

INVESTING IN THE FUTURE



Lutheran
World
Relief

2017 ANNUAL REPORT

MISSION

Affirming God's love for all people, we work with Lutherans and partners around the world to end poverty, injustice and human suffering.

VISION

Empowered by God's unconditional love in Jesus Christ, we envision a world in which each person, every community and all generations live in justice, dignity and peace.

Rose Nabyonga smiles with her grandson at their home in Uganda. "Life for my family is better. There is a difference in the farming," she says. Read her story on page 4.





THE COMPASSION AND UNWAVERING SUPPORT OF PEOPLE LIKE YOU NEVER CEASES TO AMAZE ME. WHEN SOMETHING HAPPENS IN THE WORLD, WHEN THERE IS A NEED, YOU RESPOND.

You are **helping families restore their lives in the wake of disasters and crises**. When Hurricane Maria slammed into Puerto Rico, you responded with an outpouring of prayers, love and financial support to help people get back on their feet. You made it possible for children in Mosul, Iraq, to have a safe place to learn and play and just be kids.

You are partnering with communities to **build and grow robust and sustainable rural economies**. In East Africa, for instance, you're helping young entrepreneurs establish small businesses that support local farmers. In a cutting-edge program in West Africa, you're connecting sesame farmers to global markets so they can increase their families' income.

And, with your support, Lutheran World Relief continues to innovate so we can benefit more families and more communities, more meaningfully and more completely.

This year we launched Ground Up Investing LLC, our new impact-investing fund, which is making strategic equity placements that drive local economies throughout the world. Ground Up Investing made its first investment in 2017, establishing wholly-owned Mountain Harvest, a buyer and trader of premium coffee grown on Mt. Elgon in Uganda.

And we introduced LWR Farmers Market Coffee — a line of premium quality coffee sourced directly from farmers participating in Lutheran World Relief projects. Our farmer direct model not only cracks open lucrative international markets for our growers but also pays them a share of the profits.

With your support of Lutheran World Relief, **you are making an investment in the future** and creating conditions that enable families and communities to break the cycle of poverty for good, and thrive in the long term.

Thank you for your ongoing commitment to serve those in need. I hope you enjoy these highlights of your accomplishments in 2017.

Ambassador Daniel Speckhard
President and CEO



Lal Bahadur Gurung tends to his vegetable crops in Nepal. “We used to have no income and grow only millet. Now I have a bank balance and I eat organic vegetables and have a good income,” he says.



IN 2017, TOGETHER WE REACHED:

