

Special social enterprise issue

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Social Investments

Market opportunity



Deutsche Bank finances innovative social enterprises that deliver essential goods and services to help people in low-income communities navigate life's challenges and help secure their futures Photograph: Getty

Mobile capital

A new investment fund from Deutsche Bank supports innovative businesses helping the poor throughout the developing world

Social enterprises have the potential to play a vital role in addressing the fundamental humanitarian challenges of our time. These entities are bringing new ideas and strategies to reduce the poverty that affects more than half the world's population who live on less than USD 2 a day.

Everyone needs a place to live, income, healthcare and security. Economic theory says these needs should drive supply from the market. But the poor have not historically been recognized as a viable target market by mainstream business.

Throughout history, the entrepreneur has sought out the opportunities created by market failure. Today, a new generation of social enterprises is finding innovative ways for markets to serve those outside the economic mainstream.

Microfinance is probably the best understood example of social enterprise. Microfinance institutions raise capital from financial markets and deploy it towards the goal of stabilizing and improving the lives of the poor.

Yet microfinance is just the tip of what social enterprise can do. The social enterprise sector is growing and diversifying rapidly. Using new technologies and business models, social enterprises are emerging with innovative and commercially viable solutions to the needs of poor communities. A groundbreaking new global social enterprise investment fund developed by Deutsche Bank is providing the capital to support them.

Continued on pages 6–7 »



Opinion

Gary Hattem



Enabling enterprise

There is a sustained buzz throughout development, philanthropic and impact investment circles about the potential of social enterprises to fuel social and economic progress for communities outside the economic mainstream.

We at Deutsche Bank are long-time believers in this entrepreneurial approach to effecting positive social change, which harnesses market forces to deliver quantifiable and sustainable benefits for the poor.

Our lead story on the Essential Capital Consortium (ECC) evidences the huge potential of collaboration among diverse partners to meaningfully contribute to the success of social enterprises and the development of this still-nascent field.

The ECC forms part of a suite of poverty-focused social impact funds organized by the Global Social Finance Group to align differently motivated capital providers in a financial structure that values and measures social performance alongside risk-adjusted market returns.

Our investor group is made up of some of the world's most prominent corporations, foundations and development financial institutions who share a commitment to grow the social enterprise sector pragmatically and with measurement rigor.

This issue highlights pioneering initiatives led in the Americas and throughout the world, across sectors and issue areas, that further demonstrate the ways in which both for-profit companies and nonprofit organizations are achieving breakthroughs and impact.

Gary Hattem
President, Deutsche Bank Americas Foundation and
Head of the Global Social Finance Group



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International

Early days



Social entrepreneurs are mentored at the Social Impact Lab in Berlin Photograph: Jens Steingässer

Boom

Social entrepreneurship is taking off in Germany. Deutsche Bank volunteers are helping ideas to fly

Social entrepreneurship is becoming more common in Germany. In fact, it's booming. Young Germans are choosing to go into business to act on their social concerns. Deutsche Bank has teamed up with the nonprofit organization Social Impact to help them succeed.

Social Impact promotes social entrepreneurship in Germany by developing the infrastructure to support the growth of social businesses. It provides workspace for social start-ups at its business incubation labs in Berlin and other cities. With support from Deutsche Bank Foundation, it has set up the first crowdfunding platform for social start-ups. Deutsche Bank employees are contributing as well, by using their know-how to help steer businesses through their challenges in these crucial early years.

Deutsche Bank volunteers participate in Social Impact's Investment Readiness initiative. Financing is the key to success for any entrepreneur. With investment, a young business can scale up and branch out. The volunteers help the start-ups plan the steps that will get them ready for outside investment. Soon, they will be as comfortable talking about balance sheets, governance and impact measurement as they are discussing the ideas and values that drive their businesses.

"We've created a solution which combines the talents and competences of Deutsche Bank employees with the specific needs of young social entrepreneurs. This ensures that commitment gets to where it is most useful," says Norbert Kunz, founder and CEO of Social Impact.

Good combination

Berlin-based start-up Vehement has found an unusual niche in the market. It makes martial arts equipment from vegan leather. It bills itself as the world's first brand for sustainable fight gear. An ethical and sustainable supply chain is part of the company's social credentials. So too is its policy of donating a portion of the proceeds of each sale to animal conservation.

Vehement is looking to capitalize on the interest from North America in products that

include boxing gloves, body armor and apparel. Volunteer Marcus Rietsch, who works in corporate treasury sales in Frankfurt, is using his skills and contacts within the Bank to help the company raise the money to set up a local distribution center.

The company is in advanced negotiations with a private investor: "Vehement wanted advice on financing structures. Our start-up team in Berlin helped me recommend a convertible bond that gives Vehement the flexibility to either repay or convert the debt to equity in the future." Vehement values Marcus's input on a variety of topics. He says, "Start-ups face the same kinds of problems as any other business. The difference is that they come all at once."

Digital technology is a common driver of this new wave of social business models. Digitale Helden (which roughly translates as "digital heroes") teaches young people about the digital world through an online education program for schools. Students learn about online safety and how to handle digital dangers like cyber-bullying.

Deutsche Bank volunteer Nicole Gieseler is helping the company turn its initial success into a sustainable business by focusing on business planning. "We're looking at the long-term strategy of the business. It has a unique position in this market today, but will that still be true in five years' time as competitors emerge?" she says.

A project manager in IT operations in Frankfurt, Nicole was drawn to the program by the opportunity to apply her skills in a unique environment. She says, "The social start-up is unlike any other business in Germany. It's even different to other start-ups because of the legal restrictions that apply to investors. I've been impressed by the positive energy and ideas of the Digitale Helden team. I'm pleased I can help them put in place the tools they need to grow."

From Berlin and Frankfurt, Social Impact and Deutsche Bank plan to take this partnership to other cities in Germany, with the ambition of mentoring 30 social start-ups annually. Next stop: Munich. ■

socialimpact.eu

Discover more
Michael Carter on
Strive for College
and UStrive



Born to Be
College application

Disrupt

UStrive fuses smart technology and big data to enable students to be educated consumers

“UStrive has moved us beyond the need for student and mentor to be in the same place. It has transformed what we can do”

Michael Carter
Founder and CEO, Strive for College

What should high school students look for when applying to college? Understandably, much of the focus is on admission requirements, both academic and financial. Colleges' results are often overlooked. They shouldn't be.

According to US Department of Education data, fewer than 40% of students who enter college graduate within four years. Each additional year of study has a direct financial impact for students from extra tuition and living costs. It means they have to wait longer to experience the earnings benefit that a degree brings too.

