



# Enterprising Solutions Dignified Futures





**NESsT invests in social enterprises that generate dignified jobs for people most in need. We use an engaged approach providing tailored financing and one-on-one business development support to social entrepreneurs in emerging markets.**

## LETTER FROM THE CO-CEOS

**AFTER THE FALL OF THE BERLIN WALL, MANY DONORS ENTERED CENTRAL & EASTERN EUROPE TO SUPPORT THE EMERGENCE OF SOCIAL IMPACT ORGANIZATIONS. BY 1997, LESS THAN A DECADE LATER, MOST OF THESE DONORS BEGAN TO EXIT THE REGION.**

NESsT was founded in response to this. Concerned over the future of civil society and its capacity to resolve critical social and environmental issues in the region, co-founders Nicole Etchart and Lee Davis launched NESsT. The organization's core mission was to provide social impact organizations with the tools and capital needed to launch sustainable businesses that address poverty.

The genesis for its creation came a few years earlier when Nicole Etchart and Lee Davis, NESsT co-founders, were concerned over the future of civil society and the need to ensure that these organizations would not be able to sustain themselves. They knew that this would have repercussions on the opportunity to address poverty and strengthen democracy in the region.

**2017 IS A SPECIAL YEAR FOR AS WE CELEBRATE 20 YEARS.**

From the very beginning, we realized the power of social enterprises to make significant and sustainable change. We wanted organizations to be given the tools and blended capital to start these sustainable businesses.

We wanted to support them for at least three to five years, to engage the private sector as business advisors, and to measure impact. But we also knew that it is not easy, that we needed to remain committed to our portfolio, albeit always trying to do it better and for greater impact.

Our first partners were major financial institutions and private equity funds in the two regions, such as Deutsche Bank, Citigroup, Unicredit, JP Morgan Chase, CVC Capital Partners, and Mid Europa Partners, who partnered with us providing financial support and engaging their employees as volunteers. All of these banks have created impacting

investing arms and many of the leaders of these firms are now on our global board. Today, the need for early stage capital is recognized as a sector-wide challenge and more philanthropic capital providers are getting on board.

Throughout the years, NESsT has shared these practices, publishing over 100 case studies, books, and tools in 12 languages reaching tens of thousands of readers.

NESsT Enterprises invest in communities where most dare not to venture. Communities that live in vulnerable environments, often secluded, that face discrimination and who simply have not been given an opportunity in life.

Fishing communities in Peru have found an ally in Sustainable Fishery Trade, an enterprise supporting them to practice sustainable fishing while meeting local restaurant demand and earning fair prices.

Roma communities in Eastern Europe, partner with the enterprise Mesteshuker ButiQ, to produce and sell sought after products while preserving their cultural traditions and overcoming discrimination.

This is why NESsT exists. We identify visionary and committed entrepreneurs, providing them with the tools, mentoring, and capital that they need to grow their enterprises and change lives.

But we couldn't do it alone. We are honored to count on the support of people like you to train 16,000 entrepreneurs, invest in 187 enterprises, and to create 49,500+ jobs that improve the lives of close to half a million people that were being left behind.



