

# The Partnership between East Bali Cashews, IIX, Shujog and KKR

## Scaling a social enterprise through operational support and social and environmental analysis

East Bali Cashews (“EBC”) is Bali’s first large-scale, environmentally friendly cashew processing facility. It provides employment in a community where villagers have an average income of \$2 per day. In 2013, EBC partnered with Kohlberg Kravis Roberts & Co. (“KKR”) and Impact Investment Exchange (“IIX”) and Impact Investment Shujog (“Shujog”) – organizations that promote social enterprises – seeking support to scale its operations and quantify its social impact.

### How growth was achieved

EBC’s founder, members of KKR’s deal teams, IIX and Shujog collaborated to implement financial, operational and social initiatives including:

- Creating a business plan that assessed the cashew sector’s fundamentals and competitive landscape. This validated the sustainability of EBC’s model and created a path to scale annual production from 200 tons to 600 tons;
- Implementing an investment structure that incorporated both debt and equity to resolve EBC’s ongoing working capital needs and suit long-term growth;
- Creating marketing materials and financial projections that highlighted EBC’s returns. This allowed EBC to communicate its business plan to investors; and
- Assessing social impact. Shujog created a framework to assess EBC’s impact on employment, healthcare and education. It quantified the value of these to the local community, both historically and as projected after scaling.

### The results

This work enabled EBC to raise \$900,000 from an international group of investors within three months. With the new funding:

- EBC tripled the size of its warehouse, built a second processing factory, grew its machinery from six processors to 20 and doubled its number of peelers.
- EBC created new jobs, bringing its number of workers from 104 to 180 by December 2013. The employees – 87% of whom are women – experienced increased income and mobility, improved health and financial security.
- EBC followed up by opening an early learning center that not only offers the children of the village a first-time chance at pre-elementary school education, but also gives the women employed at EBC an opportunity to continue their work without concern for child care.

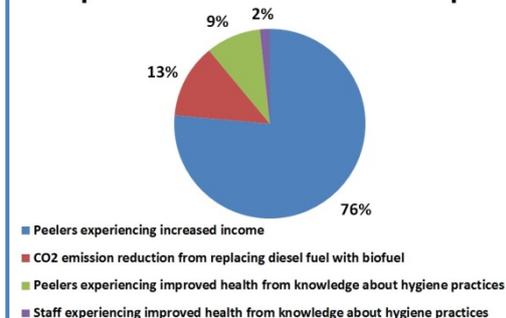
### The keys to success

Factors that contributed to the successful partnership of KKR, IIX and ECB include:

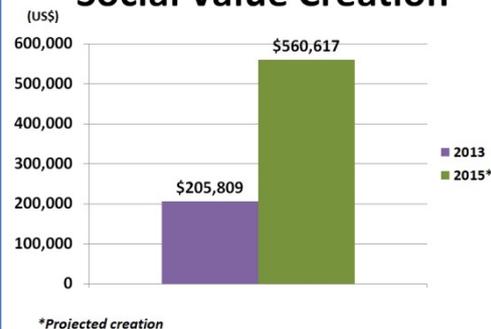
- The expertise of the KKR and IIX professionals that collaborated with EBC to set financial targets, execute strategies and create a bridge between the enterprise and potential investors;
- The impact-assessment expertise of Shujog, which enabled EBC to measure its social impact on the community and find growth opportunities;
- The entrepreneurial spirit and strong sense of social mission of EBC’s founder, Aaron Fishman, and its management team, who built the business and then were accepting of new ideas and adopted key initiatives to grow EBC and add value to the community.

## Impact in Numbers

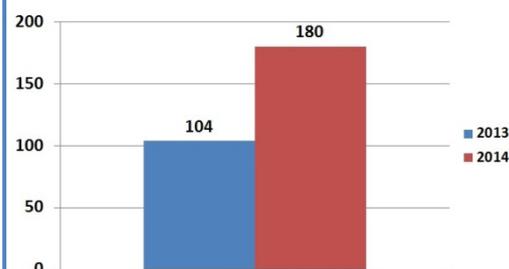
### Composition of EBC Direct Impact



### Social Value Creation



### Employment Creation



### Recurring Social Impact of Investment