As part of its global *Born to Be* youth engagement program, Deutsche Bank works with educational nonprofit Strive for College to help high school students from low-income families in the US to access higher education. Every year, more than 400,000 low-income students qualify for college but don't enroll.

Strive for College provides students with undergraduate mentors who work one-to-one to help them apply to colleges that offer the best fit academically and financially and, crucially, the best chance of graduating.

Mentor and student use UStrive, an online platform, to navigate and meet the requirements of the college application process. “Our UStrive technology works like eHarmony dating but for college admissions. It matches students to the right mentor and tells them where they are most likely to get in and graduate based on their unique profile,” explains Michael Carter, founder and CEO of Strive for College and CEO of UStrive.

That's information every college-aspiring student can use. Strive's ambition is to put this technology in the hands of students, families and high schools across the US.

A level playing field

As well as being a high-powered data analysis tool, UStrive has made it possible for Strive for College to expand nationally by offering virtual mentoring. Mentors can advise students by video, text and instant messaging.

Michael says, “UStrive has moved us beyond the need for student and mentor to be in the same place. Our mentors can help kids in other states, even other countries. We can reach into rural areas as well as urban centers. This has transformed what we can do.”

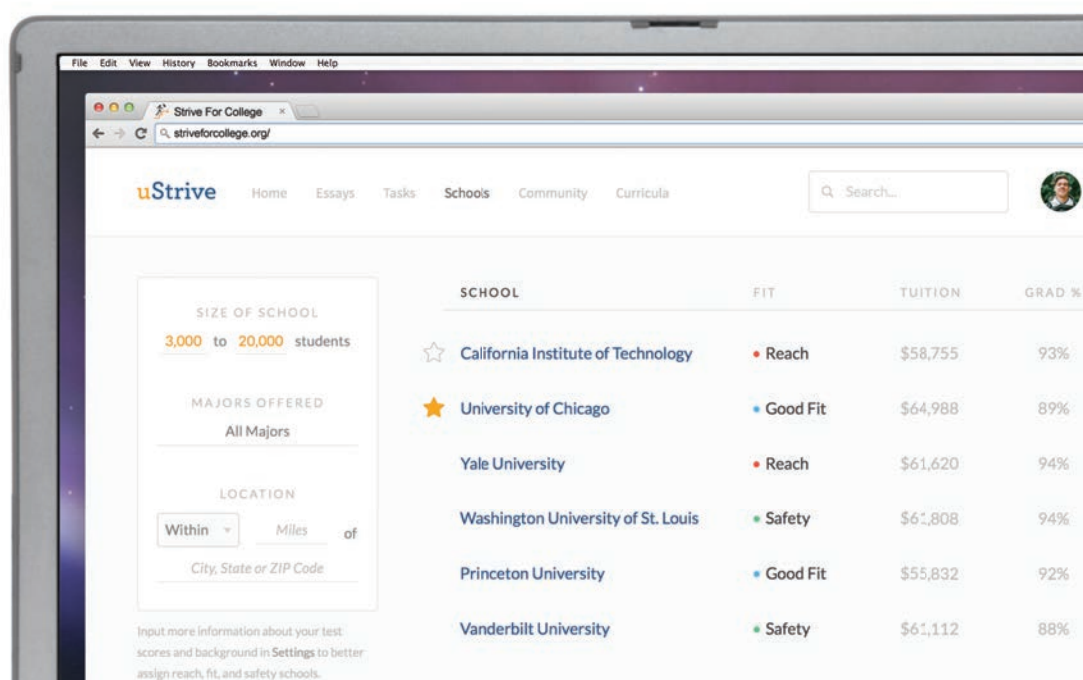
UStrive is constantly crunching data to improve service and experience. “We mine public data on graduates to provide students with the most accurate college matches. Analyzing user data is also important, as UStrive has to be a tool that anyone will find easy to use.”

Any economics student will tell you that markets work best when they are transparent. UStrive disrupts the higher education marketplace by lifting the lid on college performance.

Michael foresees the emergence of a market that is fairer and more competitive. He says, “We want to see a level playing field where all students have the opportunity to get the best education they can. People deserve to know what's going on and colleges should be judged on their performance. If students do not apply to a college because they know it has a graduation rate of 14%, the college has a choice: it can improve, or go away.” ■

striveforcollege.org

See the back cover of this issue for an interview with Michael Carter.



UStrive's algorithms provide individualized lists that factor in real tuition costs and graduation success rates
Photograph: courtesy Strive for College

Underserved

One in five students from the lowest income tax bracket completed a bachelor's degree by age 24 in 2013.

20%

Source: Penn Alliance for Higher Education and Democracy and Pell Institute for the Study of Opportunity in Higher Education, 2015

Striving together

Deutsche Bank employees gained insight into Strive for College's work at the Bank's Thought Leaders Forum event in New York City in December.

Strive for College and UStrive founder and CEO Michael Carter took part in a panel discussion on the need for equality of educational opportunities. Following the event, Bank employees spent time mentoring local high school students using UStrive.

At the event, Erich Mauff of Corporate Finance and board member of Deutsche Bank Americas Foundation, announced the Bank's pledge to help 1,000 students get to college by the end of 2015 through fundraising and mentoring.

Deutsche Bank will match all employee donations to Strive for College two to one. Donations can be made via the Matching Gifts website.

Employees can also assist Strive for College by using alumni connections to provide introductions to colleges and to help establish mentoring chapters at their alma maters.

Contact nicole.leach@db.com



Deutsche Bank employee Diane Nguyen mentors a high school student from the Bronx using UStrive Photograph: Liz Ligon

Discover more
Take a tour of
Brooklyn Navy Yard



Social Investments Commons goal

When they built warships in New York City, Brooklyn Navy Yard employed thousands of local people. The decision to close the Yard in the 1960s hit the local economy hard. After lying dormant for years, the site has a new purpose. It has been revived as a place of industry and is once more creating jobs for the residents of Brooklyn.

Following its redevelopment by the Brooklyn Navy Yard Development Corporation (BNYDC), the Yard has attracted over 300 tenants that together employ more than 7,000 people. In a recent impact study, Pratt Center found that the Yard produces USD 2 billion in economic output and is worth a further USD 2 billion to the local economy.

The level of interest from businesses eager to relocate or expand in the Yard is such that BNYDC has launched an expansion project to make room for them. The project includes the addition of common spaces designed to nurture networking among the Yard's tenants.