MORE THAN
3 MILLION
PEOPLE

IN
32
COUNTRIES

THROUGH
131
PROJECTS

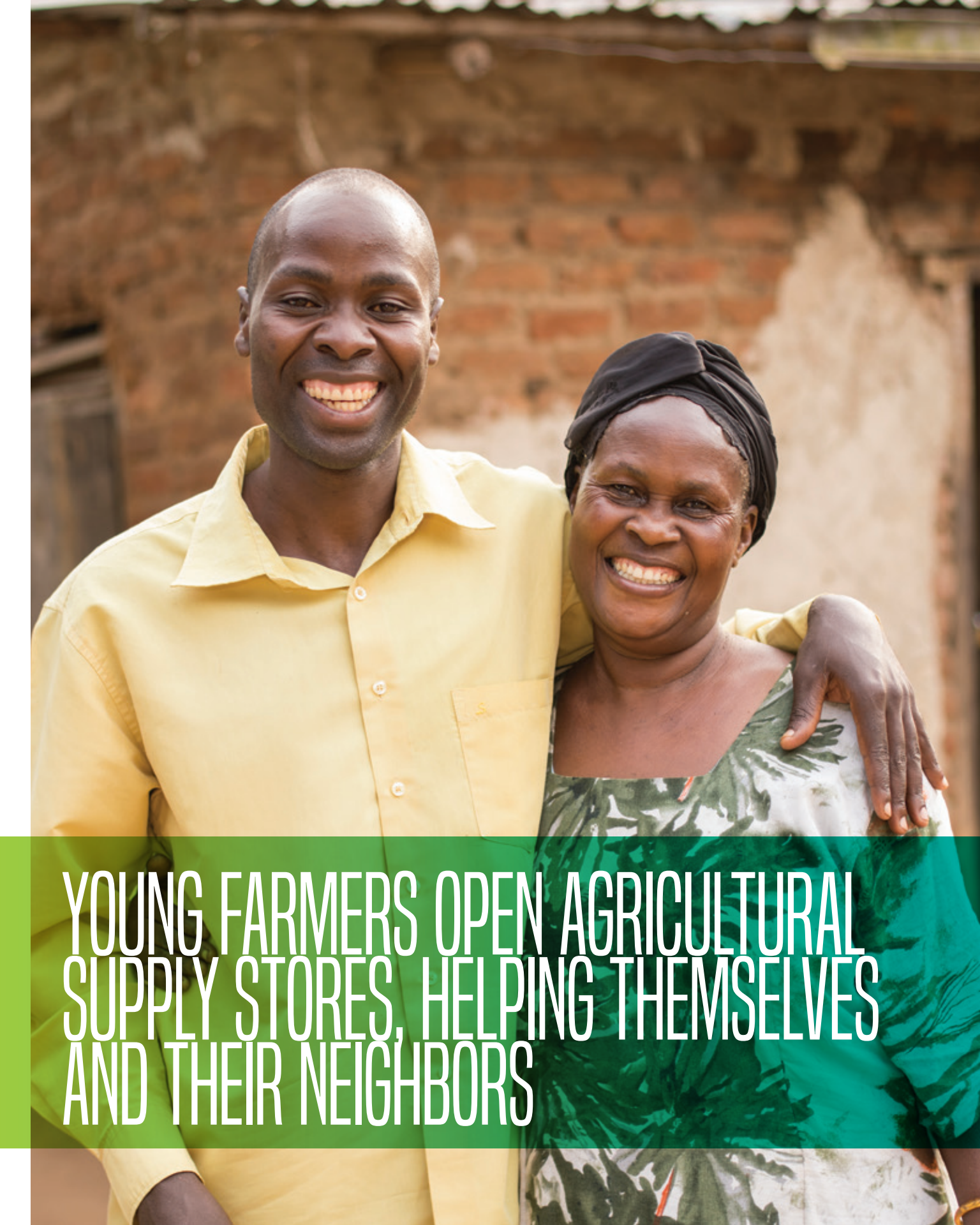
WITH
101
PARTNERS



Jake Lyell for LWR



Oscar Leiva Martinez for LWR



YOUNG FARMERS OPEN AGRICULTURAL
SUPPLY STORES, HELPING THEMSELVES
AND THEIR NEIGHBORS

ROSE NABYONGA AND DEOGRACIAS (DEO) MUWONGE ARE A TEAM. The 60-year-old farmer and the 35-year-old agriculture extension agent are working together to improve Rose's farm in the village of Kalisizo in Uganda.

Three years ago, Rose's grandchildren were usually at home — and not in school — because there was no money to pay their school fees. The family usually ate one meal a day, consisting of porridge and beans.

Today, Rose's family has money for school fees, healthy meals and even some savings for home improvements.

Rose says Deo has much to do with her success. Thanks to your support, Deo is one of 40 young farmers who received small business management training and specialized instruction in coffee cultivation from a professional agronomist. Deo now runs an agricultural supply store, where he sells farm products — like fertilizer, pesticides and fungicides, and harvest sacks for packaging — and offers technical guidance that help farmers improve crop production.

Rose's coffee trees have doubled their annual production, as have her maize and bean crops. More crops means more money.

"Life for my family is better," says Rose. "There is a difference in the farming."

Deo and his colleagues are the centerpieces of the improvement, providing reliable products and advice to nearly 12,000 farmers in communities where families depend on their crops for survival.

