



# Annual Report

2017-2018

## Foreward from Our CEO

Dear Friends,

The year 2017-18 was marked by complex challenges, global and national headwinds and whiffs of cynicism, yet there were also many other reasons for hope! Global trade wars, internal strife, climate change-induced disasters, broken governance and shaky macroeconomic indicators are giving blurred pictures of national progress. Still, a huge chunk of the citizenry has started asking the right kind of questions about what is it for them and how their own futures look. Despite whiffs of gloom and doom, there are also positive stories. Stories of socially conscious entrepreneurs who are attempting to solve big and small problems, taking calibrated risks and trying to deliver on both social and economic good.

S3IDF has also been intellectually engaging in some of these burning issues. This organisation harbours no illusions that it has the capability to either solve some or all of these issues. On the contrary, actually! What it does engage via its mission; however, is a model that fires the spirit of entrepreneurship targeted at the lower end of the wealth pyramid. This is done by demonstrating workable models that can be replicated and building in collaborations with large players like government institutions, foundations, NGO partners, technical suppliers and financial bodies. For S3IDF, our ultimate stakeholders – be it our farming communities or waste workers – are the only true beneficiaries of impact; hence all our work is designed only through the lens of building successful models for these communities.

The two case studies Manuvikasa – Pragatimitra (for Agricultural Livelihoods) and DWCC- NSKFDC (for Waste Livelihoods), which are part of this annual report, are exemplars of the approach we take to solve the problems of livelihoods through the lens of entrepreneurship. The success of this approach should and will manifest eventually into growing tangible community assets, creating resilience during external vagaries and building community-owned & operated organisations, which hold the long-term promise of impacting its stakeholders.

S3IDF's hosting of the USAID-funded Clean Energy Access Network (CLEAN) has also moved well with continuing to build an all India network of development practitioners in the energy access sector. There have been several consultations, including with the Union Government, and all the verticals enshrined as part of the CLEAN project have progressed well - especially on skilling and technology.

For a refreshed journey that S3IDF started in 2016, the progress has been an encouraging and continuous vetting of our strategy on the ground with clear acceptance of the Social Value Proposition by external stakeholders. True, the examples are too limited and scope a wee bit narrow, but the approach has been to test, adjust, refine

and build on the project exemplars that allow for larger replication potential once success is realised. The next several quarters will allow for a better understanding of how strong the progress is, but the last year of work has given S3IDF enough confidence that it is on the right track!

Of course, none of this will be possible without the support and encouragement of our funders, partners, Board members and staff, and I thank them profusely for their indulgence and positive energy.

The future looks interesting, the opportunities exciting and S3IDF India is poised on the journey to make an impact over the next intervening periods!

Sincerely,

A handwritten signature in black ink, reading "Samit Prabhat Aich". The signature is written in a cursive style and is underlined with a horizontal line. Below the underline, there are two small dots.

**Samit Prabhat Aich**  
Chief Executive Officer, S3IDF India



## About S3IDF

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S3IDF is an international nonprofit organization that builds inclusive market systems to benefit poor and disadvantaged communities. We develop and implement inclusive business models and development strategies that leverage resources, integrate incentives, and mitigate risk.

S3IDF works directly with public and private entities in our projects and programs and through our advisory services.

Through our projects and programs, we support entrepreneurs to run businesses

that generate income while also providing their communities with basic services and employment opportunities. We take a “systems-level” approach to mobilize local bank financing, increase technology options, and deliver direct business support.

Through our advisory services, we build the knowledge and capacity of public and private entities to create and implement inclusive business models and development strategies.

# Board of Directors

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Account Type	Minimum Balance
SAVING ACCOUNT WITH CHEQUE BOOK	Rs. 1000
SAVING ACCOUNT WITHOUT CHEQUE BOOK	Rs. 500
CURRENT ACCOUNT WITH CHEQUE BOOK	Rs. 10000
CURRENT ACCOUNT WITHOUT CHEQUE BOOK	Rs. 5000

