

BESTSELLER FOUNDATION
STRATEGY 2015-2019

BESTSELLER® FOUNDATION

BESTSELLER FOUNDATION:

STRATEGY FOR 2015-2019

BESTSELLER FOUNDATION is a private philanthropic foundation that commits its resources to poverty reduction and environmentally sustainable development.

BESTSELLER FOUNDATION aims to fight poverty and environmental degradation by promoting self-sustaining and environmentally sustainable development through people and partnerships.

BESTSELLER FOUNDATION – HELPING PEOPLE HELP THEMSELVES

BESTSELLER FOUNDATION builds on the fundamental belief that people are inherently capable of providing for themselves if they have the opportunities. Fighting poverty among people who lack opportunities for self-sustainable livelihoods is not about taking care of these people. Rather, it is about developing enabling environments and specific opportunities for people to be able to take care of themselves, their families and societies. Our role is to invest in people, their organizations and companies in partnerships that provide them with opportunities, knowledge, financial and other resources in ways that strengthen their own initiative and sense of ownership. In BESTSELLER FOUNDATION we believe that this is the best approach for our efforts to act as a catalytic philanthropist igniting social change and achieving results that lead to sustainable development with lasting impact.

BESTSELLER FOUNDATION engages in partnerships in Southern & Eastern Africa, China and India. We make grants, commercial loans and seed capital available to projects and businesses that contribute to poverty reduction and environmentally sustainable development through measureable social impact in Agriculture & Food Production, Job creation & Entrepreneurship, and Environment & Nature Conservation.

In addition, we will do an effort to catalyze other philanthropists, impact investors and actors with a wish to contribute to poverty reduction and environmental sustainability to the countries we work in.

PROGRESS, CHALLENGES & OPPORTUNITIES:

THE CONTEXT FOR BESTSELLER FOUNDATION'S WORK

Global poverty and global threats to nature and environment are interlinked challenges and should furthermore be seen in light of the growth of human population. Population growth is partly a result of widespread poverty and poses a serious threat to global nature and environment, and thereby to humankind. In other words, the challenges of poverty, threats to nature, and population growth are intertwined and cannot be seen or dealt with in isolation

from each other. There are 7 billion people on the planet today. UN projects the number to increase to 8.1 billion already by 2025. This will further increase demand for food, drinking water and space, and will intensify pressure on the world's natural resources like water, arable land and forests. If we continue business as usual, a further negative effect will be increased levels of pollution. In other words, business as usual means that climate change, pollution, overexploitation of land, water, forests, etc. will only intensify with growing populations.

We know that more people on earth lead to more pressure on the environment and we know that poor people get more children than those who live in rich societies. But history also tells us that societies get fewer children as they get wealthier. Assisting people in getting out of poverty is therefore the most effective mean to slow down population growth to the benefit of nature and humankind.

This correlation is well documented by World Bank among others. A very clear case is Brazil where a steady decline in child mortality rate has been followed by an almost proportional decline in fertility rate with the result that population growth has decreased from 3% in the 1960s to less than 1% today.

We also know that the richest societies are the biggest consumers of the world's resources and are among the biggest polluters. Therefore, if global society is to develop environmentally sustainably we have to break the relationship between high levels of wealth and high levels of consumption of natural resources and of pollution and CO₂-emission. Economic growth has to become sustainable through changes in the patterns of production and consumption. The concept of circular economy could prove an important inspiration and strategy for this journey.

GLOBAL POVERTY IS REDUCING BUT THERE IS STILL MUCH TO DO

The global context for poverty reduction work is characterized by challenges but also by progress and opportunities.

Poverty reduction is taking place in most regions except in countries affected by violence, war, and other forms of fragility. Between 1990 and 2012 the amount of people living below the UN poverty line of USD 1.25 per day was reduced from 47% to 24%. Especially China has achieved remarkable results. In the period 1978-1986 alone, 125 million Chinese were lifted out of poverty, largely due to the effects of land reforms initiated by Deng Xiaoping. There are still 122 million extremely poor Chinese but the government has made it a key priority to eliminate extreme poverty and bridge the growing gap between rich and poor. Since it gained independence in 1947 India has managed to reduce poverty considerably from around 50% to 20% today. However, around 200 million Indians still live in absolute poverty (20% of the world's poor people).