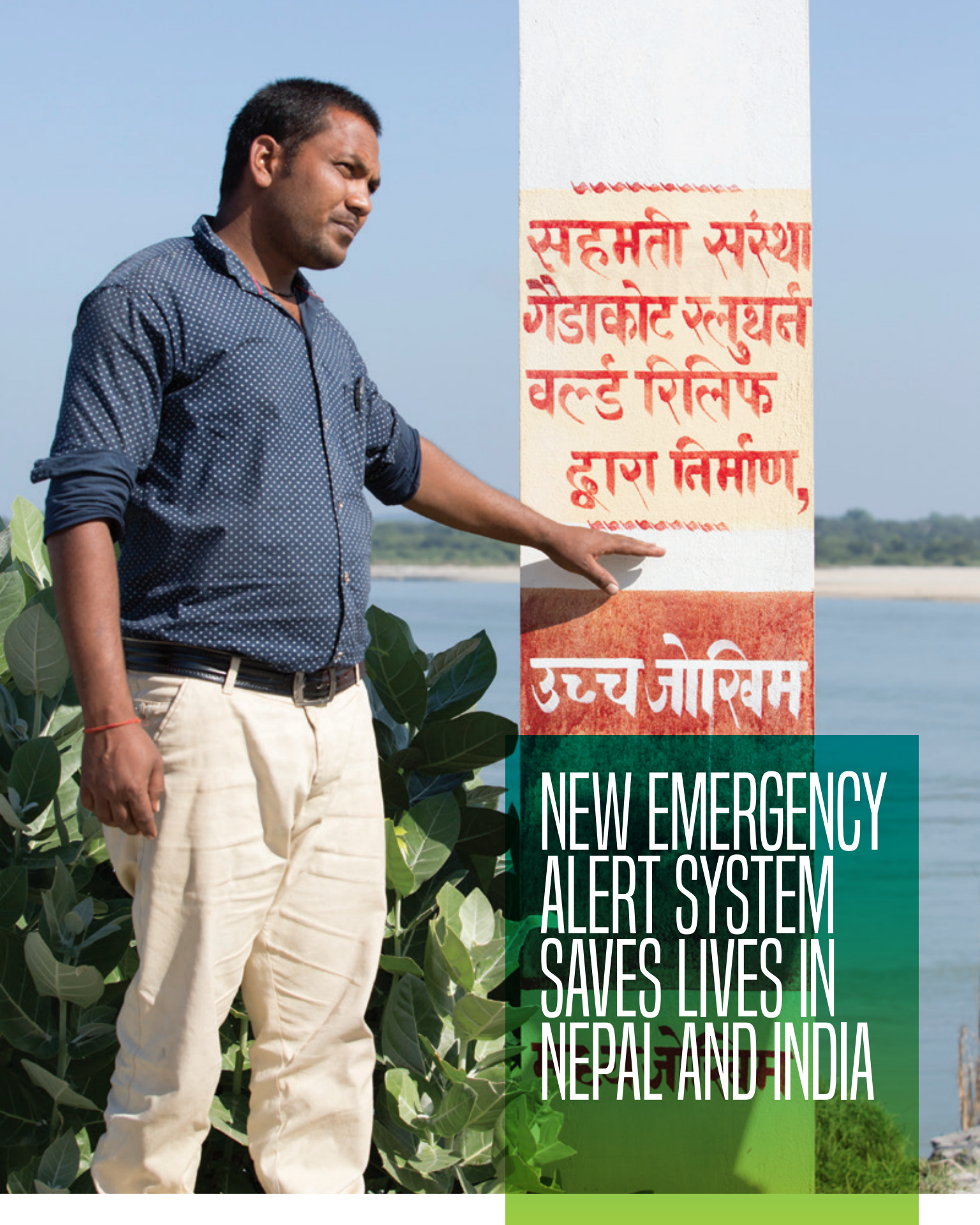
As a young farmer and businessman, Deo believes he will be here years from now, providing help to the farmers like the 300 he counsels regularly.