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## U.S. Board

*President*

**Russell deLucia**  
Executive Director  
S3IDF

*Treasurer*

**Michael Lesser**  
Financial Director &  
Senior Economist  
S3IDF

*Clerk*

**Robin Brenner**  
Former Owner  
Billie Brenner, Ltd

**Somak Ghosh**  
Managing Partner  
Contrarian Capital  
India Partners

**Scott Sklar**  
President  
The Stella Group, Ltd.

**Marco Palmieri**  
President  
DECK Associates LLC

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## Indian Board

*Board Chair*

**Veena Joshi**  
Senior Advisor, Energy  
Embassy of Switzerland

**Somak Ghosh**  
Managing Partner  
Contrarian Capital India Partners

**Ravi K S**  
Founder and Senior Partner  
Ravi & Shrihari Chartered  
Accountants

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## Advisors

**Andrew Barnett**  
Director  
The Policy Practice Ltd.

**Nikhil Desai**  
Independent Energy Economist

# Strengthening Farm Livelihoods

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In the last year, S3DIF has worked to strengthen farmer livelihoods by promoting sustainable agriculture and connecting small and marginal farmers with the capital, training, and equipment they need to increase productivity, improve their incomes, and more effectively manage land resources. We engage with Farmer Producer Organizations/Companies (FPOs/FPCs) in their early stages and help them to:

- Develop their ideas into viable and actionable business plans, focusing on ecological and economic sustainability

- Identify, secure, and utilize appropriate technology and infrastructure to increase crop market value
- Identify, select and network with appropriate financial institutions to facilitate access to finance
- Establish new market linkages through extensive market research and relationship building with potential buyers

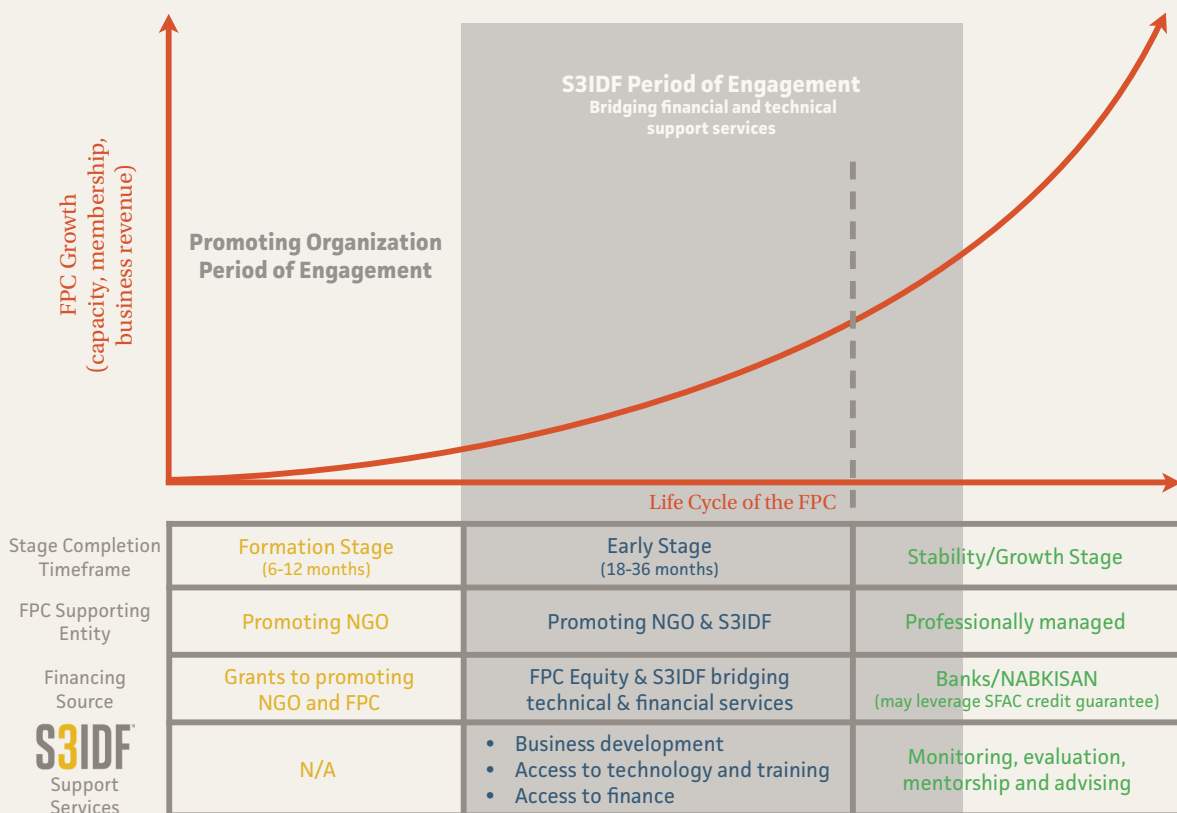
# Our Approach

S3IDF partners with grassroots organizations who have a deep localized understanding of FPCs, referred to as Producer Organization Promoting Institutions (POPIs) which play a key role in identifying and mobilizing farmers to collectivize and obtain legal registration. This stage, the “**Formation Stage**,” takes 6-12 months, during which membership reaches a critical mass.

