1999

Inspired by his travels in rural Mexico, Willy Foote founds Ecologic Finance, which will later change its name to Root Capital in 2006.

Issues first loan to ASOBAGRI, a cardamom and coffee cooperative in northwestern Guatemala.

2000

Disburses $855,000 to nine clients in Costa Rica, Guatemala, Mexico, and Panama.

Starbucks first to provide guarantees for Root Capital loans.

The Wall Street Journal profiles Root Capital on its front page.

2001

20th loan disbursed.
Dear friends,

We started 20 years ago with a vision: A future where a thriving agricultural sector enables smallholder farmers and rural communities around the world to become more prosperous, inclusive, and resilient.

With your support, we’ve made huge strides toward that vision. In 2018 alone, we provided $97 million in lending to 202 agricultural businesses and trained 430 enterprises, reaching 2.9 million people in the world’s most economically disadvantaged and environmentally vulnerable communities.

I’m extremely proud of how far we’ve come. Since 1999, we’ve successfully demonstrated that lending to previously-overlooked agricultural enterprises is not only viable—it changes lives. For us, it’s not only about proving that small and growing agricultural enterprises can manage credit, engage with markets, and improve their business. Our mission is to invest in the growth of these businesses so they can become engines of impact.

That impact has never been clearer. In a recent study, we learned that every dollar donated to Root Capital’s lending causes farmers to earn three dollars of extra income—an incredible multiplier. Last year, as you’ll see in this report, we partnered with our clients to address a range of barriers to their long-term growth and resilience. In Peru, we trained enterprises on how to use mobile technology to maintain certifications that enable higher prices for farmers. In Kenya, we worked with clients to increase opportunities for women and youth, both of whom are critical for the future of agriculture. And in Mexico, we helped farmers adapt to environmental shocks brought on by our changing climate.

With climate change, regional insecurity, and record-low coffee prices affecting so many of our clients, our work remains challenging. But 20 years in, I’m more hopeful than ever. Time and again, from Guatemala to Uganda, I’ve witnessed the outsized impact that agricultural businesses can have on rural communities—indeed, entire regions.

We have the opportunity to magnify that impact; to break the cycle of poverty for millions. As one of our most crucial allies in this journey, I thank you. And I invite you to take the next steps, with us and our clients, toward the vision we all share.

With gratitude,

Willy Foote
Founder & CEO
Dear friends,

Over years of watching Root Capital closely—as a funder, peer, a native of Honduras, and now as a member of the board—I’ve come to associate certain words with the organization:

**Visionary.** Root Capital was among the first organizations to demonstrate that huge segments of the world deemed “too risky” by traditional markets can thrive with the right type of capital and training.

**Transformational.** Root Capital has helped create a growing agricultural finance sector dedicated to serving the capital needs of smallholder farmers—something that was unthinkable 15 years ago!

In the years ahead, these qualities will remain crucial as we continue to serve the needs of our clients with capital and advisory services.

At the same time, Root Capital must adapt to new opportunities and challenges. **The heart of our work is, as always, our clients.** And right now, they are united in telling us that climate change is the #1 threat. Farmers are the first to experience climate shocks, but most lack information and resources to adequately respond. That’s why Root Capital has piloted initiatives to help our clients invest in environmental sustainability and train farmers in climate-smart agricultural practices. The result, as you can see in the story of Triunfo Verde later in this report, has been increased resilience.

Over the next 10 years, we will lead the sector in supporting agricultural enterprises to develop the information, skills, and capital to adapt to climate change. We will bring world-class innovation to farmers on the ground, taking into account both their income needs and their long-term dependence on a sustainable planet. In addition to providing customized advisory services to help businesses adapt to climate risks, we will undertake a multi-year initiative to identify and pilot new products to finance adaptation investments. At the same time, we will highlight the connections between climate change and related issues, such as food insecurity and migration.