At present, the Yard has no common amenities where business owners and workers can congregate. That limits the collaboration potential inherent within its mix of traditional

“We expect to dramatically increase job training and placements for local residents, especially those who live in the public housing surrounding the Yard”

Aisha Glover
Brooklyn Navy Yard Development Corporation

manufacturers and technology- and design-focused companies. These businesses have a lot to offer each other – if their paths cross. The aim of the Commons project is to provide space and opportunities for productive chance meetings to happen.

Creating community

Deutsche Bank has provided BNYDC with a working capital grant to advance design and construction of two common spaces that will offer places to eat, programs of events and activities and access to business support services. The Bank began its Working Capital Program in 1994 to support neighborhood-led revitalizations that benefit low- and moderate-income New Yorkers. It has championed the rehabilitation of industrial spaces for job-intensive re-use.

“This project is important to the long-term development of the Yard. It will help to keep and create jobs, and add to the Yard's appeal as a place to work by building a stronger sense of community among the businesses and people that share it,” says John Kimble of the Global Social Finance Group.

The local community benefits from the Yard's success. Located in an area of high unemployment, the Yard expands access to stable and well-paying jobs at a wide range of skill levels. BNYDC operates an onsite employment center, holds job fairs within nearby public housing complexes and works with local organizations to match job seekers to opportunities with Yard businesses.

“We expect to dramatically increase job training and placements for local residents, especially those who live in the public housing surrounding the Yard,” says Aisha Glover of BNYDC.

As well as stimulating business-to-business activity that leads to hiring by Yard tenants, the Commons will create 100 new jobs, predominantly at new food and beverage concessions. BNYDC will seek local social enterprises to fill these, a growing sector that Deutsche Bank actively supports.

BNYDC expects employment at the Yard to reach 15,000 by 2020. The last ship departed long ago, but the Navy Yard is building again. ■

brooklynnavyyard.org

New employment

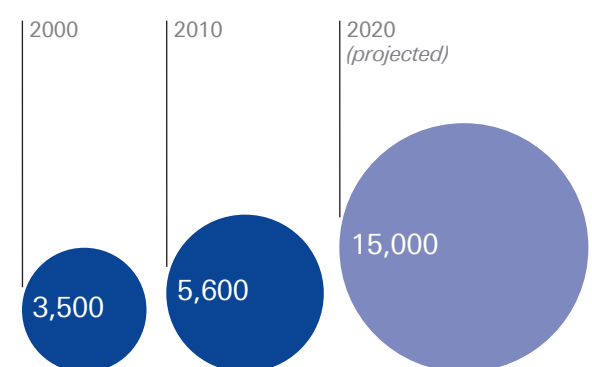
Brooklyn Navy Yard offers a lesson in community-centered urban regeneration



Building 92 is the Yard's employment, exhibition and visitor center. The Commons will provide a café and event space open to tenants and the public, strengthening the Yard's unique bonds with the local community Photograph by Chuck Coi, courtesy BNYDC

Job growth

Number of people employed at Brooklyn Navy Yard
Source: BNYDC, 2015



The Commons will be open to the 3,000 workers of the renovated Building 77, creating networking opportunities that support job growth. Construction is expected to be complete in 2016
Image: courtesy BNYDC



A mural at the Yard celebrates its history and future
Photograph: Garrett Ziegler



Social Investments

Feeding ambition



Founding members of SoBRO's United Business Cooperative, winner of Competition THRIVE 2014 Photograph: Liz Ligon

“Immigrant entrepreneurs often face difficult and unique hurdles when trying to start and grow their businesses, and with programs like Competition THRIVE, we demonstrate our commitment to supporting the immigrant communities and businesses that are vital to a sustainably growing economy”

Kyle Kimball
President, New York City Economic Development Corporation

Recipes for success

Competition THRIVE is an innovative public-private partnership that's helping New York City's enterprising immigrants find business success

Immigrant entrepreneurs play an important role in the economy of New York City. Over half the city's self-employed workers are first or second generation immigrants according to US Census Bureau data. More than double the national average of 21%, it's a statistic that underlines New York's status as a city that can sustain businesses large and small.

Competition THRIVE (which stands for, To Help Reach Immigrant Ventures and Entrepreneurs) is part of the strategy of the New York City Economic Development Corporation (NYCEDC) and Deutsche Bank to advance the success of New York City's immigrant entrepreneurs. Since 2012 this partnership, which also includes the Lawrence N. Field Center for Entrepreneurship at Baruch College, has supported innovative community-based programs that remove barriers holding back immigrant businesses.

The obstacles that stand between the immigrant entrepreneur and wide success can include language, cultural differences and unfamiliar financial, legal and regulatory systems. Some of these businesses lack the skills and networks essential to establishing a new venture or thriving enterprise – including an established credit history – making it difficult to raise financing through formal channels.

Assistance is available from public and private sector organizations that include small business development centers, business incubators, microfinance programs, neighborhood economic development corporations and community development financial institutions.

Competition THRIVE issues an annual call to these organizations for new ideas to address issues that affect the prospects of immigrant businesses in their communities. “Immigrant entrepreneurs often face difficult and unique

hurdles when trying to start and grow their businesses, and with programs like Competition THRIVE, we demonstrate our commitment to supporting the immigrant communities and businesses that are vital to a sustainably growing economy,” says NYCEDC President Kyle Kimball.

Economies of scale

Applicants to Competition THRIVE present a business plan for a program that helps immigrant entrepreneurs start, operate and expand their businesses. Five finalists receive USD 25,000 of seed funding to conduct six-month pilots to prove impact. One organization is selected to receive a grant of USD 100,000 to establish their program.

NYCEDC and the Lawrence N. Field Center selected the South Bronx Overall Economic Development Corporation (SoBRO), a nonprofit community organization that has worked with businesses and residents in the Bronx since 1972, as the winner of the 2014 Competition THRIVE.

SoBRO received USD 100,000 to further implement and develop the United Business Cooperative (UBC), a restaurant retailers cooperative representing 40 Bronx-based immigrant-owned restaurants that centralizes buying, delivery and business operations to help achieve economies of scale.

Unlike large restaurant chains, owners of small restaurants have no bargaining power with suppliers. The UBC will use its purchasing power to negotiate preferential rates, provide members with a common area for storage, prep cooking and distribution, and invest in a modern inventory system to help them control their costs. The savings realized will help these businesses to grow and create new jobs. SoBRO estimates that the combined purchasing power of UBC members alone

will add over USD 3 million annually to the economic vitality of the Bronx. “We feel united and empowered for the first time. We can solve our own challenges and help each other's progress,” says Ruperto Morocho, who owns the Delicioso restaurant in the South Bronx.

