Grassroots Business Fund (GBF) is an impact investment fund that supports traditionally under-financed high impact small and medium businesses in Africa, Asia, and Latin America through a combination of long-term investment capital and tailored Business Advisory Services (BAS).

BAS is fundamental to setting portfolio companies on a trajectory for long-term growth and profitability. BAS underpins the capital that GBF deploys by building the management skills, technical knowledge and institutional capacity that the portfolio companies need to build better long-term sustainable business results, and thus drive social impact.

Leveraging years of investment and BAS experience, GBF offers tailored client support through a mix of general business and industry-specific activities aimed at helping them succeed.

BAS makes essential contributions to achieving impact on three levels:

- For the portfolio companies themselves, as entities and institutions
- For the employees of portfolio companies
- For the low income beneficiaries — 1) workers and suppliers (farmers, artisans, vendors) who receive hands-on technical assistance from investees and/or external consultants, 2) end-users of investees' goods and services.

**BAS Funds Committed by Functional Area**

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management</td>
<td>15%</td>
</tr>
<tr>
<td>Governance</td>
<td>3%</td>
</tr>
<tr>
<td>Strategy</td>
<td>11%</td>
</tr>
<tr>
<td>Environmental &amp; Social</td>
<td>23%</td>
</tr>
<tr>
<td>Operations</td>
<td>48%</td>
</tr>
</tbody>
</table>

**GBF’s BAS offering is focused on six key areas identified as critical for business success, such as:**

1. **Financial Management**: strengthening financial analysis, budget planning, etc.
2. **Strategy**: overall strategic plans and budgets that frame future business line expansions, resource planning, etc.
3. **Environmental & Social (E&S)**: Incorporation of good practices for (E&S): monitoring and improvement, impact evaluation, etc.
4. **Operations and Supply Chain Management**: trainings to achieve certifications, to improve quality of products, etc.
5. **Legal & Regulatory**: Restructuring existing entities into a form that improves efficiencies and encourages future investment, formalizing a board and corporate governance procedures, complying with new local laws, etc.

5. **Human Capacity & Governance**: finding skilled managers, retaining highly trained staff, attracting seasoned advisors, placing local mid- and top-level managers for extended periods, etc.
BAS Approach

GBF works closely with each client to determine the precise BAS it needs to be successful, and then connects clients with the appropriate partners to provide support or directly supports them through GBF’s local experienced field-based staff.

When necessary, GBF uses consultants for multiple clients who face similar issues. These “portfolio experts” are able to engage with clients over a longer period of time, build trust and mutual understanding, while bringing rigor and business expertise to companies. By “bundling” such activities, GBF is able to deliver BAS efficiently and inculcate BAS consultants with GBF’s approach and values.

BAS is structured to implement sustainable changes in companies over a long period of time and is ultimately measured by the overall company performance. While the true measure of the effectiveness of BAS is difficult to assess in the short term, GBP tries to capture and measure the effectiveness of individual BAS interventions against the rigorous milestones/deliverables set up per each project.

• We offer a small ticket size with repeated assignments for each company, i.e., the need to adapt, take account of twists and turns, client capabilities, and changing events.
• We extensively review capacity building and company assistance, and have gotten good results. Our BAS benefits from GBF being locally present, engaged, and capable.
• We have a monitoring system and set procedures for our companies’ management, including the doing of effective BAS; and we’ve been extensively reviewed by external organizations.

What makes our BAS unique?

Since 2008, GBF has carried out 494 BAS projects to date with 83 companies, amounting to $8.7M of funding.

After two years in the portfolio...

76% of GBF portfolio has:
• Manager in charge of financial planning
• Procedures in place to manage environmental performance

86% of GBF portfolio has:
• Manager producing and monitoring operating indicators
• Medium to long-term strategic targets.

71% of GBF portfolio has:
• Strong formal or informal network of advisors who regularly participate in Company reviews and governance meetings.

Value beyond investment capital

By investing in high impact businesses, GBF and clients have determined that an active partnership can not only generate economic returns for the fund and increase client revenues, but also generate catalytic impact for low income beneficiaries. GBF investment capital is a driving force that enables our clients to achieve potential growth and inclusive economic impact.

GBF forms meaningful partnerships with its clients, while remaining a business-minded, rigorous, and transparent investor. Companies see value addition in the blended finance package, the willingness to engage deeply as opposed to simply collecting loan repayments and, above all, the partnership and mentoring which a relationship with GBF provides.

This is demonstrated by the cost share provided by investees, as they contribute an average 20% of the costs of BAS services.