**Root Capital’s impact over the last 20 years wouldn’t exist without the generous support of our donors and investors.** And without you, our efforts to build prosperous, inclusive, and resilient rural communities over the coming years can’t succeed.

Many thanks for your commitment and support,

Ana Zacapa
Board Chair
2002

Green Mountain Coffee Roasters becomes our first corporate investor.

2003

Co-founds the Finance Alliance for Sustainable Trade (FAST), an industry alliance that enables greater farmer access to credit and related financial risk management tools.

2004

Disburses first loan in East Africa to Musasa, a Rwandan coffee cooperative.

2005

Opens first office in Central America.

Willy Foote receives Skoll Award for Social Entrepreneurship. The award recognizes and supports social entrepreneurs whose work has the potential for large-scale influence on critical challenges of our time.
Farmers earn on average 22% more income from cocoa as members of Peruvian cooperatives supported by Root Capital.
For decades, the indigenous Awajún people of Peru’s northern Amazon have struggled to overcome systemic poverty, discrimination, and violence. Completely reliant on middle-men to bring their crops to larger markets, farmers had little control over the prices they earned for their labor.

Now, as members of the APROCAM cooperative, they’re attaining higher incomes—and a better quality of life. “Thanks to APROCAM, we’re earning much more than we did with intermediaries,” says Maria Sukut, an Awajún cocoa farmer (pictured above). “We’re better now.”

APROCAM received its first Root Capital loan of $200,000 in 2014. Since then, we have provided the business with more than $1.5 million in essential financing that has enabled APROCAM’s steady growth. Before working with Root Capital the cooperative sold 56 metric tons of cocoa; by 2018, sales had risen exponentially to 325 metric tons. This business growth enables APROCAM to bring higher prices to hundreds of farmers.

But that’s not all. APROCAM also offers its members training and services that boost their farm productivity. “Pests and diseases are the most critical problems that we face with cacao,” says farmer Nicodemo Wachapea (pictured above). “We don’t receive any support from the government authorities, and only APROCAM offers us technical assistance, because we’re members of the cooperative.”

In addition to financing, Root Capital provides vital training to ensure APROCAM can maintain efficient business processes while sales steadily increase. In 2018, this included 15 days of on-site training delivered free of charge. In addition to strengthening the enterprise’s financial planning skills, we trained its technical team on the use of mobile data collection, which means they can more efficiently capture information at the farm level. This data is critical to ensuring the cooperative complies with the Fair Trade and organic certifications that help them guarantee a higher purchase price for farmers. It also helps management analyze common challenges that their producers are facing—and how the business can intervene to overcome them. “These tools are simple,” says general manager Mario Zulueta Vásquez. “But they help us manage the cooperative well.”

For decades, the story of the Awajún people has been one of poverty and hardship. Today, with help from APROCAM and Root Capital, they’re writing a new story of success.
More than 2.5 billion people like Elin Vazquez Salas (left) rely on small-scale farming for their livelihoods.
Elin Vazquez Salas grew up in a remote mountain hamlet in Chiapas, Mexico. Until the age of 12, he didn’t own shoes. Like many before him, as a young man he crossed the Rio Grande, working in a Texas jeans factory until he had saved enough money to return home and buy a small coffee farm.

In 2015, an outbreak of coffee leaf rust destroyed 80 percent of Elin’s crop. It was a catastrophic event for thousands of farmers throughout Latin America. But thanks to the support of CESMACH—a farmer cooperative financed by Root Capital since 2005—Elin was able to replace the bulk of his dead coffee plants with new, disease-resistant trees.

Once, Elin had no shoes; now, with the income he earns from his organic coffee, he’s sending his daughter to college.

**Agricultural businesses are the key.**

More than 2.5 billion people like Elin rely on small-scale farming for their livelihoods. With limited resources and land, and poor access to markets, they face a constant struggle to make ends meet. Any change in prices, weather, or crop health can spell disaster.

That all changes when farmers are part of an agricultural business.

