacity development plays a key role in turning an idea into a reality, giving businesses the tools to build toward sustainability, scalability, and success. We work closely with our businesses, ensuring they get support that is closely tailored to their particular needs.

IMPACT-FIRST MICROFINANCE

We actively partner with our businesses, sharing the risk and ensuring that our projects only create wealth and never take it away. Through our high-touch development and JIT credit approaches, we are able to take on higher-impact projects while maintaining a 98% return rate.

WORKPLACE DEMOCRACY

We support businesses owned and democratically-run by their workers. We talk through and require consensus from all business members before initiating investments, ensuring a broad commitment to make each project a success.

When we first met La Leonesa in early 2009 they were trying to bring honey to the people. Specifically, they wanted to introduce serving-size bags of honey to the local Nicaraguan population. While Nicaraguan honey is a hot commodity on the international fair trade market, back home most people are unable to access it in affordable quantities. The Working World helped the cooperative finance a feasibility study and later the raw materials to begin production.

Since that first project, The Working World has helped La Leonesa expand its product base to include eucalyptus and pollen-enriched honey, pollen powder, mead, shampoo, beeswax candles and even a wonderful and very popular honey wine. We also supported the cooperative's efforts to bid on a government contract to provide honey to tens of thousands of public workers as part of a Christmas basket. When they won the bid we were right there, approving a US\$6,000 loan in just two days to produce 21,000 bottles of honey. With our assistance they were able to complete the order a full four days ahead of schedule, shipping off what amounted to two years of sales in a mere 18 days. After, La Leonesa promptly reinvested most of what they earned to scale up production.

This turned out to be a great decision when in 2011 the government again came to the cooperative for its Christmas order. La Leonesa was again able to complete the order ahead of schedule and now looks to have procured as a client this important "anchor" institution for the foreseeable future. Now, in addition to working with the government for further procurements, they are also preparing an order for a large German fair trade buyer. And they are still making affordable serving-size bags for the local market. This is values-based production. This is real community wealth creation. This is development that gives people the tools to build for themselves.



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First "La Base" revolving fund opens in Buenos Aires, Argentina

First investment projects successfully completed

Permanent staff increases to five

The Working World makes its 100th loan, with repayment rate at 96%

Wins Social Entrepreneur Award from Help Argentina

Opens fair trade platform to sell products made by the cooperatives it supports

First expansion outside of Buenos Aires to Bahia Blanca and Rosario, Argentina

Expands to Nicaragua, soon thereafter making first loan outside Argentina

Receives subsidy and assistance from Argentina's Ministry of Social Development to support local cooperative growth

Founder and Director Brendan Martin awarded prestigious Ashoka Fellowship

Amount invested in cooperative business surpasses \$1 million dollars

The Working World makes 500th loan, repayment rate now at 97.5%

Expands to the United States, opening an office in New York and making first loans in North America

Receives deposits from two cooperative federations in Argentina to invest in the surrounding coop community