Despite having achieved progress on all Millennium Development Goals, Africa is still home to the greatest concentration of poverty. There are, however, strong indications of accelerating and sustained growth across the continent. From 2000 to 2012 real GDP rose 4.6% per year,

more than twice the pace in the 80s and 90s. In 2000-2010, six of the world's ten fastest growing economies were sub-Saharan African. Telecom, banking and retail are flourishing, construction booming, foreign investment surging. According to IMF, 7 of the 10 fastest growing economies in the next 5 years will be sub-Saharan African. Africa will have an annual growth rate of 5% and become the fastest growing region in the world.

According to McKinsey Global Institute the number of "consumer households" (spending at least half of their income on categories other than food and basic necessities) grew from 31 million in 2001 to 90 million in 2011 and is expected to reach 128 million in 2020. Already today, one third of Africa's population is considered middleclass. The number of Africans of working age is furthermore estimated to increase from 382 million in 2012 to 1.1 billion in 2040 making it – by far – the largest regional workforce in the world.

The expected growth in GDP, consumer spending and workforce along with large amounts of under-utilized resources constitutes a tremendous potential for socio-economic development.

But there is still much to do! 850 million people still live in hunger. Child malnutrition remains a concern with 1/3 of children in Southern Asia being underweight. 61 million children (mostly in Africa) are not enrolled in school, and half a million women die every year due to childbirth complications. Marginalization of the poor is still a big problem in Africa, China and India.

The poorest sections of human population need economic growth and the world needs it to be environmentally sustainable. If the right actors join forces, the present opportunities can be used to achieve just that.

BESTSELLER FOUNDATION'S FOCUS

The aim of BESTSELLER FOUNDATION is to fight poverty and promote self-sustaining and environmentally sustainable development through people and partnerships. In the coming five years this will primarily be done in Southern and Eastern Africa, China and India through a focus on three thematic focus areas. The overall logic behind the choice of the three themes is about our wish to make the biggest possible difference through our partnerships. Informed by the context described above we concentrate our resources on two thematic areas with large potential for poverty reduction and self-sustaining development while the third theme expresses our aim to contribute positively to environmental sustainability.

We will still be open to some support to social projects in Denmark on a case by case basis and will to some degree maintain openness to innovative project ideas that fall outside the categories described in this plan. However, our main focus will be concentrated on these three thematic focus areas in Southern and Eastern Africa, China and India.

The three thematic focus areas are presented below. The potential for synergies between the themes is large and the presence of more than one of the themes in the same project or business case is likely to be seen in our engagements.



1. SUSTAINABLE AGRICULTURAL VALUE CHAINS

It is common knowledge that without food nothing is possible. Hungry children cannot go to school but need to seek food. Hungry people fall sick and cannot work. Hungry mothers and fathers who cannot feed their hungry children lose dignity, identity and initiative. Hunger is a barrier against development of societies.

850 million children, women and men live in hunger, many of them in countries with enough resources to feed their populations and export food products – if the resources were used efficiently.

During the last decade the world has experienced several global food crises and the overall trend has been dramatic increases in global food prices with severe consequences for those poor families in developing countries who often spend 60-80% of their income on food (compared to approximately 12% for a Danish family).

In the 1940s, Rockefeller Foundation initiated the initial work that led to the famous Green Revolution which led to incredible agricultural development and rise in food production. Today, there is need for a new agricultural “revolution”, and the potential in BESTSELLER FOUNDATION’s geographic focus areas is enormous. In large parts of rural central and western China agriculture is inefficient and could generate more income locally through value adding processing. Africa has more than 60% of the world’s unused arable land. The agricultural sector in Africa is growing but the unutilized potential is still enormous.

In Africa and Asia, small-scale farmers account for 80% of the total food production, and yet many of them are not able to development self-sustaining livelihoods. Having our primary focus on these small-scale farmers, BESTSELLER FOUNDATION will support economically and environmentally sustainable food production, both staple crops for own consumption and cash crops for trade. Impact investments in the form of seed capital with the aim of producing social impact by making the primary sectors more efficient and productive will play a major role.