Nicole Etchart and Loïc Comolli, Co-CEOs of NESsT



187

social enterprises supported

49,500+

dignified employment & income generation opportunities created

525,000

lives improved

US\$15.2 million

invested

## 20 YEARS OF IMPACT

### FIVE PIONEERING MILESTONES AT NESsT HAVE NOW BECOME MAINSTREAM IN OUR SECTOR.

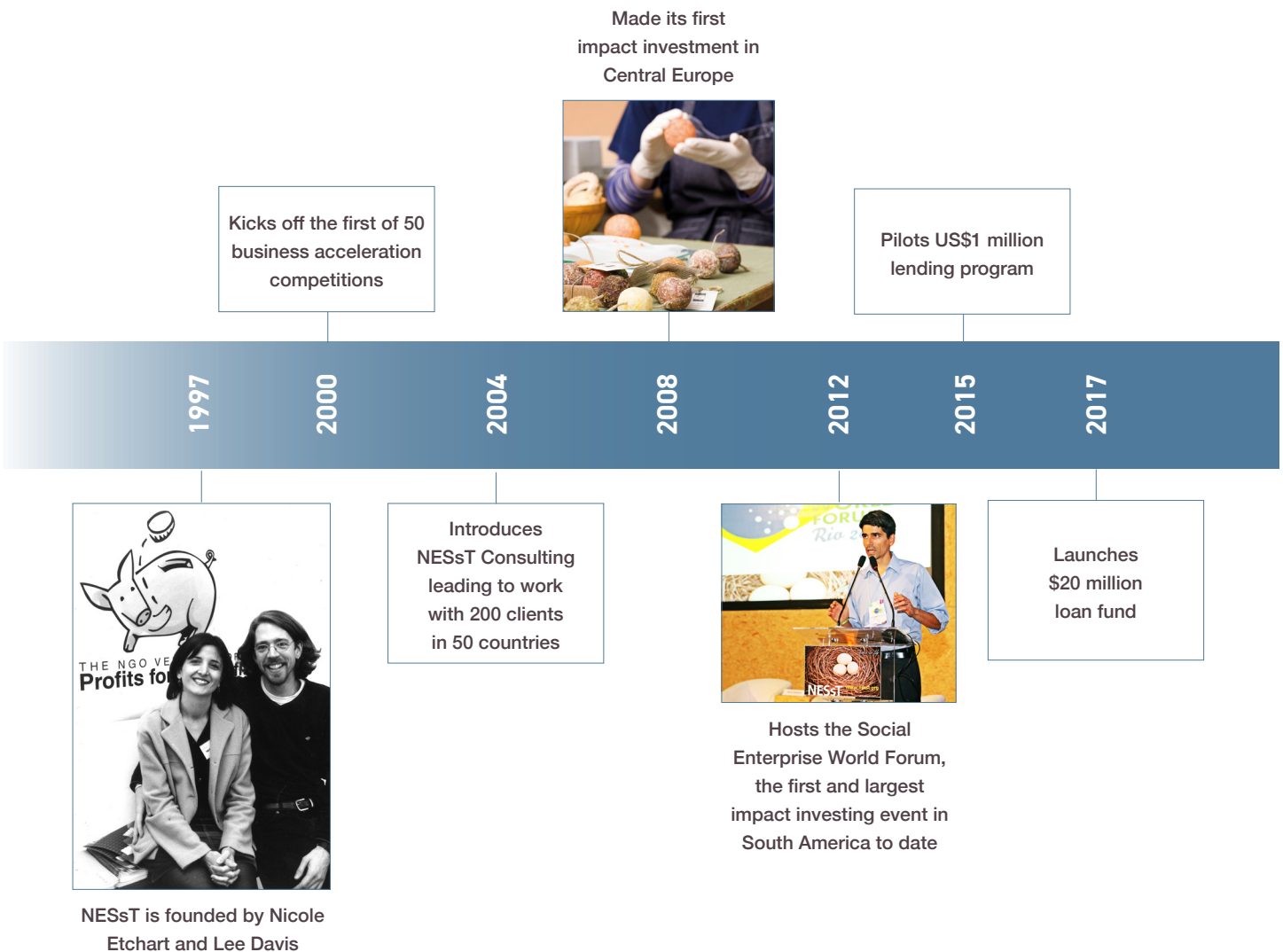
In 2000, NESsT launched its first business plan competition - THE accelerator program of the time. Today, there are hundreds of accelerators helping social enterprises get off the ground.

In 2004, NESsT launched its consulting business, which brought social entrepreneurship to more than 50 countries around the world.

In 2008, NESsT provided the first investment ever given to a social enterprise in Central Europe. Since then, NESsT has invested in social enterprises, including about \$1 million in loan capital. Also in 2008, NESsT began to work with for-profit and technology-driven social enterprises.

In 2012, we organized the first and largest-ever event on impact investing in Latin America. Close to 1,000 people participated.