UBC members can access support services to increase the sustainability of their businesses. These include English language classes customized to restaurant owners, business courses for entrepreneurs, financial literacy and technology training. The wellbeing of the community is also on the menu for UBC members. With SoBRO's support, they will develop healthier dining options based on locally grown produce.

SoBRO sees potential for the UBC model beyond the South Bronx. “This model can be replicated in other sectors where similar-sized and scoped immigrant businesses exist, in New York City and nationally,” says Jamila Diaz, SoBRO Assistant Vice President of Business Services.

The other finalists in Competition THRIVE 2014 show the rich diversity of entrepreneurial talent at work within New York City. They were: Business Outreach Center Network, for its plan for training and networking activities to support immigrant-owned construction businesses; National Community Reinvestment Coalition, whose web application provides entrepreneurs with access to capital and local business connections; Urban Justice Center/Street Vendor Project, which has set up a training academy for food-cart vendors; and The Working World, for its project to support worker-owned cooperative businesses in Far Rockaway. ■

nycedc.com
sobro.org

Starters

Immigrant entrepreneurs comprise 50% of self-employed workers in New York City (US Census Bureau, 2013)

50%

First prize
Winners of Competition THRIVE have reached hundreds of immigrant entrepreneurs.

2014
South Bronx Overall Economic Development Corporation
See main article below.
sobro.org

2013
CAMBA Small Business Services
The Mobilize Your Business training program teaches immigrant small business owners to integrate mobile technology into their daily operations to improve efficiency and sales.
camba.org

2012
Queens Economic Development Corporation
The Home Improvement Contractor Training program provides training for immigrant home improvement contractors to take the Department of Consumer Affairs licensing exam in their native language.
queensny.org

Social Investments

Market opportunity

« continued from page 1

Deutsche Bank has long been a leader of progress in pushing the boundaries of social finance. It was the first global bank to launch a socially motivated investment fund to support the microfinance sector, and has pioneered standards to promote ethical behavior and protect clients within the industry. The Bank has been financing social enterprise since 1990, supporting businesses at all stages of development, from small, early-stage companies to large regulated businesses.

Deutsche Bank has invested over USD 2 billion of capital to date in social finance through its Global Social Finance Group. Creating opportunities to engage with other investors who want to achieve positive social impact is an important part of the Bank's strategy. The Essential Capital Consortium (ECC) is the latest example of its success at mobilizing capital to fill gaps in the market.

The USD 50 million fund has been raised from a diverse consortium of institutional and corporate investors, development financial institutions and foundations, all committed to increasing the scale and pace of impact investment. "We want to nurture the success of entrepreneurs throughout the developing world who improve the lives of the poor. The ECC brings together well-respected and socially motivated investors to provide a type of growth capital that was lacking in the market," says Gary Hattem, who heads the Global Social Finance Group.

Financing future leaders

Impact investment is still a relatively young concept. At less than USD 40 billion in size compared to many trillions in mainstream financial markets, the sector remains at a nascent stage. Deutsche Bank hopes to address this by proving to investors that supporting social change can produce a positive financial return.

The fund targets a net return on investment of approximately 4% over its five-year lifespan and has been structured to protect investors' capital. The Swedish International Development Cooperation Agency, Sida, provided a critical 20% first-loss guarantee for the fund. These benefits provide a model for securing the participation of investors new to impact investing.

To support these ambitions, the ECC is focused on sectors ready for debt financing and companies that are profitable or near-profitable. It will finance a portfolio of promising social enterprises working in energy, health or financial services, whose novel products and services allow the poor to share in the benefits of the global marketplace.

These companies can be world leaders in their fields with loan capital enabling them to grow to scale. Early investments (see right) include Sproxil, which protects the poor from the dangers of counterfeit products. Nanofinance provider Tiixa makes credit available via mobile phone. Arvand's loans enable low-income consumers to benefit from energy-efficient products.

"We're excited to be funding some of the most promising social enterprises worldwide. MetLife began our international impact investing with microfinance and the ECC expands that with opportunities in energy, health and innovative financial services," says Matthew Sheedy, Director, MetLife Investments.

These social enterprises provide poor communities around the world with tools to navigate life's challenges. With the ECC, Deutsche Bank has created a vehicle to move new opportunities within reach. ■

ECC investors

Agence Française de Développement, Calvert Foundation, Church Pension Fund, Cisco Foundation, Deutsche Bank, Left Hand Foundation, MetLife, Inc., Posner-Wallace Foundation, Prudential, Salvepar, Swedish International Development Cooperation Agency, The Multilateral Investment Fund (member of the Inter-American Development Bank Group), Tikehau Capital

Arvand

Insulating futures

The innovations of microfinance institution Arvand are bringing progress to Tajikistan.

Microfinance institutions (MFIs) are important players in the global effort to expand access to products and services for the poor. The mission of Arvand is to use financial services to improve the wellbeing of the local population and create opportunities for social and economic development.

The first local MFI to offer non-lending services such as deposits and remittances, and home construction and home improvement loans, Arvand has led the growth of the Tajik microfinance market. It is the first MFI in Tajikistan to obtain the Smart Campaign certification championed by Deutsche Bank to protect borrowers.

Most of Arvand's clients come from low-income communities in the rural north of the country. Many live on income of just USD 5 a day from farming and money sent home by family members working in Russia. The price of energy is one of their biggest financial concerns. Tajikistan is in an energy crisis. Electricity is expensive and there's not enough to go around. Much of the population suffer electricity shortages during the winter.

The financing from the ECC will enable Arvand to provide its green loan product to more consumers. With a green loan,

"Many people working away from their families have been forced to do so by the cost of energy. Reducing household costs could allow them to come home"



Shoira Sadykova
CEO, Arvand

householders can make home improvements to reduce their energy costs. Replacement of traditional wooden doors and windows with modern materials that provide better insulation is a common strategy, a practice known as "winterization." Arvand is also promoting alternative energy sources such as solar panels and wood-burning stoves.

"We believe this technology is the future. The only long-term solution to the energy shortage in our country is for people to find cheaper ways to light and heat their homes. It has been difficult for us to secure funding for these products. With the support of Deutsche Bank, we can increase their availability to consumers," says Shoira Sadykova, CEO of Arvand.

As Shoira explains, increasing the energy efficiency of homes has positive social and economic impacts: "Many of the people working away from their families have been forced to do so by the high cost of energy. Reducing household costs could allow them to come home to work and avoid the need for others to become migrant workers in future."