Where possible we will improve the value adding processing by engaging in establishment of sustainable processing facilities. Partners as well as project designs and business cases will vary from case to case. We will seek to engage business-oriented partners in order to reach markets both nationally and regionally/internationally. We will engage in projects and businesses that can be replicated other places in the countries and in other countries based on best practices.



2. GREEN & SUSTAINABLE JOBS & ENTREPRENEURSHIP

Without jobs or self-employing businesses many poor people are trapped in a vicious cycle with few opportunities and chances to break out of poverty. Getting a wage-paying job or starting a profitable business is the most effective way for people to break this cycle. A job can often be the first step into a positive development cycle: the job increases the families' income, basic needs can be met, children receive education, and maybe some savings and investments can even be done in the long run.

Young people today represent a group that presents the world with an opportunity to accelerate sustainable growth and reduce poverty. In many developing countries people below the age of 25 constitute more than half of the population (62% in Africa in 2005). In many developing countries' larger cities a new generation of innovative and energetic entrepreneurs is growing up ready to move as soon as they get access to education, skills, advice and capital. However, many young people, especially young women in rural areas, face big challenges; they lack capital in the form of skills, knowledge and experience, savings and credit, and they lack access to business networks and sources of information.

According to international estimations, Africa has the potential to create 50-70 million more stable wage-paying jobs before 2020. Much of this job growth will come from manufacturing, agriculture, retail and hospitality. One of the challenges in achieving this result will be to match the potential job creation with a workforce with the skills needed by businesses. Throughout the last decade enormous progress has been achieved in primary schooling in the poorest countries. The challenges today are to create opportunities for individuals to gain work experience and to build more practical vocational training, tertiary programs and personal life skills (e.g. service mindedness, punctuality, etc.) that develop the skills needed by businesses or needed to start their own business.

BESTSELLER FOUNDATION will contribute to job creation by supporting growth hubs/incubators for young entrepreneurs and through impact investments where access to seed capital is provided for entrepreneurs and their start-ups. Furthermore, we may support skills development, vocational training, training in life skills, and the linking of education to business which can facilitate young people's access to jobs/job training. We will prioritize support to creation of environmentally sustainable jobs, products and services.

For BESTSELLER FOUNDATION the new jobs, products and services and the increased levels of incomes that will follow from the development of profitable businesses represent social impact.



3. ENVIRONMENT & NATURE CONSERVATION

BESTSELLER FOUNDATION's work in the theme Environment and Nature Conservation will follow a dual approach. First of all we will strive to the extent possible to integrate environmental sustainability in all projects that have poverty reduction as the main purpose across the three thematic focus areas. Secondly, we will also initiate projects within this theme and in the same geographical areas that have environmental sustainability and nature conservation as their main purpose. Where relevant and possible such projects will be developed in conjunction with projects in the two other themes.

The world is losing biological diversity at an alarming pace. According to science this loss currently takes place 100-1000 faster than under normal conditions. We lose one animal species every day! Only five times before in Earth's history has this happened with the same speed. The difference is that this time it is human beings and not meteorites or volcanic activities that cause the problem. Under the right circumstances ecosystems constantly reproduce themselves through nature's own systems. However, if these circumstances change and if the natural systems are disturbed by human activity beyond the limits of their capacities for self-reproduction the ecosystems gradually change and/or die. This happens around the world today despite the fact that humankind is very well aware that nature is the most fundamental pre-condition for humankind's existence.

Ecosystems play a crucial role in the survival of all human societies. In developing countries they very directly provide livelihoods through agriculture, fishery, forestry, etc. Looking at forests alone, 300 million people's livelihoods depend on their ecosystems, and more than 75% of the world's fresh water comes from the ecosystems in and around forests. For 10-12% of the global human population life depends on fish. For them, the survival of marine ecosystems is a matter of life or death. Healthy ecosystems provide the platform upon which future food production and other primary sectors but also more advanced economic activities are based. In other words, protecting and improving nature's ecosystems is also an important part of the solution to global poverty.