The Formation Stage is followed by the “**Early Stage**,” and lasts 12-36 months. At this point S3IDF provides the necessary financial and technical support services required for the collective to develop their business ideas into actionable business plans. Working through strategic partnerships, S3IDF enables the FPCs to emerge as successful enterprises through

our relationship facilitation with financial institutions, local technology providers, market players, and when necessary, private donor organizations. S3IDF also works with POPIs during this stage to ensure that strong governance and regulatory compliance best practices are enacted.

During the final “**Stability/Growth Stage**,” the FPCs move towards scaling their businesses, focusing on improving the quality of their services along the value chain. S3IDF works with these FPCs to enable them to manage their emerging business and transition them to the “**Stability/Growth**” phase, in which they continue to manage the FPC internally, or generate enough revenue to hire management professionals.







**Agriculture: Featured Project**

# Addressing Labour Scarcity in the Western Ghats

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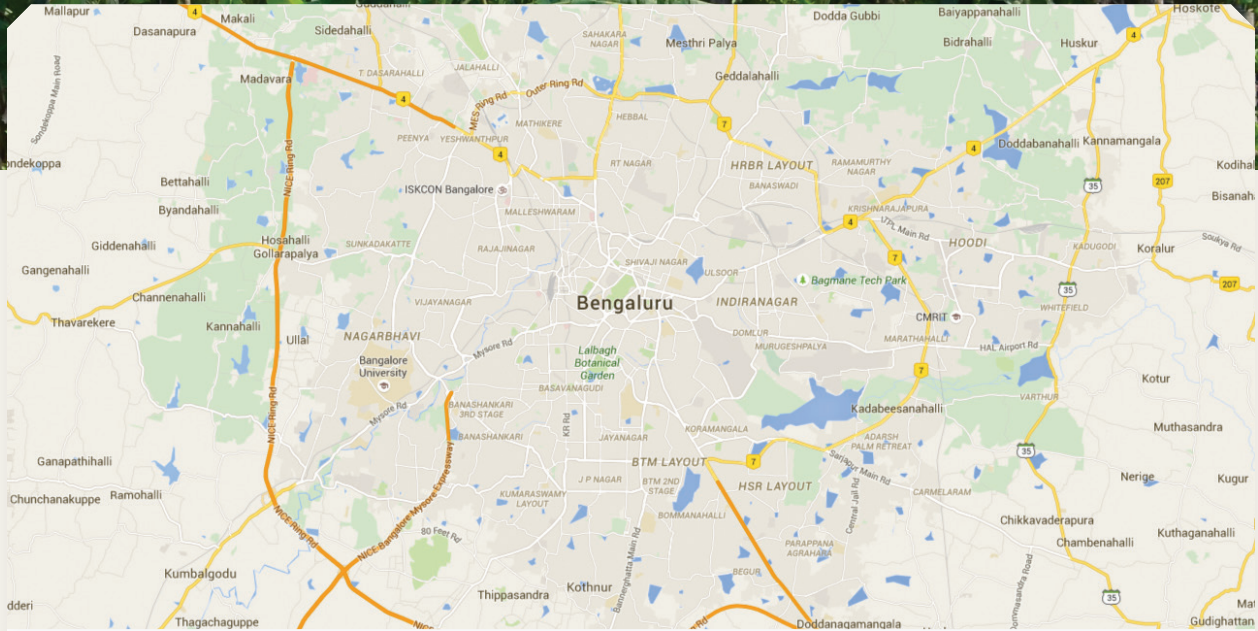
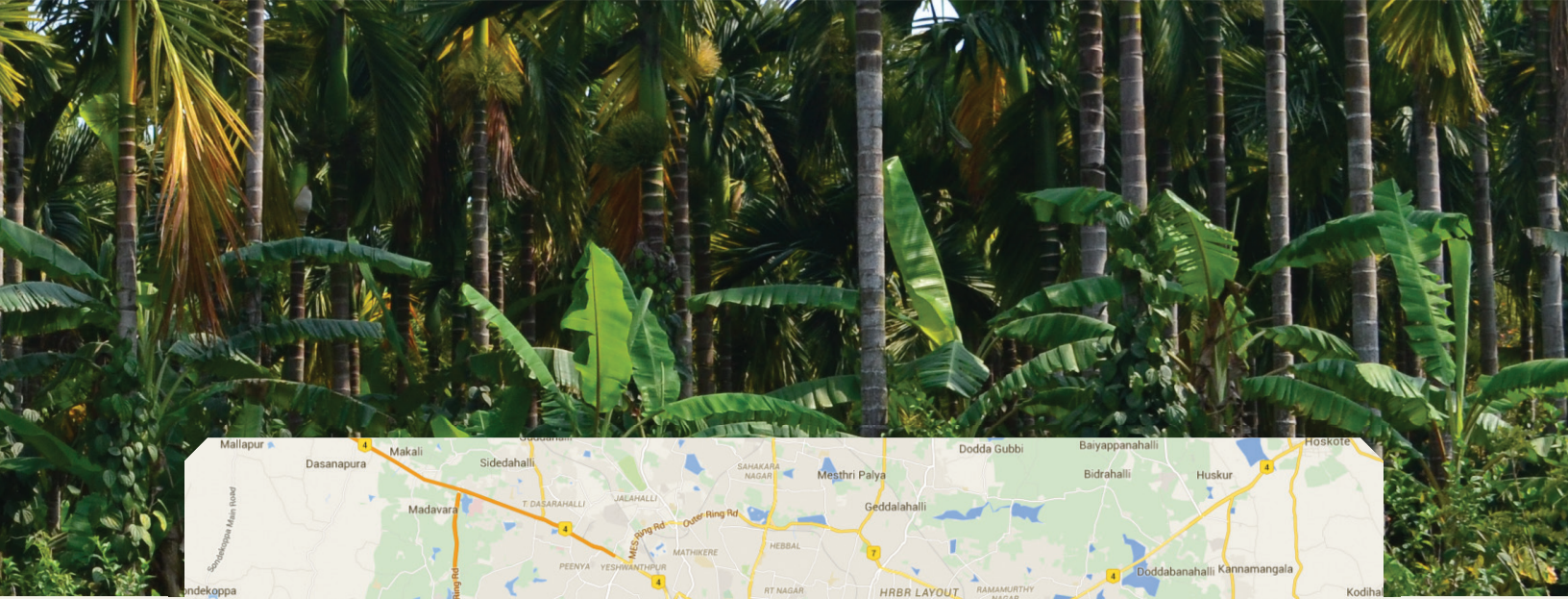
Running along the coast of India, the Western Ghats is known for its rich biodiversity, containing a large proportion of the country's plant and animal species. The region is characterized by dense vegetation, protected forests, heavy rainfall and high rates of land fragmentation. Around 85% of the land holdings in the area are classified as small and marginal (under 2 hectares). Areca nut is the primary regional crop, followed by paddy, pepper and banana. The cultivation and processing of areca nut is time and labor intensive, and changing employment dynamics have led to increasing labour scarcity in the region, forcing many farmers to sell their unprocessed crop at a lower price.