Tajikistan is a country in transition. Arvand is helping to move it forward.

arvand.tj

First three

The Essential Capital Consortium finances innovative social enterprises working in energy, health and financial services



Making homes more energy efficient improves the economic situation of low-income communities in Tajikistan



Sproxil

Protecting the consumer

Technology company Sproxil provides consumers in emerging markets with peace of mind that medicines and other essential products are genuine.

According to the World Health Organization, 30% of medicines sold in emerging markets are counterfeit and may be substandard, ineffective or even harmful. Up to 700,000 people die each year from contaminated or ineffective anti-malarial and tuberculosis medicines alone. Lacking income and information, the poor are most vulnerable to this form of exploitation.

Sproxil has found an answer. Its Mobile Product Authentication™ (MPA™) service enables consumers to check that medicines and other products are genuine. Legitimate manufacturers print tamper-proof scratch codes provided by Sproxil on their product packaging. When consumers buy the product, they can call or send an SMS toll-free to Sproxil to get instant verification that the product is authentic. The service is funded by companies seeking to protect their brands.

Sproxil was founded in 2009 by social entrepreneur Dr. Ashifi Gogo, based on his PhD research at Dartmouth College into the use of technology to empower the consumer. The company's mission is to work with organizations and industries to provide

technology solutions that improve the quality of life of individuals and societies.

Today, Sproxil operates in Nigeria, India, Pakistan, Ghana and Kenya, markets with high rates of counterfeiting and high levels of mobile phone penetration. By the end of this year, it expects to have verified products for six million people. Its target is to reach 16 million people in 13 countries by 2019.

The financing from the ECC will accelerate growth plans. Sproxil has a significant opportunity to expand geographically and into new product markets, as this technology can be applied to almost any packaged goods.

Sproxil's ambitions include contributing to market change through its consumer intelligence. Its users are part of a market segment that is challenging to track since it is overwhelmingly cash-based and informal. By making product manufacturers aware of the demand from low-income consumers, Sproxil's data could be a catalyst for improved supply.

"Mobile product authentication is a solution that can have a significant impact in the world. We believe that we can better the condition of millions of people," says CFO Alden Zecha.

sproxil.com

Tiixa

Mobile credit

Tiixa is using the mobile phone to reach the millions of people not served by traditional financial services.

Mobile telecommunications play a pivotal role in unlocking social and economic progress. The World Bank estimates that 2.5 billion people in low- and middle-income countries are unbanked. The mobile phone has the potential to bring financial inclusion to these communities through mobile phone-based financial services.

Tiixa is a leader in its space. Founded in Chile, the company has expanded to serve communities around the world, in countries throughout Latin America, Africa, Asia and even Europe. Its niche is in the digital delivery of nanocredits: short-term unsecured loans of USD 50 or less. Tiixa entered the nanocredit market by giving airtime credit to prepay customers of mobile phone networks. This service allows users to continue to make calls, send messages or download content when they have a zero balance. The credit is repaid when the customer tops up their balance.

Building on the success of this model, Tiixa has developed a new nanocredit service that provides mobile phone users with cash advances. "The practice of using mobile phones to pay bills and transfer money is well established in many developing countries.

Providing unsecured credit in this way is a new concept," says CFO Olav Carlsen.

The potential for personal empowerment is huge: "If you run a small business with an income of USD 50 a month, being able to borrow USD 15 for working capital makes a big difference. Prepayment is the norm for consumers in emerging markets. Run out of money and you have no electricity, so no heat, no light, no hot meal. In these situations, access to credit can really help with life."

Using big data analytics and credit scoring capabilities, Tiixa analyzes the behavior and payment history of users to determine the amount of credit to advance. Users can get more credit on better terms as they demonstrate their reliability.

Following successful first deployments in the Philippines and Cambodia, Tiixa will use its ECC loan to extend its credit services into markets in Asia and sub-Saharan Africa, with Latin America on the horizon. With a unique position at the intersection of financial services and telecommunications in the developing world, and a database expected to cover 500 million mobile phone users by 2016, Tiixa plans to continue generating opportunities for financial inclusion.

tiixa.com

"Mobile product authentication is a solution that can have significant impact in the world. We can better the condition of millions of people"



Alden Zecha
CFO, Sproxil

"Using mobile phones to pay bills and transfer money is well established in many developing countries. Providing unsecured credit in this way is a new concept"



Olav Carlsen
CFO, Tiixa



Counterfeit medicines may be ineffective or even harmful



The mobile phone brings financial inclusion to unbanked communities

Discover more
Kiva Zip explained



Social Investments

Building blocks

Online crowdfunding has democratized philanthropy. It has never been easier to get involved and give. Deutsche Bank microfinance partner Kiva has tapped into people's generosity to create the world's largest crowdfunding platform for social good. Through Kiva, crowdfunded loans create opportunity for people in the developing world who have limited or no access to capital.

Kiva lenders are ordinary people. Deutsche Bank employees are among them. In 2014, the Bank created the Kiva Partnership, an engagement program that invited US employees to lend through the Kiva platform using funds provided by Deutsche Bank Americas Foundation.

The program has proved hugely popular. More than 60% of the Bank's US employees have taken part, generating loans with a value of USD 192,000. It will soon expand the Kiva Partnership into a global program.

Kiva has benefited more than 1 million people in the developing world, many of them entrepreneurs looking to start or grow businesses. Small business owners in the US also find it tough to get capital. There are 25 million microenterprises in the US and 70% of them have to make do without bank finance.

Kiva created the Kiva Zip program to enable people in the US to support enterprise in their own backyard by financing businesses in the local neighborhood. Kiva Zip offers a streamlined version of the Kiva model. Lenders provide zero-interest loans directly to borrowers. Borrowers must be backed by trustees – an individual or organization who can vouch for the borrower's character and ability to repay.

This new approach to the underwriting of loans allows Kiva Zip to scale up faster by reducing cost, achieving sustainability and creating a social network. Already up and running in Little Rock, Newark, Richmond, Pittsburgh, San Francisco and Washington, D.C., its next stop is New York City, where

Economic impact

Small businesses create two out of three jobs in the US.

2/3

Kiva Zip has funded 111 small businesses in New York City to date.

111

Source: Kiva

support from Deutsche Bank and others will help it accelerate capital access for entrepreneurs across the five boroughs.

Encouraging growth

New York City will be Kiva Zip's most ambitious launch to date. The target is to reach 1,000 loans, ranging from USD 500 to USD 10,000, within three years. Kiva's research shows that matching loans increases fundraising fourfold. Deutsche Bank is providing USD 500,000 for this purpose. Pershing Square Foundation and MetLife are joining the Bank in matching loans and also providing grant funding to cover the costs of setting up and running the program.