In 2017, we celebrate the launch of our \$20 million loan fund, NESsT's first structured impact investing program.



## 2017 HIGHLIGHTS

# Measuring Dignity

**THE MAJORITY OF SOCIAL ENTERPRISES ARE ONLY MEASURING OUTPUTS, SUCH AS NUMBER OF JOBS, AND NOT THE QUALITY OF THESE JOBS AND WHETHER THEY ARE TRULY “DECENT” AND MOVING PEOPLE OUT OF POVERTY AND TOWARD A PATH OF SOCIAL MOBILITY. NESsT IS STRIVING TO CHANGE THIS PARADIGM.**

In 2017, NESsT collected data from 16 enterprises in our portfolio (out of 28) and a sample of 10% of their beneficiaries. The sample represents approximately 350 individuals who were suppliers to, employed by, or trained and placed by our enterprises.

A key goal was not only to understand individual income measurement methodology, but also how it compared to overall household income as well as poverty and minimum wage data.

By sifting through the data to benchmark against minimum wage and poverty level, we are beginning to capture a very clear picture of our portfolio and their beneficiaries. Once we are able to compare income earned over multiple years, we will begin to understand how income improves in correlation to enterprise performance.

In relation to job longevity and security, we asked interviewees if they had a contract, and if so, its duration. Since some did not, it was also important to know if they thought they would have their job the following year. The results were quite positive, with 80% having a contract that they expected would be renewed and 85% believing that they will still have their jobs next year.

Data collection on job dignity brought up one concern: in some supplier models, individuals tend to earn a small percentage of their overall income from the social enterprise and continue to rely on other sources of income. While we are aware of the reasons, mostly relating to the seasonal or part-time nature of supplying raw materials or semi-finished products to our enterprises, we want to use the information to have meaningful conversations with our entrepreneurs about ways that they can increase impact on their communities.

Data collected in 2017 served as a baseline, from which we can set precise goals and indicators with our portfolio on where beneficiaries should be a year from now, allowing our portfolio companies make more informed decisions related to their businesses.

We are excited to have taken these concrete and pioneering steps to measure the dignity aspects of the jobs generated by our portfolio. By adding dignity dimensions to the numbers, we can really begin to make qualitative impacts on the lives of those most in need.



Sixteen social enterprises participated in NESsT's pilot dignified employment survey, including Mai Bine in Romania (above).

## 2017 HIGHLIGHTS

# Innovation in Investing

### NESST PARTNERED WITH KIVA TO PROVIDE LOANS TO PORTFOLIO COMPANIES IN PERU.

In 2017, 1,400 Kiva lenders raised \$50,000 to help Pietà to open new retail stores in Peru and a distribution center that will support 110 inmates with training, jobs, and incomes that are 20% or higher above the minimum wage.

Project Pietà directly addresses a key factor that correlates with future criminal offense: future employment. Pietà is a social enterprise and clothing label that trains people that are incarcerated in the manufacture of bold clothing and pays them a portion of the sale of each unit of clothing they product, resulting in a reliable income they can send home to their families. Upon release, former inmates continue working with Pietà or seek jobs at other companies with Pietà's recommendation and support.

The \$50,000 loan will help to (1) open two stores to boost sales, allowing Pietà to expand operations to sustain its growth, and (2) to fund initial working capital needs for this

new store that will allow more inmates to earn income in the production workshops. Through its work, Pietà furthers the use of rehabilitation through economic inclusion that is paving the way for prison reform.

Pietà partners with inmates from all backgrounds: 18-68 year olds, men, women and trans people, people with sentences, short and long, LGBTQ+, university grads and people that never learned to read. Most resounding is the fact that 95% of them have children, and teen parents comprise the largest group working with Pietà.

Pietà fulfills this desire for people that are incarcerated and want to learn practical skills, to earn a dignified income to support themselves and their families and to achieve their potential.

