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September 23, 2009

Dear friends,

Trickle Up's fiscal year 2010 began on September 1, so it is an appropriate time to report to you about the year just ended, the year ahead and changes we are making in a rapidly changing world.

The question I have been asked most often in the past 12 months has been "How are you doing?" Friends and supporters – usually in a concerned, even worried, tone – wonder how the global financial crisis has affected our fundraising efforts. The short answer is "we are doing fine," and I'll elaborate on that below.

But the more important question, in my opinion, should be: "How have the people whom Trickle Up serves been affected by the worldwide economic turmoil of 2008 and 2009?"

The answer, not surprisingly, is that there is no positive news for the poor in a stock market collapse, global slowdown in economic growth, rising unemployment, reduced philanthropic and government support for poverty alleviation, and a significant increase in the number of people who need a "hand up" during these times. The World Bank recently estimated that the global recession will push 89 million more people into extreme poverty by the end of 2010. "We are entering a new danger zone, not of free fall but complacency," says Robert Zoellick, president of the World Bank. "The poor and most vulnerable are at greatest risk from economic shocks."

But, in another sense, the noticeable impact of the global recession on the people whom Trickle Up serves – those who manage to live on an average of \$1 per person per day – isn't dramatic. Year in and year out, their lives are marked by profound poverty and vulnerability.

I recently had a stark reminder of that fact from a comment made by a Trickle Up participant in Mali, West Africa, as she recalled the difficulties that her family faced during the "hunger gap" – the September-November period that is traditionally the harshest in Mali. She would set a pot of water to boil on the fire even though she lacked food to put in it. For her own sense of dignity, she said, she had to seem like she was cooking something.

***Despite the economy, we helped more people in 2009***

The past 12 months have been a challenge for every organization, nonprofit and for-profit alike. So we are very pleased to have helped started 10,479 businesses in fiscal year 2009

– an increase of 22% from the year before – in Trickle Up’s program of business training, seed capital and savings support.

We were able to help more people even though our fundraising was approximately the same as in 2008, when total income was \$4.3 million. Our audited fiscal 2009 financial report will be completed by December, and we will publish our detailed results then. While the economic downturn restricted our potential for more dramatic growth in income, we are gratified to have the loyal commitments of Trickle Up donors.

Critical to our success in expanding Trickle Up’s impact in the past year has been our ability to manage expenses so that we could help people living in deep poverty at a time when they face even greater challenges. We reduced or deferred non-essential expenses wherever we could, made staffing changes that both reduced expenses and streamlined decision-making, and carefully managed our funds to maximize the benefit of a stronger US dollar.

The numbers only tell part of the story. Among our other accomplishments:

- India Pilot Program Completion: Our India program completed the third and final year of an ambitious pilot program in West Bengal that provides additional follow-up support to Trickle Up participants, adds a health education component to our training program and redefines the traditional Trickle Up seed capital grant. Later in this letter, I will describe further how we plan to expand this new approach to our entire India program.
- New Savings Methods: We have introduced new savings-group methods in each Trickle Up region, making use of both our own experience and effective savings methodologies used by other microfinance organizations. Our savings program helps Trickle Up participants build assets to expand their livelihoods and protect themselves against financial stress caused by medical needs, adverse weather and the traditional “hungry season” when food shortages loom and conditions are especially difficult in the countries where Trickle Up works.
- Guatemala Field Office: Our new field office in Guatemala became fully operational, working closely with nine local partner agencies in Guatemala and Nicaragua to serve 1,440 new Trickle Up participants. This gives us a solid base for expansion in coming years.
- Serving More People with Disabilities: We increased our commitment to serving people with disabilities by beginning a new partnership with USAID to develop new methods for helping people in Mali create successful livelihoods.
- Improved Evaluation Systems: We continued to expand our “monitoring and evaluation” program that is establishing a new set of metrics to help us demonstrate the effectiveness of our work to funders and to continuously improve and innovate. We conducted poverty assessment surveys

covering 92% of new Trickle Up participants, to enable us to reach people who live on \$1/day or less and then track their progress.

### ***Fulfilling our strategic plan***

Our fiscal year 2009 was the second full year of execution of the five-year strategic plan that Trickle Up adopted in 2007 (the full plan is available online at <http://www.trickleup.org/about/mission.html>).

Early this year we conducted a thorough self-assessment with staff and board to monitor our progress and lessons learned over the past two years, and to look ahead towards our growth over the next three years. Our main conclusions:

- Meeting our Goals & Objectives. We are on track for our primary programmatic goals and objectives: serving those at the deepest levels of poverty (living under \$1 per person per day), strengthening our partnerships with local community agencies, using new tools and metrics to measure our impact and continuously improving our core components of training, seed capital and saving support.
- Strengthening our Organization. We have improved our fundraising and communications. We have made progress in strengthening our systems in finance, human resources, information management and other support areas essential to maintaining a well-run organization. Our board has added new members who share our commitment to Trickle Up's mission and work hard to support us.
- Achieving Maximum Impact. Even as we catalog our successes and progress, we also look with a critical eye to where we are not yet meeting our strategic goals. One conclusion of our Strategic Plan review was that we have been straining ourselves by maintaining programs in eight countries in four regions, and that we needed to reassess our capacity to maintain such a large and diverse program. Historically, Trickle Up has operated in more than 100 countries over our 30 years, and our country roster has changed many times. One of the most important conclusions we reached in 2007 was that we could have the greatest impact by operating in fewer countries but with greater depth and impact in the places where we do work.

### ***Planning for the year ahead***

In April and May, we began to plan for fiscal year 2010. We looked at an economy that showed no signs of rapid recovery and reflected on the conclusions we reached during our strategic plan review. As a result, we decided to concentrate our geography further and limit our work to West Africa (Mali, Burkina Faso), India (the four northern states of West Bengal, Orissa, Bihar and Jharkhand, which are among India's very poorest areas) and Central America (Guatemala and Nicaragua). This meant the very difficult decision of

closing our program in East Africa (Uganda and Ethiopia) and, in order to grow our innovative program in India, ending our work in Nepal.

We have worked in these three countries for many years, built strong partnerships with local agencies and helped thousands of people “take the first steps out of poverty.” It is very difficult to leave regions where we know that poverty is deep and, as we had to do in East Africa, close a field office where our team and partners have done a superb job. But, in order to fulfill our mission in the way we think is most strategic and will produce the greatest long-term benefit for the most people, we have made these difficult choices. The metric that is most important to us is how many people we can serve effectively, rather than the number of countries where Trickle Up operates. We are very grateful to the staff, partners and funders who have done so much for Trickle Up and our participants in these areas.

As we made our plans for fiscal year 2010, we also decided to introduce significant changes in our program in India, in order to maximize the impact and sustainability of our work there. Among those changes: providing up to two years of follow-up support to Trickle Up participants after their initial year, adjusting the size of the Trickle Up seed capital grant to fit the needs of different businesses, providing small amounts of food support during the hungry season and introducing new training methods including training on basic health and sanitation issues. We will track results through a series of monitoring tools that will demonstrate our impact, as well as identify opportunities for future innovation.

### ***30 years...and counting***

Trickle Up celebrated its 30<sup>th</sup> anniversary in 2009. We’ve seen many changes over three decades, both in our work and in the field of global poverty alleviation. The visionary values and program philosophy that Glen and Mildred Robbins Leet established when they founded Trickle Up in 1979 have proven themselves to be both durable and flexible over three decades. We at Trickle Up are privileged to continue in their path and are grateful to all of the friends and supporters who have been with us on this journey.



Bill Abrams  
President