Entrepreneurs play an important role in New York's economy and Kiva Zip complements the City's strategy to encourage small business growth. Kiva estimates the program could achieve as much as USD 10 million in economic impact for the City from consumer spending, tax revenues and job creation linked to the businesses funded.

Kiva Zip arrived just in time for Jesse from Brooklyn. She says, "Kiva Zip is the best thing that's happened to my business. From being at a point where I needed extra funds just to launch, I can now take on full-time employees. There are so many people in this city with great ideas. What they don't have is access to capital. Kiva Zip can bridge that gap."

Deutsche Bank's support for Kiva Zip demonstrates its commitment to fostering economic opportunity for the underserved. The majority of borrowers are minorities with businesses in low- to moderate-income neighborhoods. "We're excited to help launch Kiva Zip in New York City. It will bring communities together and help revitalize neighborhoods block by block," says Arti Trehan from the Global Social Finance Group. ■

kivazip.org

Close to home

Kiva's crowdfunded microloans empower entrepreneurs in 80 countries. Kiva Zip now gives small businesses in New York City the chance to join in



Yves-Marie, at her Harlem café Photograph: courtesy Kiva Zip

Revitalization

Yves-Marie's story

Using Kiva Zip can help small business owners strengthen and stabilize their businesses and establish the credibility they need to access more commercial financing.

Kiva Zip provided loans to Yves-Marie, an immigrant entrepreneur from Haiti, to revitalize her café located in the Harlem neighborhood of Manhattan.

The loans are allowing her to make facility and marketing improvements so she can adjust to and find success amidst macroeconomic and neighborhood-specific changes.

Discover more
One Spark 2015 results

Employee Engagement

The Jacksonville crowd



Deutsche Bank sponsored the world's largest crowd funding festival, One Spark, which took place in Jacksonville, FL and saw crowds of over 320,000. More than 300 Deutsche Bank volunteers contributed to One Spark and #EdSpark activities over the course of the week. Photography: courtesy One Spark

"Deutsche Bank is focused on hiring talented people that will contribute in driving innovation and digitization. We share One Spark's vision for fostering an environment of innovation and creativity"

Rich Shannon
CIO GTO Corporate Technology, Americas CIO and
Regional Co-Head of Group Technology & Operations
Americas. Rich presented the Juried Technology
Award during One Spark's closing ceremonies.



First person

Albert Herrera, One Spark juror



Albert Herrera works in Group Technology & Operations for the Bank in Jacksonville. A technology enthusiast, he volunteered to judge the Technology award presented by Deutsche Bank at One Spark.

He says, "I get excited by inventions that improve everyday life and the winning project came up with a completely new way to deal with bagging the trash. Thought has gone into producing a well-engineered product that's ingenious and truly original."

Many of the entrants for the award were early concepts, but Albert chose to support a more mature product with a good business plan behind it. "The winner is a start-up that I can easily imagine being bought out in the future. I'm looking forward to seeing what happens next," he says.

Check out the prize winner at:
optimalbagging.com

Volunteering for New York City

Deutsche Bank has been recognized by the City of New York for the volunteering efforts of its employees. The NYC Mayoral Service Recognition Program honors companies that engaged 20% or more of their New York City employees as volunteers in 2014.

"The volunteer efforts of your company and your team make a positive impact on our greatest needs. We are honored to recognize your volunteerism as part of our Corporate Service Recognition Program," said Paula Gavin, Chief Service Officer for NYC Service, part of the Office of the Mayor.

Showtime

Deutsche Bank sponsors the world's largest crowdfunding festival

The One Spark festival proves crowdfunding doesn't have to be an online pursuit. Staged over five days in Jacksonville, Florida, One Spark gives start-ups and early-stage projects the chance to crowdfund in person. It's the largest event of its kind globally.

One Spark provides the platform for new ideas in technology, art, education, health and science, music and social good. Their creators bring them to Jacksonville to get feedback and funding to turn their dreams into successes. They compete for individual contributions, for the prize money (USD 350,000 this year) awarded to the projects that receive the most votes from festival-goers and for venture capital from the private investors that One Spark draws.

Through the leadership of Group Technology & Operations, Deutsche Bank was the official technology partner for One Spark 2015, which ran from April 7-12. With more than 1,700 employees in Jacksonville, Deutsche Bank is a major employer in the city and plays a prominent role in civic life. "Innovation is one of Deutsche Bank's core values and the festival shares our commitment to creativity and curiosity," says Leslie Slover, Head of Deutsche Bank Jacksonville.

Deutsche Bank sponsored and presented the Juried Technology Award, which went to start-up business Optimal Bagging for its inventive trash bagging system. The project received a check from Deutsche Bank for USD 15,000.

The Bank also sponsored #EdSpark, the festival's education venue, which presented innovative projects

in education and learning and ran skills development workshops to equip young people for the changing economy, a priority Deutsche Bank supports through its global youth engagement program, *Born to Be*.

Colin Constable, who works for Deutsche Bank in Silicon Valley, gave the keynote speech at an #EdSpark reception. "There were a lot of interesting ideas on show and it was great to see so many people from Deutsche Bank involved," he says.

More than 300 Deutsche Bank volunteers contributed to One Spark and #EdSpark activities over the course of the week. "We had an amazing level of representation from Deutsche Bank and the enthusiasm and hard work of our volunteers was commented on continuously. Their passion and energy helped us make a positive impact on the festival and our community," says Leslie.

More than 530 creator projects competed at One Spark 2015 and over 320,000 people attended, an increase of 25% on 2014, making this year the most successful yet. "It's good to see the downtown area alive again," commented one local resident.

And Jacksonville is not the only beneficiary of the One Spark effect. By strengthening connections with the local technology and entrepreneurial communities, it's helping to stimulate economic development throughout the northeast Florida region. ■

onespark.com

Born to Be Blueprints

Carlos Heeren believes engineers can change the world. As Managing Director of Peru's leading engineering school, the Universidad de Ingeniería y Tecnología (UTEC) in Lima, he sees evidence of that every day. The school's teaching method is to challenge students to use the disciplines of the engineer – that powerful combination of imagination and application – to develop solutions to problems with global impact.

"Engineers have a magical advantage over those in other faculties. They work on projects that have real-world relevance from day one of their education," says Carlos. Like how to provide people with the basic human necessities they need for day-to-day living. Many of Lima's poorer residents have limited or no access to clean water. The school's engineers created an outdoor billboard that collects and purifies water from the humid air, increasing the supply of fresh water while advertising the difference that engineering can make in the world.

