

CORPORATE SOCIAL RESPONSIBILITY



# The New Initiatives Fund

A Portfolio of Social Investments



A Passion to Perform.

Deutsche Bank



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## A Portfolio of Social Investments



Deutsche Bank Americas Foundation's New Initiatives Fund (NIF) provides flexible financing for community development projects that serve the needs of poor and disadvantaged communities within the United States and throughout the developing world. NIF fuels the projects and ambitions of a new generation of social entrepreneurs who are defining market solutions to meet diverse human needs. These initiatives originate from both the nonprofit/NGO and private sectors, and they are altering the development landscape with opportunities for sustainable social, economic, and environmental impacts without a continuous reliance on charitable support.

### **BACKGROUND**

The New Initiatives Fund (NIF) was established in 1997 by Deutsche Bank in response to a growing demand for capital that fit the usual terms of neither a charitable grant from the Deutsche Bank Americas Foundation nor a loan/investment from the bank itself. NIF was developed as a financial product that could be deployed at a larger scale than a typical philanthropic grant, with the ability to assume greater risk and lower returns than a conventional bank financing. To date, the fund has provided more than \$16 million to a wide variety of initiatives, including developing affordable housing throughout the United States, assisting small Gulf Coast businesses affected by Hurricane Katrina, improving the profit margins of cooperative coffee growers in Central America, establishing a mortgage industry in Kosovo and providing capital to build or improve childcare facilities throughout New York City.

### **LEVERAGING CAPITAL FOR GREATER IMPACT**

The New Initiative Fund fills the capital gap for projects that have often relied on philanthropic grants for early start-up expenses and are working their way towards mainstream commercial financing. All commitments from NIF qualify as Program Related Investments (PRIs) under IRS regulations, allowing the Deutsche Bank Americas Foundation to further its philanthropic mission and make active use of its endowment in serving the charitable needs of the poor. The Community Development Finance Group of Deutsche Bank, as the agent for this capital source, makes full use of all the capabilities of the bank in underwriting and structuring financings. Product offerings from NIF take the form of direct loans, equity investments, and credit enhancements and often allow projects to leverage other sources of financing. NIF agreements include covenants defining social, economic and/or environmental performance expectations. NIF prioritizes projects that offer the opportunity to bring an innovation to scale, have the potential to be replicated, and have realistic plans to graduate from subsidized financing sources to access conventional capital markets.

## FEATURED INVESTMENTS



in Nepal and a manufacturer of ceramic liners for energy efficient stoves in Ghana. The hope is that these companies will meet local energy demand through the delivery of efficient, low-tech solutions while contributing to local economic development.



Deutsche Bank's **GLOBAL COMMERCIAL MICROFINANCE CONSORTIUM** is a collaborative effort bringing together 13 institutional investors new to the community development field, 6 philanthropists, and the development agencies of the U.S., French, and British governments in the largest microfinance fund of its kind. The Consortium provides \$80.6 million in financing to 38 microfinance institutions in over 20 developing countries, enabling the provision of financial services to more than one million micro-entrepreneurs and small business owners. It is the first commercial fund to provide financing in the locally demanded currency. NIF's \$1 million equity investment in this structured fund contributes part of the \$17.25 million credit enhancement tranche necessary to leverage \$63.35 million in senior debt.



Over 150 million people suffer from visual impairments worldwide, of which 75% are easily treatable or preventable. Deutsche Bank's **EYE FUND I** creates a new avenue to provide health care via eye care hospitals that serve the poor in Asia, Africa, and Latin America. These high-quality hospitals are social ventures that use fees from affluent patients to cross-subsidize care for the poor, a model that is replicable to other health care and social service fields. The \$16 million Eye Fund attracts socially motivated commercial investors by utilizing a \$1 million equity commitment from the New Initiatives Fund as a credit enhancement alongside other PRIs and funds from international development agencies. The Eye Fund was developed in collaboration with Ashoka and the International Association for the Prevention of Blindness.



**SEEDCO FISHERIES ASSISTANCE CENTER** is working to rebuild the fishing industry in the Gulf Coast of the United States following the destructive impact of Hurricane Katrina. The Seedco intervention is a "one stop shop" offering local fishing entrepreneurs comprehensive business services in the form of loans for boat and dock repairs, as well as advisory services on how to rebuild their ventures with more modern equipment and marketing strategies. Seedco also promotes the adoption of best practices in new, more environmentally friendly fishing techniques. A \$250,000 loan from NIF is helping to finance a revolving loan fund administered by Seedco to benefit the local Gulf Coast fisheries.