Brendan Martin named as Ashoka Globalizer

550 & counting LOAN PROJECTS

60+ BUSINESSES SUPPORTED

\$2,000,000 LOANED

\$4,000 AVERAGE LOAN

200 JOBS CREATED

10,000 WORKERS SUPPORTED

\$400,000 REVOLVING LOAN FUND

98% RETURN RATE

7+ TIMES EACH \$ LOANED

9¢ IN INTERNAL COSTS FOR EVERY \$ LOANED



INCOME

\$93,022.44 Donation Income
 \$392.72 Interest Income
\$93,415.16 TOTAL INCOME

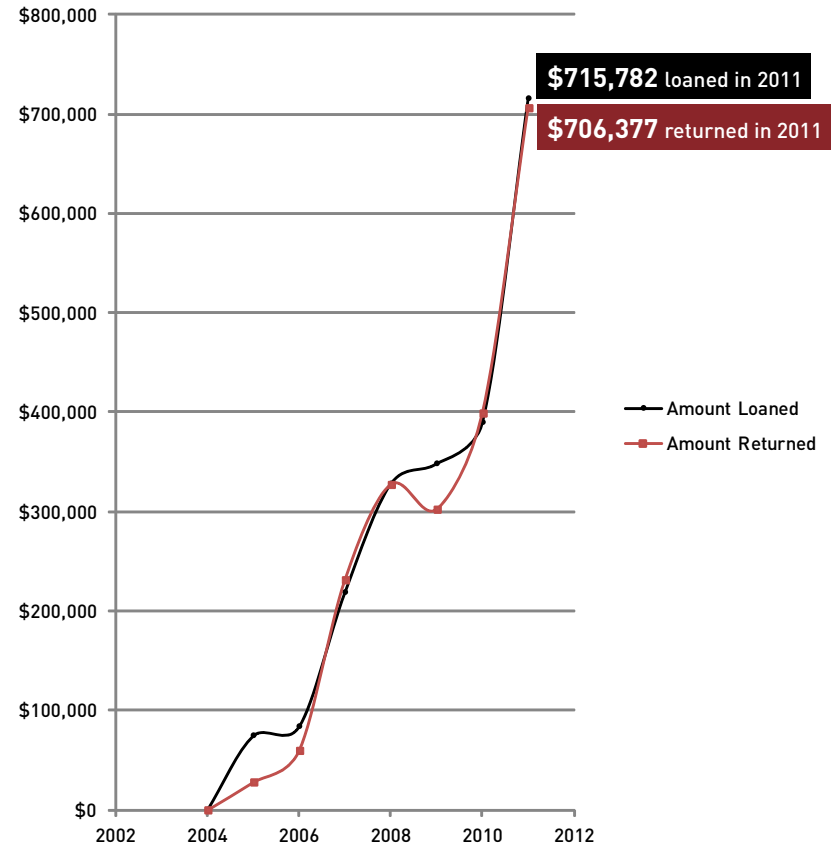
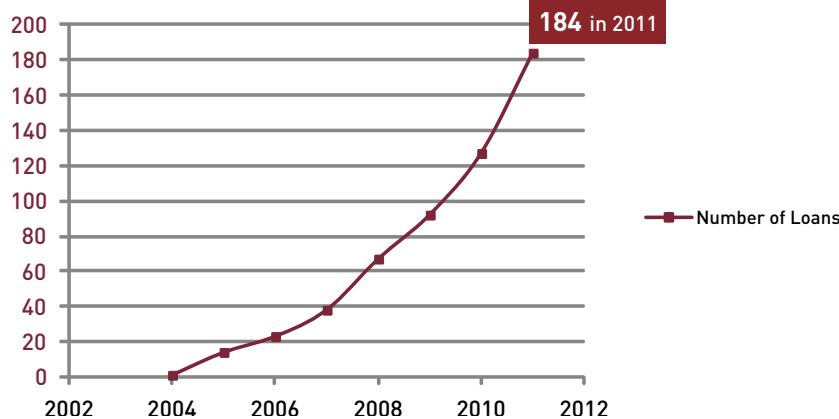
EXPENSES

\$8,696.09 Program Office Costs
 \$5,048.10 Financial Transaction Costs
 \$2,308.17 Program Transportation
 \$14,348.99 Expenses for Program Personnel
 \$442.11 Loan Officer Payroll
 \$1,491.81 Telecommunications
 \$19.62 Forgiven debts Nicaragua
 \$668.61 Team Events International
 \$45,000.00 Donation to Argentinean
 Partner Foundation
 \$612.25 Legal Costs
 \$4,504.33 Administrative Transport
\$83,140.08 TOTAL EXPENSES