The Pragatimitra FPC was formed in July 2016 in Uttara Kannada with an objective to address these challenges by creating a collective centre where farmers can process their raw crop yields, in turn providing reliable employment to local labourers, including women and persons with disabilities. However, without outside assistance, the FPC lacked the capacity and financial resources to secure the appropriate technology and build the infrastructure that would enable them to pursue these objec-

tives and add critical additional value to their crop through post-harvest processing.

S3IDF partnered with Manuvikasa (a POPI) to continue strengthening the FPC, providing business incubation services, access to formal financial services, and the equipment needed for post-harvest value addition. In 2017, S3IDF cultivated a relationship between the Pragatimitra FPC and Vijaya Bank to facilitate a credit line for the FPC to sustain its business operations. Based on the FPC's now established credit history and potential to grow, Vijaya Bank extended a collateral-free credit line of Rs. 10 Lakhs (~\$14,400). This loan was invested in setting up a centre for arecanut processing.

Through this intervention, S3IDF has been able to create a permanent credit partner for the FPC that will continue to exist beyond the lifespan of our direct engagement. This intervention led to additional engagement with National Bank for Agriculture and Rural Development and Nabkisan Finance Limited for providing early stage support to FPOs/FPCs throughout Karnataka, India.



## Did You Know?

- An estimated 3.2 crore or 40% of casual labourers have lost their jobs in rural India since 2011-2012
- Though 85% of rural women in India are engaged in agriculture, only 13% own the land they farm, making acquiring a loan extremely difficult. According to the FAO, gender parity in land holding can boost farm yield by 30%
- The equivalent of approximately \$14 billion USD of produce is wasted in India due to supply chain inefficiencies

## Agriculture: Sector Overview

# Our Impact

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“Pragatimitra has made me confident that farming is profitable if done collectively and systematically. Their harvest support service and de-husking machine support helped reduce my labour costs. The timely harvesting has also boosted my income. I urge the other members to opt in and support the initiative taken by the Pragatimitra North Kanara Farmers Producer Company.”