These enterprises aggregate hundreds or even thousands of producers, connecting them to larger markets. They provide rural populations with jobs, training, and higher incomes. They supply vital inputs, introduce climate-smart practices, and invest in local infrastructure.

...They are the coffee cooperative in Rwanda, providing a hopeful path for women widowed by the 1994 genocide by helping them earn higher prices to rebuild their homes and lives.

...They are the enterprise in Peru implementing a reforestation initiative that creates a microclimate for farmers’ coffee and cocoa to thrive for decades to come.

...They are the macadamia nut processor in Kenya building a on-site daycare so that working mothers can ensure their children’s needs are met while earning enough to save for their families’ futures.

**Together, we are transforming rural communities.**

Your support is vital to unlocking the potential of agricultural businesses to be engines of impact for rural communities. That support enables Root Capital to provide needed credit and capacity building for enterprises that can’t access it anywhere else.

Thanks to all our partners, individual donors, foundations, businesses, and governments, over the last 20 years, Root Capital has provided $1.3 billion in credit to almost 700 enterprises and trained more than 1,300 businesses.

Thanks to you, we’ve improved incomes and opportunities for over 5.9 million people—all in the world’s most remote, vulnerable communities.

“We’ve supported Root Capital over the years because of their effective approaches to supporting families in their efforts to stabilize and grow their incomes. We’ve been particularly interested in social impact for women and girls, and impressed with their results-driven and innovative programs.”

- Katherine Borsecnik, Root Capital Donor
2006

Launches first financial Advisory Services in Mexico and Central America.

Officially changes name from Ecologic Finance to Root Capital.

2007

Willy Foote becomes an Ashoka Fellow, a distinction given to leading social entrepreneurs.

2008

$100 million in cumulative loans disbursed to small and growing businesses.

Expands services in Africa.

500th loan disbursed.
Since our founding in 1999, we have lent $1.3 billion to 700 enterprises reaching 1.3 million farm families (6 million people), and provided training to 1,375 enterprises.

In 2018, we partnered with hundreds of businesses that changed the lives of nearly three million people in farming communities around the world. We are deeply grateful to our donors and investors for helping us raise incomes, create jobs, and unlock opportunities for farming families.

### Our Impact in 2018

- **$97M** loans disbursed
- **202** businesses financed
- **430** businesses trained
- **631,000** farmers
- **17,000** enterprise employees
- **2.9M** total household members

88% of our 2018 clients make intensive investments in social and environmental services for smallholder farmers.

- 34% pay farmers at least 10% more than the local market price for their crops.
- 32% pay employees more than 20% above minimum wage OR pay more than 10 percent above minimum wage and provide benefits.
- 50% provide farm visits and at least one additional extension service (e.g., centralized training, access to inputs) to at least 50% of farmers.

- 39% provide internal credit options to at least 25% of farmers.
- 39% provide community services in education, health, water, or transportation to at least 25% of farmers.
- 21% promote income diversification activities with at least 25% of farmers.
- 45% were gender-inclusive.
We work in the most economically and environmentally vulnerable communities.

Most of our 2018 clients operate in areas where income is typically less than $5.50 per person per day.

- **40%** < $3.20/day
- **23%** $3.20–$5.50/day
- **37%** > $5.50/day

- **95%** are located in environmental hotspots.
- **89%** operate in areas where biodiversity is at risk, soil health is degraded, and/or water is scarce or of low quality.
- **58%** are located in regions where agriculture is expected to be severely impacted by climate change.
2009
Receives first program-related investment from the Bill & Melinda Gates Foundation’s Agricultural Development initiative.

Receives the 2009 Financial Times and IFC Sustainable Banking Award for Achievement in Banking at the Bottom of the Pyramid.

2010
The Overseas Private Investment Corporation (OPIC), the U.S. Government’s development finance institution, invests $10 million in Root Capital.