To encourage student engineers to become agents of social change, Deutsche Bank, UTEC and Harvard University teamed up to create an international competition that builds social entrepreneurship experience. The Deutsche Bank Challenge invited joint teams of students from UTEC and Harvard's School of Engineering and Applied Sciences to find innovative technologies and new distribution channels to serve marginalized populations in Peru.

Students were tasked with devising a barrier-breaking solution in the areas of malnutrition, access to water, education, housing, and infectious diseases. "This was not a conceptual exercise. We wanted to see

a working solution that is commercially viable and scalable," says Esperanza Cerdan, who leads corporate responsibility for Deutsche Bank in Latin America.

The winner was Project Klay, which seeks to develop low-cost educational materials using clay to enhance learning in science and technology in rural areas of the country.

"The biggest obstacles facing education in rural areas are the distances between schools and the lack of motivation to go to them," says UTEC student Oscar Pacheco from the Project Klay team. "Our goal is to develop creativity, critical thinking and enthusiasm for science, using new technology to transfer learning to communities and homes."

The project will receive USD 20,000 in grant funding from Deutsche Bank to launch a product in 2016. Exposure to the cross-cultural learning essential to the development of ideas with global potential is part of the prize. The winning Harvard students will visit Peru in June to develop the project through fieldwork. The entire team will travel to Harvard to complete models to be evaluated in schools in Peru.

The Project Klay team is enthusiastic about contributing to a better country through their passion for engineering. All those involved in the Deutsche Bank Challenge are hopeful the experience will motivate these talented and socially conscious young engineers to continue on this path.

"Education and creativity are important resources for growth and progress. We hope this experience will encourage participants to continue to work on solutions for the needs of the poorest communities," says Eduardo Sánchez-Carrión of Deutsche Bank Peru.

Care for all

In Mexico, engineering ingenuity is increasing access to affordable healthcare. More than 14 million people in Mexico have diabetes, and less than 10% have access to the specialized care they need.

At USD 1,000 a year, the cost of private treatment is beyond the reach of many. Public healthcare is cheaper but limited – prevention and early detection services are non-existent – and it can take months to get an appointment.

Those with diabetes can't afford to wait as they are at risk of developing disabling and life-threatening health problems. High blood glucose levels can lead to serious diseases. An untreated infection can result in amputation. On average, diabetes reduces life expectancy by as much as 10 years. It is the leading cause of death in Mexico.

MIT graduate Javier Lozano is a model for young engineers who want to improve lives. An expert in process improvement and innovation, he has created a business model that provides patients on low incomes with access to affordable, specialized healthcare.

Deutsche Bank is helping Javier to fill this gap in the healthcare market by supporting his plans for a chain of clinics serving low- and middle-income diabetes patients.

Javier has personal experience with diabetes as his mother has the condition. His interest in helping the poor began in his youth, when he spent time among Mexico's native communities. MIT provided the environment to explore how technology and innovation could improve the availability of high-quality healthcare within society. The result of these influences is Clínicas

del Azúcar (or "sugar clinics"), where diabetes patients can get all the medical attention they need under one roof for a fixed annual cost of just USD 200.

Inside these "one-stop shops," as Javier describes them, patients can see physicians, eye specialists and nutritionists in an uninterrupted sequence that takes no more than an hour to complete. "There are a lot of processes involved in diabetes treatment and it is inefficient for patients to have to schedule and attend separate appointments. Our model is designed to optimize and standardize diabetes care," he says.

Technology supports the medical and operational efficiency of the clinics: maximizing capacity, aiding diagnosis, and enabling effective tracking and management of patients. "Technology makes the service affordable to patients by allowing us to be innovative at a low cost," says Javier. The clinics save patients time and money. They reduce treatment time by 80% compared to both private and public alternatives. Over 70% of patients see health improvements within one week.

Deutsche Bank's New Initiative Fund will help Javier to pursue his plan of expanding from five clinics today to serving over 150,000 people a year across Mexico and other Latin American markets. And through the data captured from patients, Clínicas del Azúcar is providing insights on diabetes treatment and prevention that have global relevance.

Engineers are changing the world. ■

utec.edu.pe

clincasdelazucar.com

Engineers of change

Engineers are using technology and innovation to improve the wellbeing of the underserved in Latin America society



UTEC student working on a project to improve thermal insulation for Andean homes Photograph: courtesy Chheangkea Leng



Born to Be

Deutsche Bank recently launched *Born to Be*, the Bank's global youth engagement program, in Latin America. Through *Born to Be*, Deutsche Bank aims to help young people everywhere reach their full potential.

People

Since 2013, *Born to Be* has reached more than 1 million young people globally.

1.2m

Places

Born to Be supports young people in 19 countries around the world.

19

Projects

There are over 130 *Born to Be* projects worldwide.

130

db.com/borntobe



Briefing

Art invites fresh possibilities

Platforms

A wider view

Sunset at the Whitney



Installation view of *Mary Heilmann: Sunset* (Whitney Museum of American Art, New York, May 1 – September 27, 2015)
Photograph: Marco Anelli ©2015

Deutsche Bank has a long association with the Whitney Museum of American Art in New York City. The Bank has sponsored several exhibitions at the museum, including the last five Whitney Biennials, recognized as one of the most important shows on the US contemporary art calendar. Deutsche Bank has also been an active supporter of the Whitney's education program.

This partnership is based on a mutual desire to increase access to art and a shared focus on living artists. The two institutions are also linked by a passion for innovation, which the Whitney continues to help define in American art.

The Whitney has a new home situated in Manhattan's Meatpacking District that provides more exhibition and programming space. Deutsche Bank has sponsored the inauguration of the Fifth Floor Outdoor Gallery, which provides a testing platform for new artistic ideas. To mark its opening, the Whitney commissioned a site-specific installation by American artist Mary Heilmann.

Her project, *Mary Heilmann: Sunset*, has three components. A pair of shocking pink geometric forms climb the museum's north façade, turning the building into a canvas. These forms can be seen from street level for miles around, extending this space to a wider public.

The installation is completed by a group of sculptural chairs for visitors and a video of the surrounding neighborhood as it was in 1982 shot by the artist. The intention is for those present to take a seat and spend time taking in the views of the city, as this exuberant installation evokes memories and fresh possibilities.