Meet Deo and Rose at lwr.org/blog.

THIS WORK IS WORK MADE POSSIBLE THANKS TO:

INDIVIDUALS AND CONGREGATIONS





सहमती संस्था
गैडाकोट स्लुथर्न
वर्ल्ड रिलिफ
द्वारा निर्माण,

उच्च जोखिम

NEW EMERGENCY
ALERT SYSTEM
SAVES LIVES IN
NEPAL AND INDIA



Members of the rescue team in Susta, a small community in Nepal, demonstrate how to safely rescue a drowning person.

AFTER three days of nonstop, heavy rains in August 2017, the Koshi River swelled over its banks and reached the red zone of the flood gauge pillar in the village of Narsahi in Nepal. Ram Kisun Koiri knew it was time to evacuate.

Ram (pictured on the left), who is president of his village's disaster management committee, and his team successfully evacuated the entire village of more than 6,000 people. Tragically, more than 800 people across Nepal, India and Bangladesh were killed in the severe floods. There was not a single causality in Ram's village.

You are protecting entire communities in the Gandak/ Narayani and Koshi River basins in Nepal and India from flood fatalities by helping them establish early warning systems, form disaster management committees and learn first aid.

The early warning system works like this: Communities located upstream monitor their flood gauge. If water reaches the red zone, dangerous flooding is certain and communities must be evacuated immediately. Those communities alert their downstream neighbors in India, rather than relying on government-to-government

communications across borders. The new system has doubled the speed of real-time flood warning information traveling downstream to only 24 hours — and even to 15 hours in some cases!

You've also provided essential lifesaving tools including sirens and megaphones so disaster management committees can alert their towns to oncoming floodwater, mobile phones so communities can send SMS messages to neighboring villages, as well as radios, flags, ropes, life jackets, boats and flashlights.

Launched in 2013, this life-saving work is reaching more than **71,300 people** in **178 villages**.



A man demonstrates how to sound the alarm when a flood is imminent.

THIS WORK IS WORK MADE POSSIBLE THANKS TO:

INDIVIDUALS AND CONGREGATIONS | GLOBAL RESILIENCE PARTNERSHIP'S WATER WINDOW CHALLENGE (FUNDED BY Z ZURICH FOUNDATION)



DRISSA BANIHO, a farmer in Burkina Faso, thought the land his family worked on for a quarter-century was dead.

The 10 acres he had farmed since childhood had borne no crops in five years because of drought conditions. Drissa wondered how he was going to support his wife and young children.

This year, the land has come back to life. In fact, Drissa and his extended family produced 80 tons of sesame which, for him, felt like nothing short of a miracle.

“I thought the land was dead and wouldn’t produce anymore. I had no idea what I was going to do nor where to begin,” he says.

Lutheran World Relief is changing that by helping Drissa, and farmers like him, grow, market and export sesame.

He was introduced to a series of trainings all about growing sesame, which is valued for its seeds and oil and grows in places where many other crops fail.

“We learned so many things about planting and harvesting,” Drissa said of the instruction he received from local farmers, trained as agricultural extension agents, who visited his farm.

He learned to plant in a square pattern, with four seeds in each corner, and how to make organic compost and use it as fertilizer. The hands-on instruction covered everything from plowing and harvesting to cleaning the sesame and new storage techniques.

This work will reach more than **500,000 PEOPLE** in Burkina Faso and increase their ability to meet sesame export quality standards and sell their crop for higher prices in more lucrative markets.

“With the money earned from the extra sesame, we see more children going to school. Parents are able to buy school supplies and uniforms,” Drissa says. “They can definitely afford more.”