Among 14 organizations chosen for having the best models to catalyze finance for small- and medium-sized enterprises at the G-20 SME Finance Challenge.

2011
First all-staff retreat brings 85 staff members representing 19 countries to Thompson Island, MA.

1,000th loan disbursed.

2012
Launches the Women in Agriculture Initiative to better understand and strengthen the impact our clients have on women and gain a deeper insight into all of the roles that women play in agriculture.
Employees earn 40% more average income at Kenyan macadamia enterprises supported by Root Capital.
From machine operators and trainers to quality control specialists and sorters, The Village Nut Company provides employment to nearly 100 individuals in the rural community of Karatina, two hours north of Nairobi. Most are young people, especially young women, in their twenties and early thirties. For many, this is their first formal job.

These days, young people often don’t see viable career pathways in agriculture. It’s physically demanding, and without access to markets or vital resources it can be nearly impossible to earn a livable income. As a result, far too many youth are permanently leaving rural areas, migrating to urban centers and even abroad in search of better opportunities.

The Village Nut Company is investing in the next generation by creating reliable career paths for youth in the community. Rather than establishing their business in Nairobi, the Muhara siblings—two brothers and two sisters—returned to their rural childhood home. Here at their state-of-the-art processing facility, this family-owned business provides meaningful economic opportunities for local youth.

Since 2015, Root Capital has provided more than $3.6 million in cumulative financing to The Village Nut Company, enabling it to purchase high-quality macadamia nuts from local farmers and process the nuts for export to international markets. Over the last few years, we’ve worked with The Village Nut Company to address another challenge: equitable opportunities for women.

With women making up almost 70 percent of the enterprise’s employees, The Village Nut Company was well-positioned to address the unique barriers that prevent gender equity within the community. Many of the company’s employees were working mothers who didn’t have access to reliable childcare. This not only caused emotional and financial stress for families, it also led to increased absenteeism and turnover that affected the business’ bottom line.

Working with Root Capital, The Village Nut Company implemented a solution to this challenge. Through our Gender Equity Grants program, the enterprise received a $20,000 grant, which they used, in part, to open an onsite daycare that serves both employees and other parents in the surrounding community. In 2018, we worked with gender inclusion experts Value for Women to evaluate the impact of this program. They found that this relatively small investment resulted in time and cost savings for women, better development outcomes for children, and increased loyalty to the business from its young staff.

Agriculture will only be an attractive career to the extent that it offers dynamic, creative, and prosperous opportunities for young people, men and women alike. In this corner of Kenya, The Village Nut Company is cultivating the next generation.
2018 Finances

Sources of Funding
- Corporations/Businesses: 4%
- Governments/Multilaterals: 11%
- Individuals: 22%
- Foundations: 63%
- Fundraising: 6%

How We Use Funding
- Management & Operations: 16%
- Program Services: 78%
- Field Building: 14%
- Advisory Services: 31%
- Lending: 55%

Program Services Spending
- By Region:
  - Africa: 46%
  - Southeast Asia: 1%
  - Mexico and Central America: 26%
  - South America: 20%
  - Latin America Cross-Regional: 7%
- By Program Type:
  - Field Building: 14%
  - Advisory Services: 31%
  - Lending: 55%

Revenue and Expenses

<table>
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<th>Year</th>
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<tr>
<td>2017</td>
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Launches the $7 million, multi-year Coffee Farmer Resilience Initiative (CFRI) to combat the coffee leaf rust epidemic and build farmer resilience, in partnership with public and private sector actors.

Releases Roadmap for Impact, laying out our evolving approach to impact measurement.

Begins lending in the Democratic Republic of Congo, disbursing three loans to three coffee clients in the Lake Kivu region.

$500 million in cumulative lending to small and growing businesses.

2013

2014

Announces the launch of the Council on Smallholder Agricultural Finance (CSAF), an industry alliance focused on creating a thriving, sustainable, and transparent financial market to serve the financing needs of small and growing agricultural businesses in low- and middle-income countries worldwide.