— Shri Vinayak Bhat; a farmer from Puttanamane, Sirsi, Karnataka

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# 130

The number of landless agricultural laborers employed as direct result of services provided to the FPC

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# ₹50,00,000

In credit facilitated to the Pragatimitra Farmers Producer Company (FPC)

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# 22%

The percentage increase in income for 97 small and marginal farmer members of the FPC

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# ₹30,00,000

Facilitated from the NABKISAN in the form of a credit line

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## Waste: Sector Overview

# Solid Waste Management

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India has an estimated 1.5 million to 4 million waste workers who pick up, clean, sort and segregate recyclable waste. Often, they are self-employed or casual workers, many of whom operate in the informal sector. Often, waste workers hail from the most marginalized communities, which reinforces the lack of recognition of their work by the mainstream. This exclusion prevents them from accessing critical financial, social and business development services needed to improve their livelihoods and increase their incomes through growing their waste businesses. Along with

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our grassroots partners, S3IDF works with waste entrepreneurs to:

- Provide hands-on business development support and financial literacy training
- Enable access to the equipment needed to improve efficiency and scale up service offerings
- Create access to formal financial products and services, eliminating reliance on informal money lenders

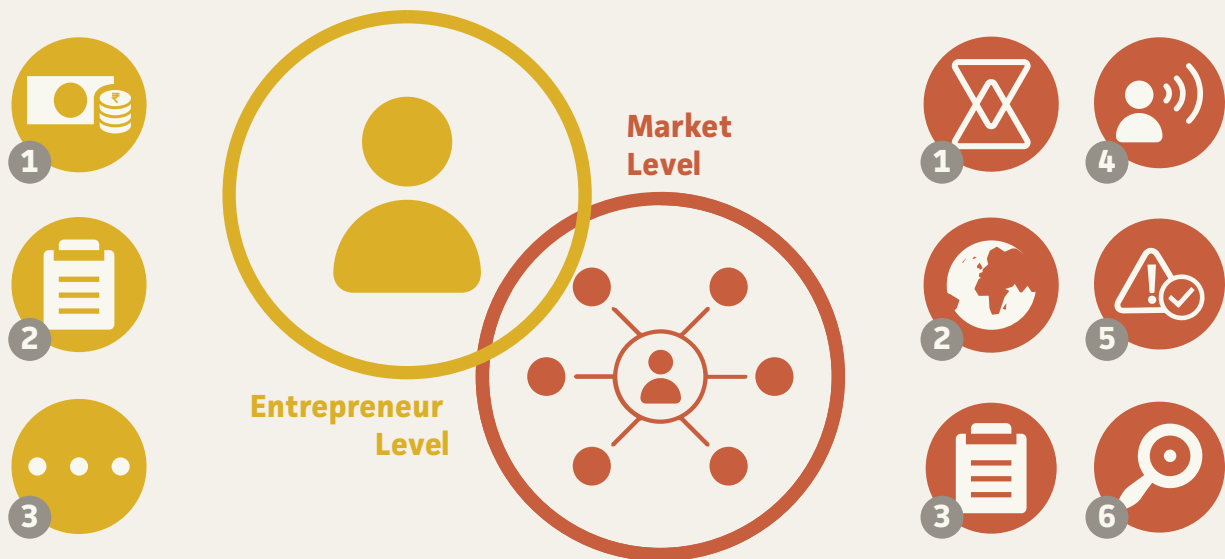
**Waste: Sector Overview**

# Our Approach

S3IDF is strengthening the momentum of a national movement by fostering multi-stakeholder relationships and facilitating the recognition of informal waste workers by the formal system. Our projects and programs have had significant impacts on the individual, community, and systems level due to our interventions as well as the critical services provided by our partners. S3IDF supports waste entrepreneurs by working with local banks to create more inclusive lending practices and providing hands-on financial literacy training, guiding

waste entrepreneurs to track their cash flows and mitigate risk.

By implementing multi-stakeholder collaborations, S3IDF catalyzes a more sustainable, integrated dry (plastics, paper, glass) and wet waste (food scraps), and septage management system. S3IDF is empaneled by the government's NSKFDC in recognition of the replication value of our particular waste worker livelihood strengthening approach.