Together with national and international organizations and businesses BESTSELLER FOUNDATION will engage in projects and businesses that will contribute to long-term environmental sustainable development benefitting the most vulnerable people, societies and environments in our focus countries. Projects and businesses can be about protection and reestablishment of ecosystems both on land, in forests and in water, development of new environmentally sustainable technologies and products, climate friendly agriculture, support to "green tech" innovation, and combatting desertification, illegal logging, wildlife trafficking and poaching, etc. BESTSELLER FOUNDATION's engagements in this theme will always be informed by a wish to strengthen local communities' livelihoods, and will always respect these people's land rights as well as national laws regarding land. Apart from engaging in specific projects and businesses that aim to improve the environment and nature, BESTSELLER

FOUNDATION will also in the coming five year period seek ways to facilitate and contribute to operationalization and specific piloting of the concept of Circular Economy.

THE NATURE OF BESTSELLER FOUNDATIONS ENGAGEMENT

BESTSELLER FOUNDATION wants close relationships with our partners. Our engagement with a partner starts with development of a project concept or business case in a process where BESTSELLER FOUNDATION takes an active role while acknowledging that the primary owner of the project/business is the partner. We partner with individuals, NGOs and other civil society organizations, private companies and public entities depending on the nature of the project or business case. BESTSELLER FOUNDATIONS engagement continues until results have been achieved and can be documented. Our success is not measured on the quantity of our support but on the social and environmental impact the support leads to. The most important criteria for BESTSELLER FOUNDATION when deciding which projects and business cases to support is that the project- or business owner has a clear and convincing strategy to make the project/business self-sustaining. BESTSELLER FOUNDATIONS support to projects and businesses comes in the form of one or a mix of three different modalities depending on case by case assessments of the need:



1. GRANTS

BESTSELLER FOUNDATION can support projects with grants in cases where the project does not involve products, services or otherwise which can be commercialized, or when expected profits from the activities are generated by for instance individual or groups of small-scale farmers. An example could be support to incubators for entrepreneurs or the introduction of new agricultural crops or techniques among small-scale farmers.



2. ACCESS TO LOANS

In cases where a social impact business with a convincing business case lacks capital to get started, BESTSELLER FOUNDATION can consider providing loans under conditions negotiated on a case by case basis. Profits accrued by BESTSELLER FOUNDATION from collection of interest will always be reinvested in other social impact projects and businesses.



3. EQUITY INVESTMENTS

Investment in businesses through shareholding. This tool is used when prospects for commercial success of businesses with social or environmental impact are relatively high if they are given access to additional capital. All profits made by BESTSELLER FOUNDATION from such engagements will be reinvested in social impact projects and businesses.

PRINCIPLES AND VALUES IN BESTSELLER FOUNDATION'S ENGAGEMENTS:

BESTSELLER FOUNDATION always emphasizes the goal of self- sustaining development. It is a key principle for us to avoid situations where our partners and target groups become dependent on support from BESTSELLER FOUNDATION as this can negatively affect their sense of ownership and dignity. All partnership agreements include an exit strategy in accordance with the objectives and success-indicators of the project/business.

BESTSELLER FOUNDATION seeks partnerships with organizations as close to the projects' or businesses' target groups as possible. However, we can enter into partnerships with intermediary organizations when it is necessary for the achievement of the objectives of the project. Administrative expenses shall always be kept low and not least in these cases.

BESTSELLER FOUNDATION gives priority to projects and businesses with good potential for scalability once initial phases have proved successful. In order to increase our impact BESTSELLER FOUNDATION can enter into strategic partnerships with likeminded philanthropic foundations, researchers and businesses around implementation of projects and businesses.

People, private and public organizations, and companies that wish to partner with BESTSELLER FOUNDATION should be ready to subscribe to the following values that guide our work:

- Strong sense of solidarity with poor people
- Focus on poverty reduction and environmental sustainability
- Focus on results
- Self-sustaining long term development
- Honesty, mutual openness, and accountability
- Respect for diversity between people
- Equality between women and men
- Simplicity and efficiency
- Independence