DRISSA'S LAND HAS
COME BACK TO LIFE
WITH A BUMPER
CROP OF SESAME

THIS WORK IS MADE POSSIBLE THANKS TO:

INDIVIDUALS AND CONGREGATIONS | U.S. DEPARTMENT OF AGRICULTURE

IN A WORLD OF CRISIS,
YOU ARE DOING A

WORLD
OF GOOD



PUERTO RICO



Allison Shelley for LWR

Allison Shelley for LWR

YOU RESPONDED TO FAMILIES' MOST PRESSING NEEDS

JAIME LOPEZ LUCIANO, 72, lost nearly everything in Hurricane Maria. After the storm hit, he returned to his home town of Adjuntas, Puerto Rico from a trip abroad to find the house he built for his late wife in ruins. It had been a quaint cottage with brown wood siding and yellow trim that sat at the end of a mountain road, with a panoramic view of the valley below.

"I was without words," Jaime says, as he walked through the shell of the house. "Here we had everything, the memories. Now, everything is gone."

You helped to ease Jaime's hopelessness — and that of his neighbors — by responding to some of their most pressing needs.

In Adjuntas — a rural community in the heart of the island that received little aid from other outside groups — you've provided refillable water filtration units, rechargeable solar lanterns that can also be used to charge cell phones, and cash to meet immediate needs.

Go to lwr.org/blog to meet more families in Puerto Rico who are so thankful for your support in the aftermath of Hurricane Maria.

THIS WORK IS WORK MADE POSSIBLE THANKS TO:

INDIVIDUALS AND CONGREGATIONS



WORLD
OF GOOD

SOUTH SUDAN

CRITICAL AID REACHES INFANTS AND YOUNG CHILDREN AT RISK OF STARVATION

A medical provider measures the arm circumference of a small child in South Sudan. The number in green indicates that the child is now in a healthy range. Meanwhile, a nurse measures a young boy's height, and another nurse weighs a child using a scale hung from a tree branch.

In South Sudan, a severe food crisis fueled by severe drought and deadly civil war has left the country on the brink of famine. The conditions are exacerbated by extreme poverty, weak infrastructure and lack of access to basic services, including health care.

You are bringing critical aid to the most vulnerable affected by this crisis: infants and young children who are so severely malnourished that they are at risk of starvation. Many of these children are also suffering from malaria and other diseases, which exacerbate malnutrition.

With your support, Lutheran World Relief has set up three emergency treatment centers in extremely poor areas of South Sudan where there are no other medical facilities. The medical centers provide children and mothers nursing infants with 24-hour care until they are disease-free and the children reach a healthy weight. They also offer an outpatient monitoring and feeding program for children and mothers who are malnourished but healthy enough to be treated at home. The treatment centers are serving an area with a population of 290,000.

THIS WORK IS MADE POSSIBLE THANKS TO:

INDIVIDUALS AND CONGREGATIONS

Allison Shelley for LWR

Allison Shelley for LWR

IRAQ

ZAHRAA IS STARTING TO FEEL SAFE AGAIN IN MOSUL

When 8-year-old Zahraa first came to the “I Am Safe” community center in battle-weary West Mosul, Iraq, our case managers asked her to draw what she was feeling.

Crayon in hand for the first time in three years, Zahraa drew her deceased sister, killed in front of her in their home by an Islamic State bombing.

War is hard on everyone — and it’s especially damaging to children. Learning to cope with what they’ve endured is essential to recovery.

The community center, made possible by your generosity, is a place where children can come to express themselves and heal in a safe, supportive environment.

Lutheran World Relief is one of the only humanitarian organizations present in West Mosul, an area where as many as 4,000 civilians perished, 900,000 fled, and more than 90 percent of houses and buildings are dust and debris.

Your support is bringing psychosocial counseling for children and families to help heal gaping emotional wounds for returning refugees and those trapped in Mosul’s cruel, 3-year-long siege.

Just a few weeks after first visiting the center, Zahraa found herself drawing again. This time, she sketched birds soaring over colorful flowers, a mountain backdrop under a beaming sun, and an A-frame house with big windows.

Zahraa’s mother, traumatized herself by the loss of three children, believes the project is bringing hope and normalcy back to Mosul.