Deutsche Bank North America CEO Jacques Brand paid tribute to the Whitney as it begins a new chapter in its new location: "Under Director Adam Weinberg, the Whitney has made an extraordinary contribution to cultural life in New York City. It has championed so many emerging artists and diverse voices over the years, and has now created a cultural anchor for the entire city and beyond." ■

whitney.org

Seven up

Rhizome's Seven on Seven conference

Artists offer new ideas about the future: a future that is increasingly defined by the influence of digital technology. Through its partnership with arts organization Rhizome, Deutsche Bank supports artists working at the intersection of technology, art and culture.

Rhizome's *Seven on Seven* conference at New York City's New Museum offers a unique platform for creative exploration between the worlds of art and technology. Deutsche Bank was a sponsor of this year's event, driven by a commitment to encourage innovation in all forms.

Seven on Seven pairs seven leading artists with seven luminary technologists, and challenges them to make something new together over the course of 24 hours. Whatever they create – technology application, artwork, human experiment, start-up company – is shown and discussed at a public event.

The conference provides insight into the process of collaboration and a snapshot of contemporary concerns around art and technology. "Connecting brilliant minds across disciplines can yield fascinating synergies. It's inspiring to see how the pairs push the boundaries of creativity and innovation in new directions," says Alessandra DiGiusto of Deutsche Bank Americas Foundation.

The 2015 edition took place on May 2 and featured big names from both fields. Instagram co-founder Mike Krieger was paired with American artist Trevor Paglen. Video artist Stanya Khan worked with Rus Yusupov, co-founder of video sharing service Vine. A collaboration involving Chinese artist Ai Weiwei, who is unable to leave China, was staged in Beijing and documented by filmmaker Laura Poitras.

As a point of departure for their collaborations, participants were offered the theme of 'Empathy & Disgust' an allusion to algorithms' deep involvement in human emotions and relationships. Visit Rhizome's website to see what this inspired. ■

rhizome.org



Artist Liam Gillick and Nate Silver, statistician and writer, share their collaboration Photograph: courtesy Madison McGraw/BFA

Under one roof

Frieze New York 2015

Deutsche Bank has been the lead sponsor of Frieze Art Fair since it began in London in 2003. This year, the Bank again sponsored Frieze Art Fair New York for the fourth year in a row.

Frieze offers the opportunity to see some of the most intriguing contemporary art from all over the world in one place. Galleries from more than 30 countries exhibited this year. Frieze and Deutsche Bank believe art should be accessible to everyone. The Frieze Education program, also sponsored by Deutsche Bank, invites high school students and children from underserved communities to share in the experience.

A program of educational activities, including tours and workshops, is provided for public school groups, with a focus on schools in East Harlem and the South Bronx, neighborhoods adjacent to the Randall's Island site of Frieze New York. It's a popular trip: schools brought over 550 children this year.



Frieze Teens visit artist Julie Mehretu in her studio Photograph: courtesy Frieze New York

Frieze Teens is an in-depth educational workshop program for high school students. It brings students of art from boroughs across the city into collaboration with artists, curators, critics, gallerists and arts organizations. Exploring the professional aspects of the art world, the program acts as a first step in career development.

This year's workshops included sessions led by artists Urs Fischer and Julie Mehretu and representatives from online art magazine Triple Canopy, Brooklyn gallery Cleopatra's, the New York City Department of Cultural Affairs and Materials for the Arts.

Documentation was one of the themes of the program. Participants were encouraged to record the people and places they visited for a short film they presented on the final day of the fair, featuring the footage and interviews they gathered. The program also expanded into artistic production, asking students to envision and plan a personal 'Dream Project' and work towards publishing their own artists' publications.

A learning for the Teens is that art is broad and it has room for all kinds of talents. One says, "It's made me realize I can do anything." ■

friezeprojectsny.org

Passionate about... Increasing access

Why have you taken on the challenge of applying big data to college admissions?

College admissions is not a competitive market because it has not been disrupted by technology and data in the way many other industries have. I'm personally shocked that the taxi cab industry was successfully disrupted before education. Transparency is good for any kind of marketplace, because it helps the consumer make informed choices. Through big data, we can show the actual graduation rates of colleges. Would you buy a car that broke down 90% of the time? Probably not. So who wants to go to a college where you have only a 10% chance of graduating?

What does this transparency allow for students and society at large?

For students who do not have information and resources readily available, they can know college is accessible and affordable because there are schools that are a good fit for them and offer great financial aid. There are colleges that actually cost more to attend for a low-income student because they don't have large endowments to provide meaningful aid. I want UStrive to improve higher education in this country by making the market more efficient. Right now, kids are taking on loans they are going to be paying off for the rest of their lives yet some are getting little value from the colleges they attend.

You have brought the resources of Silicon Valley and technology to address a critical social issue. What is the promise of this approach?

Silicon Valley is all about questioning something that's always been done and the ways it's been done and looking ahead at how the world will change. Being here is a chance to see the

future before it spreads. Technology has not been universally accessible but a shift is coming with the proliferation of mobile devices among adolescents. It won't be long until every kid, rich or poor, has a smartphone. That's where disruption happens, when you can go directly to consumers and achieve real equalization of information. This shift needs to be embraced and harnessed because it is the frontier of access for the underserved.

What words of wisdom do you have for aspiring social entrepreneurs?

If you are going to try to start something, you have to be prepared for a lot of rejection. Even when someone takes a chance on you, as Deutsche Bank did with Strive for College, you haven't won because now you have to take those resources and execute. Silicon Valley has a formula of execute, iterate, refine, repeat. It's really important to execute and then continue to refine what you have because it's the only way to keep ahead of the curve. If you don't, other entrepreneurs are going to pass you by.

Strive is a nonprofit social enterprise and UStrive is a for-profit technology business. Does the for-profit approach offer advantages over the nonprofit model?

I think the for-profit model is useful for some companies, especially tech start-ups. Nonprofit is the right model where you are tapping into people's goodness, as we do with our mentors at Strive for College. Right now there is a whole shift for social entrepreneurs to focus only on for-profit business models. I think that's a mistake. There's a place for nonprofits and for-profits in society and I think we are going to see them working together more and more. ■

striveforcollege.org

Bridging the gap

There is a widening gap between the skills needed for twenty-first century knowledge-based jobs and the level of academic attainment among our fastest-growing populations. As part of *Born to Be*, Deutsche Bank is partnering with Strive for College to bridge this skills and opportunity gap, and to provide equal access to college for all students across the US. Read more about this partnership on page 3 of this issue.

Opening up

Michael Carter's mission is to reduce barriers to college access. He founded Strive for College in 2007 as a freshman student. His latest innovation is to use big data to empower student choice and remove the barriers to college at scale