Don Carlos, one of the founders of Pietà, is a role model that has made it possible for more inmates to work. He has been incarcerated in Lurigancho for 13 years and his passion and diligence led to the development of a stamping workshop that he oversees. With Pietà, Don Carlos manages four inmates and oversees the workshop as point person to Thomas, the CEO.



Through its partnership with Kiva, NESST provided loan funding this year to three social enterprises in Peru, including Project Pieta (above).

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**“If you don’t have something with which to occupy your time, your head fills up and that’s where the stress and sickness come in. The best thing to do is to work. There are few people that believe in that, but we should promote the opportunity to work.”**

*- Don Carlos*

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## 2017 HIGHLIGHTS

# Partnerships for Impact

**NESsT PARTNERED WITH THE CISCO FOUNDATION TO TRANSFER OUR BUSINESS ACCELERATION AND INCUBATION METHODOLOGY, REFINED OVER 20 YEARS, INTO AN ONLINE PRODUCT FOR ENTREPRENEURS.**

Social entrepreneurs bring solutions to the world's greatest problems. However, they're faced with challenges in the day-to-day aspects related to consolidating and growing their enterprises.

Since 2016, Cisco has supported NESsT in launching Idea2Entrepreneur (I2E), a suite of online tools that helps social entrepreneurs to strengthen their businesses and impact. The first I2E module is the Talent Tool, an online self-assessment and guided action plan for growing the leadership skills and capabilities of entrepreneurs.

Sustainable Fishery Trade (SFT) is an enterprise in our portfolio that experienced first-hand the impact of the Talent Tool on its operations. SFT sources seafood directly from small fishing communities and sells it to restaurants and retail shops, ensuring improved livelihoods for fishing families. During the NESsT due diligence process, the management team of SFT completed the Talent Tool and identified the following priorities: 1) implementing customer tracking, 2) building stronger operations as new employees come on board, and 3) pitching to investors and negotiating partnerships.

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**“To be humble is to understand your strengths and weaknesses. This tool helps entrepreneurs to measure their level of humility and commitment to the vision they're working towards.”**

*- Simone Pisu, CEO of SFT*

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Luis is one of the first artisanal fishers to team up with Sustainable Fishery Trade in Peru (above).

Luis is a Peruvian artisanal fisher specializing in diving for whom this work has made a difference. He wakes up early each morning to harvest sea urchin and octopus. For many years, Luis sold sea urchins to a local buyer for \$0.50-0.80 soles per unit (\$0.25 USD) and octopus for \$8-10 soles per kg (\$3 USD). After a day of work, he had earned only a few dollars to support his family. This is because the market imposes prices without a fair share of the payment to the fishers.

SFT began working with Luis and trained him on sustainable fishing practices. SFT also trained Tania, his wife, in best practices for handling and processing the catch, while also providing them with tools to trace their catch and improve the safety of their trade. Today, at the day's end, Luis has received 70% more per unit of sea urchin and 40% more per kilogram of octopus. Luis and Tania learned the added value of their products and are both generating income for their family. This revenue enabled them to invest in a shop in their village as an alternative source of income during the offseason.



A man with a beard and a black beanie is holding a large, round, textured golden object. The object has concentric circular patterns and a metallic sheen. The man is looking down at the object with a focused expression. The background is dark and out of focus.

## IMPACT IN ACTION

**VICTOR IS A COPPERSMITH IN THE ROMANIAN VILLAGE OF BRATEIU. HE SAYS HE'S PROUD HE CAN CONTINUE TO PRACTICE THE CRAFT OF HIS ANCESTORS AND MAKE A LIVING DOING SO.**

Victor has steady work thanks to Mesteshukar ButiQ, a social enterprise that seeks to address a Roma unemployment rate that is five times greater than that of the general Romanian population.

Mesteshukar ButiQ designs and sells contemporary home decor, jewelry and clothing that relies on traditional production techniques and influences of Roma culture. The Roma artisans receive direct income for each product that they create.

Mesteshukar ButiQ has nearly doubled the number of Roma artisans in its network thanks to the financial investment and one-on-one support it received from NESsT to help scale its business and social impact.