“Last week, she asked me for girlie things, like the clips in her hair,” she said. “Zahraa is getting better. And I am proud.”

In addition to this work, which helped more than 33,000 people like Zahraa and her mother, you’ve provided more than 25,000 people in northern Iraq with food aid and improved water and sanitation systems.

THIS WORK IS WORK MADE POSSIBLE THANKS TO:

INDIVIDUALS AND CONGREGATIONS

LUTHERAN WORLD RELIEF FARMERS MARKET COFFEE



IN THE summer of 2017, Lutheran World Relief launched **LWR Farmers Market Coffee** — a line of premium quality coffee sourced directly from farmers participating in Lutheran World Relief projects.

Our farmer direct model eliminates the middleman to provide farmers with greater earnings. Farmers receive a strong up-front price for their beans as well as a portion of the profits. With LWR Farmers Market Coffee, farmers aren't just suppliers of coffee beans, they are partners in the coffee business.

Coffee is the second most traded commodity in the world. Most of the world's coffee is grown by individual farmers who live in some of the poorest communities in the world. They depend on their coffee crops to feed their families, send their children to school and keep a roof over their heads. All too often, farmers struggle to do just that.

Lutheran World Relief recognizes the potential of this cash crop to be an engine of inclusive economic growth across the developing world, which is why we have worked with coffee farmers and their cooperatives for decades and also why we now offer LWR Farmers Market Coffee.

Thanks to your generosity, the farmers we've reached are producing more and better coffee and building better lives.

LWR Farmers Market Coffee is produced in partnership with Thrive Farmers, a coffee company that shares our passion for helping farmers lift themselves out of poverty and become self-sufficient.



Oscar Leiva Marín for LWR

Learn more, meet the farmers and
order LWR Farmers Market Coffee
at lwr.org/coffee.



Brad LeBrón for LWR



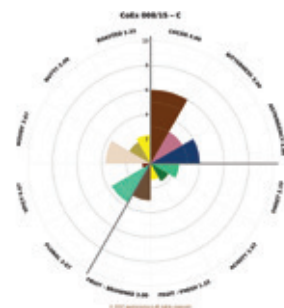
Oscar Leiva Marín for LWR



Morgan Arnold for LWR

INNOVATIVE TOOL HELPS FARMERS CONNECT WITH BUYERS OF FINE AND SPECIALTY COCOA

In 2017, Lutheran World Relief launched the **LWR Regional Cocoa Flavor Map**, an innovative initiative documenting the distinct flavor profiles of cocoa produced by LWR farmer and cooperative partners in El Salvador, Nicaragua, and Honduras. The Cocoa Flavor Map helps cocoa producers better connect with buyers of fine and specialty cocoa, who can quickly identify the sources for the cocoa flavors, profiles and characteristics they are seeking. Farmers and cooperatives can demonstrate an ability to offer customer-driven solutions, as well as to adopt a more knowledgeable post-harvest approach. Chocolate makers are able to obtain exclusivity on special micro-lots, purchase lots that exactly cover their needs, and increase their knowledge, transparency and traceability of cocoa processing. The Cocoa Flavor Map was developed in collaboration with Zoto, Guittard Chocolate and Cocoa of Excellence. Explore the LWR Cocoa Flavor Map at cocoaflavormap.cacaomovil.com.





Young farmers enrolled in Lutheran World Relief's Cocoa Diploma project in El Salvador take part in a hands-on training exercise. The first-class degree program is designed to prepare young cacao farmers for employment and to run their own farms. This next generation of cacao farmers can help form a more stable future for El Salvador, eliminating gang life and fear as the only alternatives.

GROUND UP INVESTING LLC: LUTHERAN WORLD RELIEF AND IMPACT INVESTING



LUTHERAN WORLD RELIEF'S new impact-investing fund is making strategic equity placements that drive local economies throughout the world, taking our faith-based values and on-the-ground expertise in agribusiness and climate wherever smallholder farmers seek to transition from subsistence to self-sufficiency.