- 1 FINANCIAL ENGAGEMENT**  
Facilitate access to financial services through formal institutions
- 2 BUSINESS DEVELOPMENT**  
Provide training to build capacity & improve daily operations
- 3 ADDITIONAL SERVICES**  
Gain access to social services & technology through critical partners

- 1 MARKET OPPORTUNITIES**  
Facilitate relationships between corporations & the bottom of the pyramid
- 2 INCLUSIVITY**  
Work with corporations to apply inclusive internal practices on a global scale
- 3 BUSINESS DEVELOPMENT**  
Train stakeholders on opportunities for increased engagement

- 4 KNOWLEDGE SHARING**  
Disseminate information on our market systems approach & methodology
- 5 RISK MITIGATION**  
Provide risk reduction for stakeholders to encourage expanded offerings
- 6 CONSULTATION**  
Discuss opportunities for BoP engagement with multi-nationals



Waste: Featured Project

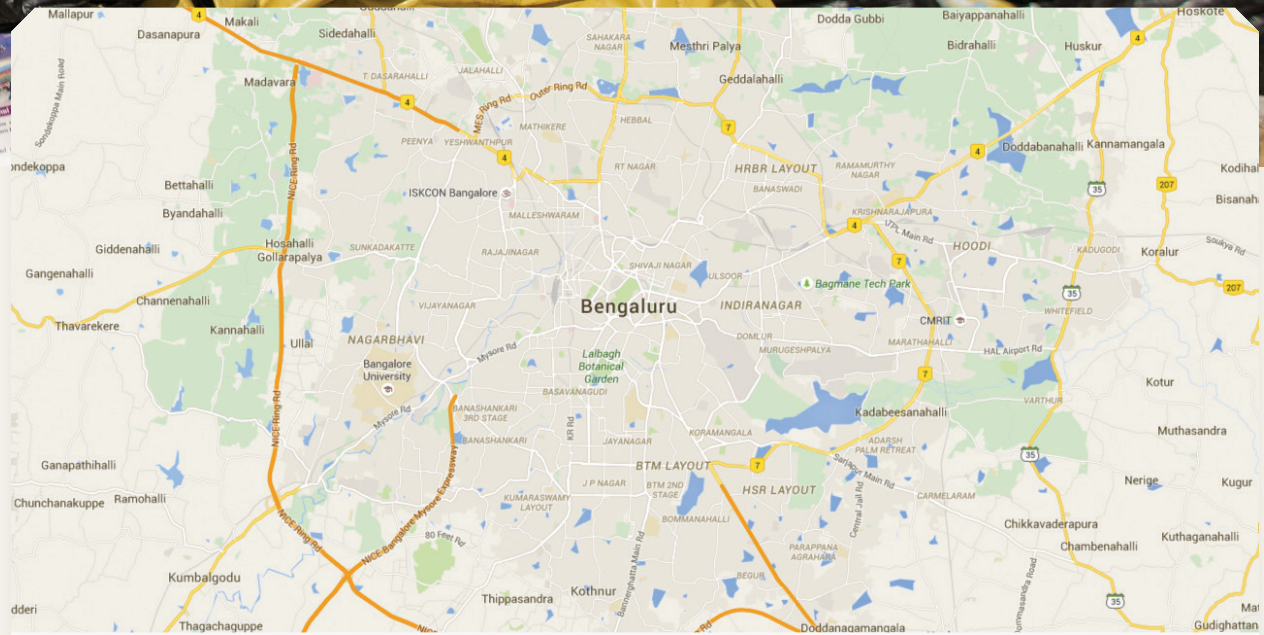
# Improving Waste Management in Bengaluru

Waste workers are indispensable to India's waste collection, sorting, and recycling, yet they lack many of the crucial business skills and connections necessary to capitalize upon their insider knowledge of the solid waste sector. Regularly forced to rely on predatory informal lenders, with interest rates as high as 40% per month, waste entrepreneurs often are stuck in cycles of loan repayments that limit their ability to invest in themselves, their families and their businesses. This financial exclusion, exacerbated by a lack of financial services access and business acumen, restricts their ability to realize their full potential as members of the waste sector, further contributing to the rampant expansion of India's landfills.

S3IDF collaborated with Rang De, a peer-to-peer crowdsourcing platform, to create an online portfolio that addressed the credit needs of an initial group of 9 informal waste workers in Bengaluru, marking the first formal loan many of these entrepreneurs had ever received. In order to address the risks of this portfolio,

in conjunction with our partner, Hasiru Dala, S3IDF provided a partial loan guarantee. The loans enabled the waste entrepreneurs to make critical purchases, such as a truck, to improve their household trash collection. The relationship with Rang De also enabled 150 waste workers and their family members access to educational loans.

The relationship and engagement with Rang De, in conjunction with financial literacy training led by S3IDF provided an opportunity for the waste workers to build capacity and business knowledge, including better tracking their cash flows and gain the critical confidence necessary to their ability to interact with the formal system. Additionally, the loans allowed the workers to begin building a credit record that can be later leveraged to obtain additional loans, an essential stepping stone towards promoting formal bankability and their continued financial inclusion.