Expands services to Southeast Asia and begins lending in Indonesia.

Celebrates 15 years of impact, including $700 million in credit to over 500 businesses reaching 1.1 million farm families (4.5 million people).

2015

Average outstanding balance reaches $100 million for the first time.
Farmers earn 13% more average income as members of Mexican coffee cooperatives supported by Root Capital.
The misty forests of southern Mexico’s El Triunfo Biosphere teem with life. However, that life hangs in a delicate balance; a rapidly changing climate threatens both farmers and the natural environment that sustains them.

In 2000, 150 coffee farmers in the region around El Triunfo formed the Triunfo Verde cooperative with a single goal: attain better prices to improve living conditions for farming families. But when Root Capital met Triunfo Verde in 2006, the cooperative was struggling. The business couldn’t access the capital it needed in order to operate successfully, and sales had been in steady decline. Root Capital offered them finance and credit that they couldn’t find anywhere else, and Triunfo Verde began to grow for the first time in years.

As the cooperative has grown, it’s remained committed to being a crucial steward of the environment it depends on. With support from Root Capital, Triunfo Verde has trained its members to use compost and plant shade trees on their farms—techniques which help preserve this delicate ecosystem. In 2018, Root Capital’s advisors provided 25 days of on-site training to strengthen the cooperative’s agronomic extension program—including integrating mobile technology to collect farmer-level data and project crop harvests. Utilizing these skills, Triunfo Verde launched a community-wide campaign to enrich their farmers’ soils and replenish their coffee trees. With credit and capacity building from Root Capital, cooperative members have the tools they need to protect an environment unlike anywhere else in the world.

Triunfo Verde also invests in sustainable livelihoods for its 500 farmers. Using a line of credit from Root Capital, the cooperative pays its members in cash at the time of the harvest. With the higher incomes they earn, those farmers can pay for medicine, doctor’s appointments, healthy food, and school fees for their children.

As those children grow, Triunfo Verde offers them opportunities to contribute to the business’ conservation efforts while jumpstarting their careers. Leveraging a $20,000 Challenge Grant from Root Capital, in 2018 the cooperative trained 23 young women and men in organic honey production. With their new skills, these young people can supplement the incomes their families earn from growing coffee. They’re also building a population of bees that will pollinate indigenous plants, helping preserve the region’s biodiversity.

Businesses like Triunfo Verde stand at the frontlines of the world’s most urgent environmental challenges. By supporting them, we sustain both hardworking farmers and the planet we all share.
Our Supporters

Root Capital honors its partners based on the total amount of pledges made or ongoing in 2018. We are grateful for their generosity and partnership in transforming rural communities around the world.

$1M+ Supporters

Australian Department of Foreign Affairs and Trade
Cartier Philanthropy
IKEA Foundation
Inter-American Development Bank (IDB)
The Kendeda Fund
Mastercard Foundation
Ray and Tye Noorda Foundation
Propel Capital
Silicon Valley Community Foundation
Small Foundation
U.S. Agency for International Development (USAID)
Wagner Foundation

$100,000 to $1,000,000

Anonymous (3)
Argidius Foundation
Fomento Social Banamex, A.C.
Franz and Anne Colloredo-Mansfeld
The ELMA Growth Foundation
The Grant and Lara Gund Foundation
Keurig Dr Pepper
Lucille Foundation
John D. and Catherine T. MacArthur Foundation
Mulago Foundation
Open Society Foundations
The Overbrook Foundation
David and Lucile Packard Foundation
Peery Fund
Puma Energy Foundation
Rising Tide Foundation
Swedish International Development Cooperation Agency
Swiss Agency for Development and Cooperation (SDC)
Swiss Re Foundation
The Trafigura Foundation
Vitol Foundation
Walmart Foundation
David Weekley Family Foundation
Katherine Borsecnik and Gene Weil