Our fund is called **Ground Up Investing LLC**. Why? Because that's what Lutheran World Relief — and you — are doing: Helping to grow local markets from the ground up, along with farmers' technical acumen, household income and prospects for the future.

Ground Up Investing LLC made its first investment in 2017, establishing the wholly-owned **Mountain Harvest**, a buyer and trader of premium coffee grown on Mt. Elgon in Uganda. Mountain Harvest buys organic, Fair Trade and Rainforest-certified coffee beans from a local cooperative composed of 3,000 small-plot farmers who had struggled in years past.

With the formation of Mountain Harvest, not only do the farmers now have a stable buyer offering fair prices, but they also enjoy a bonus after their product has been exported tied to the amount of kilos they sold.

With time, incomes on Mt. Elgon are expected to rise to the point that farmers can better provide for their families, invest in their crops and land, and begin to escape the cycle of poverty.

Through Ground Up Investing, Lutheran World Relief is developing markets that are principled and fair, efficient and functional, and advance communities from poverty to plenty, all while applying proven market approaches to some of the world's thorniest development challenges.



Jake Lyell for LWR



Jake Lyell for LWR

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STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Fiscal year ended September 30, 2017 (in thousands)

SUPPORT AND REVENUE

Evangelical Lutheran Church In America	\$1,883
The Lutheran Church—Missouri Synod	207
North American Lutheran Church	11
Individuals, Congregations and Other	16,855
Bequests	5,589
Grants - U.S. Government	7,312
Grants - Foundation, Corporate And Other	5,104
Action By Churches Together (Act Alliance)	429
Contracts	1,272
Foods Resource Bank	144
Combined Federal Campaign	385
Total Support And Revenue - Cash	39,191
Donated Material Resources	13,930
Contributed Services	441
TOTAL SUPPORT AND REVENUE	53,562

FINANCIAL STEWARDSHIP

Lutheran World Relief is a highly rated nonprofit, with the highest possible scores from Charity Navigator, Charity Watch, GreatNonprofits and the Better Business Bureau. We wisely and prudently invests our financial resources for growth, so that we may help more people living in extreme poverty build the resilience they need to thrive. In fiscal year 2017, Lutheran World Relief spent \$43.9 million on program expense, representing 85.3 percent of total expenses.

For LWR's complete financial statements, including auditor's notes, please visit lwr.org/impact/annual-reports.

EXPENSES

PROGRAM SERVICES

Africa	16,435
Asia & Middle East	6,708
Latin America	11,548
United States	2,276
Other Worldwide	3,940
Cross Cutting Program Management	2,996
Total Program Services	\$43,903

SUPPORT SERVICES

Management and Operations	3,698
Fundraising	4,312
Total Support Services	\$ 8,010