## Did You Know?

- Upwards of 377 million people reside in urban areas, generating around 62 million tons of municipal solid waste per year. Of that waste, 43 million tons are collected, and only 11.9 million tons are treated
- India is piloting two programs that would greatly reduce utilization of single-use plastics and nitrogen pollution
- By 2050, there will be nearly 12 billion metric tons of plastic in the world; oceans will contain more plastic waste than fish

Waste: Sector Overview

# Our Impact

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“Getting an overdraft account from Vijaya bank was a first-time experience for me. My business cash flow has smoothed and I have employed 4 more waste workers at my DWCC.”

— Annama Ramesh; a DWCC Operator, Bengaluru

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40

The number of Dry Waste Collection Centers owned or operated by previously economically and socially marginalized waste pickers

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1,290,000 kg

The average quantity of waste diverted from landfills per day by DWCCs

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10%

The average percentage increase in waste business revenue

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₹4,000

Average monthly business savings per NSKFDC waste entrepreneur

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# Our Work With the Clean Energy Access Network

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S3IDF has worked with local entrepreneurs operating in clean energy to build their capacity by extending access to energy-dependent technologies and energy services that improve the standards of living in their communities. We have enabled entrepreneurs to obtain financing and provided hands-on mentorship to develop and operate effective businesses. S3IDF has helped in creating hybrid solutions combining grid power with energy from renewable sources to power critical equipment including grain grinders, milk chillers, lighting and village level water services.

S3IDF's work in the energy sector culminated in the formation of the Clean Energy Access Network (CLEAN), which is a network of energy sector practitioners and thinkers working to provide access to energy for the poor. The members of the network operate across an array of clean energy technologies

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such as solar, wind, bioenergy, and small-scale hydropower. S3IDF serves as the legal host for CLEAN.

In the past year, CLEAN provided a collective voice to the energy sector and focused on facilitating robust information channels between practitioners to promote policy creation, access to finance, technology quality and standards maintenance and human capital development. In October 2017, CLEAN launched [The State of the Indian Decentralized Renewable Energy Sector Report 2017](#) to outline the current state of the energy sector in India. More than 304 million people lack access to grid-based electricity and more than 500 million people still depend on solid biomass for cooking. The report offers the Decentralized Renewable Energy as a way to address this challenge of lack of access to affordable energy in India.

# Cont. Our Work With the Clean Energy Access Network

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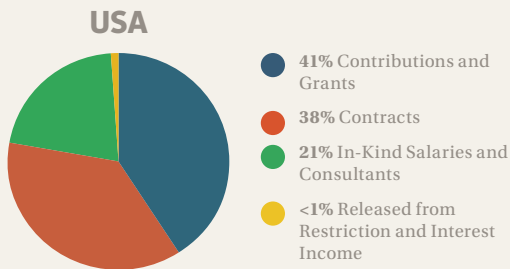
In the same quarter, CLEAN organized a training program in collaboration with the State Council for Science, Technology and Environment to provide a comprehensive understanding of the micro-hydro sector to Industrial Training Institute students, MBDA staff as well as the entrepreneurs involved in micro-hydro. CLEAN also developed a single-phase Variable Frequency Drive and connected it with the livelihood applications (water pumping, rice huller, corn sheller) to improve the standards and enhance the performance of consumer appliances. Further, an iCloud platform was developed for remote monitoring with a variable frequency drive for solar water pumping.

In 2017-18, CLEAN worked extensively on energy sector policies review and shifting the narrative to Decentralised Renewable

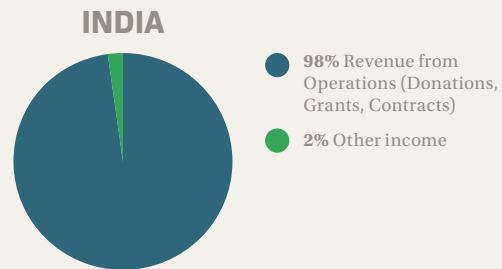
Energy. The network did a peer-review of the Global Subsidy Initiatives' impact report of the Ujwal DISCOM Assurance Yojana (scheme on measuring the efficiency of Distribution Companies of India in the state of Uttar Pradesh). CLEAN's Enterprise Financing created linkages between enterprises working in clean energy and financial institutions and funders. Leading up to this, CLEAN conducted a debt financing study to understand the debt financing environment in the country and formally communicated the results to the apex financing institutions. A monitoring and evaluation tool called DREEM was also developed in association with Intellect Advisory to set benchmarks for financiers and ease their assessment of enterprises for debt eligibility.