$10,000 to $99,000

Adam Smith International
Bank of America Charitable Foundation
James Benenson, Ill
John H. & Penelope P. Biggs Charitable Fund
John F. Brooke
Camberos Family Fund
Equal Exchange, Inc.
The Eynon/Mather Trust
The Gaudio Family Foundation
Hover Family Fund
International Center for Tropical Agriculture (CIAT)
Chris and Lisa Kaneb Fund
Landry Family Foundation
Lindmor Fund
Long Term Foundation
The Magis Charitable Foundation
Morris Family Foundation
Mortenson Family Foundation
Pace Able Foundation
Partners in Food Solutions
Prudential Financial, Inc.
Edward and Barbara Shapiro
The Strachan Foundation
Frederick Morgan Taylor, Ill
$1,000 to $9,999

Anonymous (2)
Albright Family Charitable Fund
The Altman 2011 Charitable Lead Annuity Trust
Mary Barton-Dock
Amy Bell
Edward and Tracey Benford
Peter and Susan Bernard Charitable Gift Fund
Lucy U. Blakeley
Jacques Perold and Amy Boesky
Philip Brown
Ethan Carlson
Charles and Lael Chester Fund
Daniel F. Crisafulli
Alexander Feinberg and LiAnna Louise Davis
Denison Family Foundation
William and Virginia Foote
Fortimize
FThree Foundation
C.D. Glin
John T. and Felicia R. Hendrix
Keira Heneghan
Honeybee Fund
The Margaret M. Hixon Fund
Michael K. Henriques and Mary A. Hou Trust
David A. Hoyt
Roy A. Hunt Foundation
Arnold Kanter
Andrew C. Kerin
Sue and Chris Klem
Marilyn Larson
Bradley Lerch
Stuart Levinson
L. Hardy Mason
Jan-Maarten Mulder
Randall Perkins
Peyser Family Fund
Ellen Reid
Rheinfrank Foundation
The Sophie Robinson Charitable Fund
Tom and Linda Savage
Steven Schreiber
Victoria Schwarz
Susanna Place and Scott Stoll
Ronald and Elizabeth H. Sugameli Charitable Fund
Janet E. Traub
Marissa C. Wesely Fund
Simon Winter
Lily Yen
Brace Young
Sherwood and Ziolkowski Family Charitable Fund

$250 to $999

Anonymous (2)
Keith Abouaf
Applied Materials Foundation
Ellen E. Bush
Cabot Family Giving Account
Troy Carter
Jonathan Chambers
Peter Choo
Peggy Clark
Christine A. Cody
Tina and Harvey Crosby
Melissa Dann
Susan Dawson
Liza Dubrow
Joaquin Falcon
Peter Farrell
Nicole Fedoravicius
Edward Foote
William and Kari Foote Family Charitable Fund
Jane and Whit Gallagher
Ian Gazard
Gluck Family Charitable Fund
Root Capital welcomes support in addition to cash gifts, such as publicly traded or privately held stock, bequests, or other planned gifts. You can double the impact of your gift with a match from your employer. Please reach out to our team for assistance with any of these giving methods. You can contact us at giving@rootcapital.org.

We have done our best to acknowledge supporters according to their preferences. Please email giving@rootcapital.org should you find an error or wish to correct your listing.
Root Capital Timeline

2016

$1 billion in cumulative lending.

2,000th loan disbursed.

2017

Launches Mobile Advisory Services.

Announces a $50 million investment by OPIC, Root Capital’s largest source of funding that provides significant support for our established on-lending program to underserved businesses in Latin America and Africa.

Launches Gender Equity Grants program to maximize the impact of our businesses on women.

2018

Partners with the Australian government to invest in women-led enterprises in Southeast Asia.

Launches first pay-for-impact partnership with Roots of Impact, IDB Lab, and the Swiss Agency for Development and Cooperation. This partnership encourages lending to early-stage agricultural enterprises with high impact potential.