TOTAL EXPENSES \$51,913

OTHER CHANGE IN NET ASSETS

Investment Returns, Net of Amounts Designated for Current Operations	2,649
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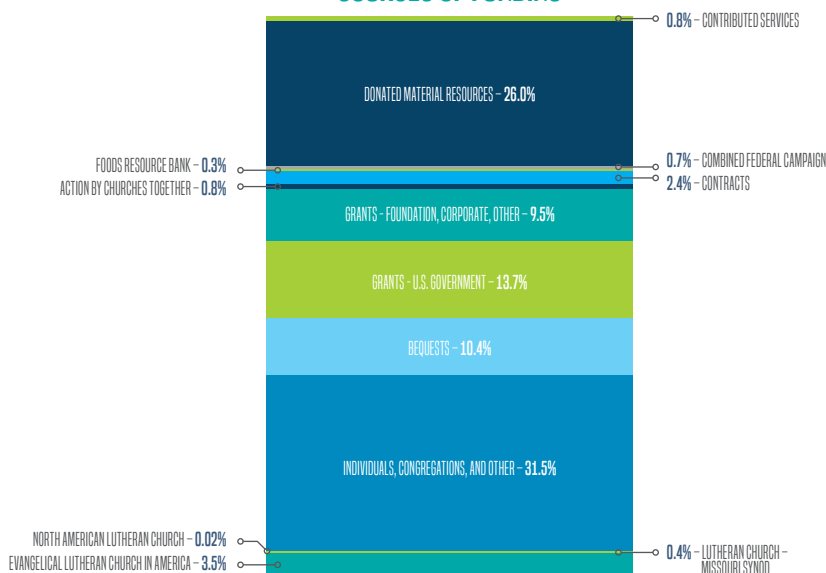
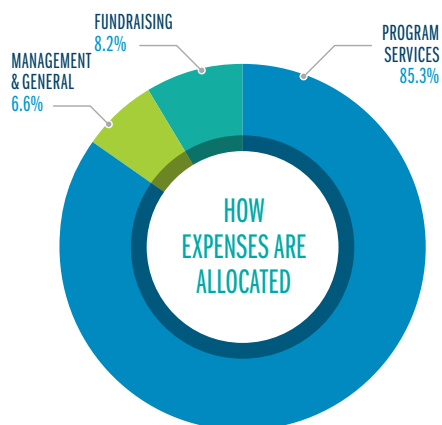
TOTAL CHANGE IN NET ASSETS \$4,298

ANALYSIS OF CHANGE IN NET ASSETS

Net Assets, Beginning Of Year	\$34,333
Change in Net Assets - Cash (Unrestricted)	3,343
Change in Net Assets - Cash (Temporarily and Permanently Restricted)	244
Change in Net Assets - Cash (Material Resources)	711
Total Change In Net Assets	4,298

NET ASSETS, END OF YEAR \$38,631

SOURCES OF FUNDING



LOOKING AHEAD



TOGETHER we will continue to invest in the future and create conditions that enable families and communities to break the cycle of poverty for good and thrive in the long term. Thanks to your generosity, Lutheran World Relief is well-positioned to respond to communities affected by conflict and natural disaster. Here are seven continuing or potential hot spots that may require action in the next year.

In Buddhist-majority **Myanmar**, the Muslim Rohingya have been the targets of violence, including murder, rape and arson of homes at the hands of security forces, triggering a mass migration as more than 620,000 Rohingya have fled to neighboring Bangladesh.

More than 2 million people from **South Sudan** have fled their homes in the last year due to the civil war raging in their country, with half seeking refuge in Uganda, overwhelming an already overburdened health care system.

Although it once lurked below the public radar, the conflict in **Yemen** is now being recognized as the world's worst humanitarian disaster. The prospects for 2018 are grim for a resolution to this conflict.

After the people of northern **Iraq** suffered through a brutal three-year occupation by the so-called Islamic State, the liberation of Mosul in July 2017 promised to bring some relief. However, the threat of armed conflict persists.

Violent extremism is a present and growing threat in **Africa's Sahel** — including Niger, Mali, Burkina Faso and parts of Nigeria — in a region that struggles with recurrent food and nutrition crises.

In the **Philippines**, a group of rebels affiliated with the Islamic State seized the city of Marawi on the island of Mindanao in May 2017 and held siege for five months. Although the leaders of the rebellion were killed, a considerable number of fighters remain, and could regroup for future combat.

In the past year, **Venezuela's** miserable social, political and economic conditions have gotten worse, causing crime and violence to spiral. Tens of thousands of Venezuelans have fled their country for neighboring Brazil and Colombia, which face their own difficulties, with Brazil grappling with an economic crisis and Colombia implementing the provisions of its peace accords.



Sakuntala Kumari works in her vegetable farm in a remote village in Nepal.



Lutheran World Relief
SUSTAINABLE DEVELOPMENT. LASTING PROMISE.

lwr.org

Young children smile brightly in Uganda. With your support, their families are growing more and better crops, including maize and beans.

On the cover, a 13-year-old girl bags her family's excess crop. They now grow enough to sell for income.

Jake Lyell for LWR



Jake Lyell for LWR

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