NET INCOME

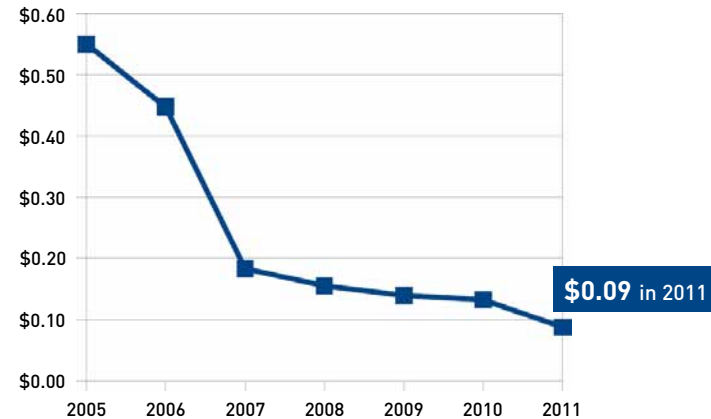
\$10,275.08

INVESTMENT PROJECTS



OPERATIONAL COSTS

(PER \$ LOANED)



When we first started working with La Toma in mid-2007, they were held together by little more than desperate poverty and a whole lot of other people's trash. Following Argentina's 2001 economic collapse, these women and men from the south side of Buenos Aires were making a living going through people's trash and selling anything of value for a marginal profit. Many of them had lived on the streets; some were back and forth from one month to the next. All were living day to day.

Over four years and 11 projects with The Working World, La Toma has turned into a stable, community-based business that provides a livelihood for dozens of people. During this time we have helped them buy machines to add value to their work, safety equipment and uniforms to make their jobs safer and prouder, and a truck to both receive and distribute the cooperative's growing volumes. Throughout our partnership, we have responded to their changing needs with incisive business advice to improve their long-term sustainability and provide all cooperative members with a broader set of professional skills.

Through this process, La Toma has become more of a protagonist in its own development story. The cooperative applied for and received a city permit to recycle high-end technological refuse like discarded computers, enabling them to enter the formal economy and ensure an inflow of high-value materials. As revenues increased, the cooperative, deeply rooted in the community where it is based, began to give back. They contracted a technician to learn how to repair computers and eventually rescued dozens of machines that otherwise would have been discarded. With these computers, they opened a local youth education center from which dozens of teenagers have graduated with a new set of skills, and recognized diplomas to prove it. They also sell computers starting at \$200 pesos (around USD \$40) to local families on a need-based sliding scale. On top of this already remarkable feat, the success of the youth center has led to the establishment of a soup kitchen that is now feeding 50-60 children per day.

These are real people and what they can do when lent the tools to change their own lives. This is values-based investment that nurtures real change both inside the business and in the neighborhood around it.



DONATIONS OVER \$10,000

Peter Stern
Josh Levine
Brendan Martin
Mark Yorra

FOUNDATION SUPPORT

SPARKPLUG \$8,800
VOGLER \$1,500

INVESTMENT PARTNERS

Paula Cardenau \$10,000
Mark Yorra \$10,000
RED GRAFICA AR\$100,000
UST COOP AR\$15,000

Re-imagining a world where finance is about community wealth creation and not just profit takes extraordinary supporters. We are continuously thankful for the support we have received and promise to keep on doing what we do best.

CONTRIBUTE

The world needs innovative ways to create new jobs and foster entrepreneurship and responsible wealth creation. We've shown a new way forward, and with your support, we can take this award-winning method of social investment, scale our work, and maximize our impact potential.

Help us reach our goal to raise \$120,000 dollars in 2012 by donating directly to our investment fund or adding an impact investment to your existing portfolio.

INVEST

If you're an investor looking to diversify your portfolio to make a difference, or already an impact investor looking for action-oriented investments, we offer a range of investment levels that can match your appetite for risk with varying degrees of financial and social ROIs.

For more information about adding The Working World to your portfolio, please contact **Brendan Martin** at 646-257-7144, or via email at brendan@theworkingworld.org

DONATE

Every dollar counts when it comes to impact-first investment strategies.

Donations are an important foundation of our work and allow us to keep our commitment to impact-first microfinance. They establish the capital base in our fund that allows us invest in riskier projects in order to seek deeper impact in the communities we work with and higher social returns, rather than purely financial returns on investments.

Our organizational budget is only nine cents for every dollar loaned, so you can rest assured that your donations are making a truly lasting impact in our rotating loan fund to be invested time and time again in cooperative enterprises.