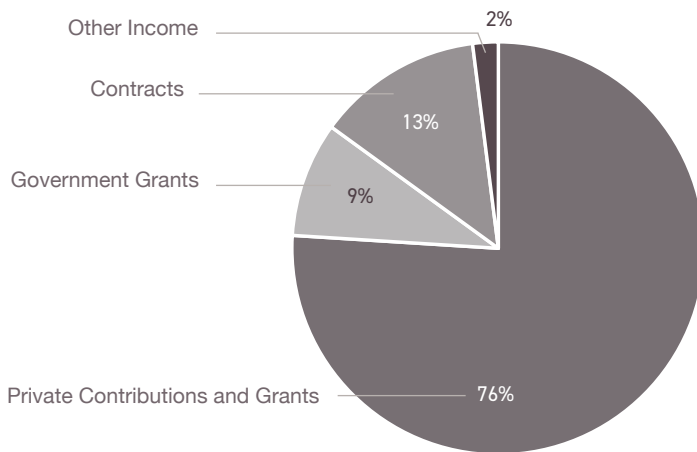
## FINANCIALS

# Statement of Activities Year Ended December 31, 2017

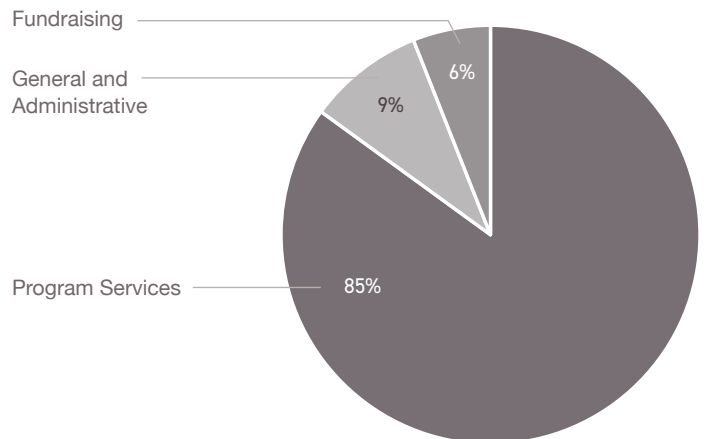
| Support and Revenue              | USD              |
|----------------------------------|------------------|
| Private Contributions and Grants | 1,719,344        |
| Government Grants                | 214,585          |
| Contracts                        | 287,682          |
| In-kind Contributions            | 38,845           |
| Investment Returns               | 6,402            |
| Foreign Currency Gain/Loss       | 10,034           |
| <b>Total Support and Revenue</b> | <b>2,276,892</b> |

| Expenses                      | USD              |
|-------------------------------|------------------|
| Program Services              | 1,718,435        |
| General and Administrative    | 182,127          |
| Fundraising                   | 121,507          |
| <b>Total Expenses</b>         | <b>2,022,069</b> |
| <hr/>                         |                  |
| Change in Net Assets          | 254,823          |
| Net Assets, Beginning of Year | 617,325          |
| Net Assets, End of Year       | 872,148          |

REVENUE BREAKDOWN



EXPENSES BREAKDOWN



The above financial information has been extracted from the annual audited financial statements for the year ended December 31, 2017. The full audited reports are available at [www.nesst.org/about-nesst](http://www.nesst.org/about-nesst).

## SUPPORTERS

# Special Thanks to the Organizations and People Who Made Our Work Possible in 2017

### Institutions

Accenture  
Alstom Foundation  
Badur Foundation  
Chubb Charitable Foundation  
Cisco Foundation  
Civil Society Development Foundation Romania  
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Johanna Posada

Bret Rosen

Mark Rosen

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*\* Departed from the board in 2017*

### **NESsT INTERNATIONAL LEADERSHIP TEAM**

Nicole Etchart, Co-Founder & Co-Chief Executive Officer

Loïc Comolli, Co-Chief Executive Officer

Roxana Damaschin-Tecu, Director of Portfolio

Melanie Finke, Director of Communications & Operations

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