# Financials

SUPPORT & REVENUE



**\$ 916,515**  
total support and revenue



**₹ 27,758,569**  
total support and revenue

EXPENSES (USA)



76% program expenses   14% fundraising   10% management and general

**\$ 928,351** total expenses

**\$ 680,741** ending net asset balance

EXPENSES (INDIA)

**1:2.63\***  
Our leveraged funding ratio  
*\*local currency equivalent*

## Leveraged Funding

S3IDF leverages donations and the development and philanthropic funding we receive to mobilizes capital from local banks, entrepreneurs, and other on-the-ground sources. At the end of FY 17, our leveraged funding ratio was 2.63, meaning that for every 1 rupee S3IDF invested small-scale businesses, 2.63 rupees were invested from other sources.

- Average enterprise investment size: ₹456,247
- Average loan from financial institutions: ₹175,996
- Average S3IDF direct financing deployment: ₹141,416

**₹ 27,177,070** total expenses

**₹ 17,691,847** ending net asset balance

# Lead Funders

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**USAID**  
FROM THE AMERICAN PEOPLE



Nexus



Plastics for  
**CHANGE**

# Key Partners

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Hasiru Dala



**MANUVIKASA**



## Events & Activities

# Highlights from 2017-2018

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Throughout 2017-18 the S3IDF team travelled across Southern India to explore and expand the scope of our work.

With support from Chaitanya Microfinance, S3IDF conducted on-the-ground research to study the business models of rural entrepreneurs whose capital needs exceed microfinance ceilings. The study was conducted in the Hosadurga, Holalkere, Ajjampura and Tarikere regions of Karnataka, India during which S3IDF interacted with 24 small-scale entrepreneurs to better understand their enterprise operations, issues accessing finance and technology, and business development challenges.

S3IDF and the Grameen Mall Foundation, visited a dal milling unit set up by a farmer cooperative society in Telangana to better understand dryland agriculture in the region. The team also studied the emergence of FPOs in Tamil Nadu through the DHAN Foundation to understand the challenges faced by FPOs in establishing sustainable market linkages. S3IDF also visited Nammakal in Tamil Nadu, with the Women's Organization for Rural Development (WORD) to learn about the working model of Self Help Groups (SHGs) of landless women manufacturing organic pesticides and supporting the organic farming movement.

## Events

In 2017-18, S3IDF participated in various activities as a resource organization and

mentors. This gave us an opportunity to open up to new innovations and present our work at different platforms. The following represent some of the events attended by S3IDF from 2017-2018:

**REimagiNEWaste 2 Hackathon – Street Food Vendor (August 2017):** The hackathon was organized by Waste Impact, the Centre for Product Design & Manufacturing and the Indian Institute of Science in Bengaluru,, India to find innovative and inclusive solutions for waste management. S3IDF staff mentored the participating teams to provide expertise gained from our experience.

**Training Workshop for FPO Leaders (November 2017):** A 5-day workshop was organized in Bidar, Karnataka, India by the Bankers Institute of Rural Development, a subsidiary of NABARD, to provide management training to FPO directors and CEOs. S3IDF was invited to present our work with FPOs at the workshop.

**Inauguration of NABARD's Rural Haat Project (November 2017):** The event was organized by our partner Manuvikasa to inaugurate the Rural Haat Project by NABARD in Sirsi, Karnataka. It was attended by NABARD's Chief General Manager and District Development Manager, and officials from Vijaya Bank and Totgars Cooperative Sales Society (one of the oldest cooperative societies in Sirsi). S3IDF was invited as guests to present our engagement and work with FPOs in the region.











A woman in a striped sari is peeling green citrus fruits in a processing unit. She is sitting on a wooden bench, and there are many green citrus fruits around her. The background shows a green netting structure.

# Office Addresses

## In the US:

The Carriage House  
5 Hastings Square Cambridge, MA 02139 - 4724  
Phone: +1 617 576 0652

*S3IDF is a registered public charity under section 501(c)(3) of the Internal Revenue Service code.*

## In India:

No.18, 1st Floor, 8th Cross, 23rd Main, SCHBCS Layout,  
Opp. R V Dental College, J P, R K Colony, 2nd Phase, JP  
Nagar, Bengaluru, Karnataka 560078, India  
Phone: +91 (080) 26594880

*S3IDF is a registered non-profit company with charity status under Section 8 of the Companies Act, 2013 (Section 25 company under the old Companies Act, 1956) and is registered under Section 12A and 80G of the Income Tax Act.*