**BRIDGE INTERNATIONAL ACADEMIES** has developed an innovative approach to delivering high quality education to poor children in Africa through a franchise model of private school ownership. With the help of a \$150,000 Deutsche Bank loan, Bridge International Academies is starting in Kenya by building a management model, its first three schools, and a teacher training component. This for-profit enterprise is premised on reaching children whose families earn less than \$3 per day, a huge untapped market in Kenya and throughout Africa.



**HERITAGE TRAVEL** is a new business launched by National Trust for Historic Preservation, a private, nonprofit membership organization dedicated to saving historic places and revitalizing America's communities. Through its web site Gozaic.com, Heritage Travel will offer travel and social networking services to individuals seeking life-enriching, heritage experiences that connect them to their past. Deutsche Bank's \$500,000 loan will enhance the company's efforts to drive tourism to low- and moderate-income communities in the United States, revitalizing these distressed communities by directing tourist dollars to their museums, restaurants, ethnic celebrations, and other cultural attractions.

## PORTFOLIO INVESTMENTS

**AAVISHKAAR GOODWELL INDIA MICROFINANCE DEVELOPMENT COMPANY** is a for-profit business development company that invests in entrepreneurial microfinance organizations in India on a socially and commercially sustainable basis. NIF made a \$120,000 loan to assist Goodwell in providing financial support to developing microfinance institutions in India.

**ATLANTIC CAPITAL PARTNERS** empowers the women of Kosovo by providing financial education, financial independence and financial opportunities via a range of discounted financial products. The New Initiatives Fund provided a \$133,000 loan to support the creation of an emerging mortgage sector in Kosovo.

**COMMUNITY DEVELOPMENT DEPOSITS** allow NIF to provide essential liquidity to financial institutions that serve low- and moderate-income communities. DBAF partners with leading intermediaries such as the National Community Investment Fund, the National Federation of Community Development Credit Unions, and Shorebank to identify credit unions, community banking institutions, and other deposit-taking institutions where DBAF's idle funds can be put to socially beneficial use.

**COMMUNITY REINVESTMENT FUND** operates the leading national secondary market for community and economic development loans. The \$500,000 quasi-equity instrument from NIF is deeply subordinated debt that allows CRF to leverage additional financing.

**CONSORZIO ETIMOS** is an Italy-based saving and credit cooperative offering financial services to its member organizations involved in microcredit and fair trade. NIF's \$300,000 program-related investment provided a revolving loan fund focusing on the growth of the hardest-to-serve, emerging, grassroots microfinance organizations.

**GROFIN** provides direct technical assistance and capital to small and medium enterprises (SMEs) in Africa. GroFin supports early stage businesses that are too large for microfinance institutions but do not have the necessary track record or collateral to access finance from the banking sector. NIF provided a \$750,000 quasi-equity investment in the GroFin East Africa Fund to support SMEs in Kenya, Uganda, Tanzania and Rwanda.

**LIVING CITIES CATALYST FUND** is a partnership of the philanthropic, corporate, and public sectors to bring opportunities and the power of mainstream markets to urban neighborhoods and residents historically left behind. NIF provided a \$1.5 million commitment to the Catalyst Fund, which pools capital to provide subordinated, below-market financing to improve education, provide opportunities to build income and wealth, and promote health and wellness.

**LOW INCOME INVESTMENT FUND** provides capital and technical assistance to help low-income communities finance and build facilities for education, affordable and supportive housing, child care and other community revitalization programs. NIF's \$500,000 quasi-equity instrument is deeply subordinated debt that allows LIIF to leverage additional financing.

**NEW YORK CITY HISTORIC PROPERTIES FUND** offers low-interest loans and project management assistance to owners of historic residential, non-profit, religious, and commercial properties throughout the City. NIF's \$300,000 program-related investment provided a revolving loan fund for HPF to provide historic preservation home improvement loans to low- and moderate-income New Yorkers.

**OPERATION EYESIGHT UNIVERSAL** operates eye care hospitals throughout South Asia, as well as parts of Africa and Latin America, that provide cataract surgery and comprehensive eye care to low-income people. NIF's \$500,000 will allow the organization to develop fundraising and marketing capacities to grow their business.

**ROOT CAPITAL** is a non-profit social investment fund that finances grassroots businesses in the developing world. Root Capital works with artisan and farmer associations that build sustainable livelihoods and transform rural economies in poor, environmentally vulnerable places. NIF provided a \$300,000 low-interest loan to finance sustainable fair trade agricultural cooperatives in Latin America and Asia.

**SHARED INTEREST** guarantees South African bank loans to financial institutions in low-income communities to create businesses, jobs, and affordable homes and services. NIF provided Shared Interest a \$200,000 program-related investment to expand their activities.

**UNITUS EQUITY FUND** is a global growth private equity fund that is an affiliate of Unites, Inc., an international nonprofit organization dedicated to advancing market-based solutions to global poverty. NIF's \$300,000 equity investment supports the development of new microfinance institutions.

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