



# Annual Report

2018-2019

# Foreword from Our CEO

Dear Friends,

The year 2018-19 has been a very interesting year for S3IDF. Building on the foundations laid in the previous two years of redrawing our overall organisation strategy and, in particular, our program strategy, I am happy to report the first tinges of initial success.

Our first agricultural livelihoods intervention in Uttara Kannada District of Karnataka has seen significant initial growth in terms of both outputs and replication potential. After successfully creating agri-labour opportunities and cost-effective areca nut processing for member farmers through the Balegadde processing centre, our FPO partner Pragatimitra and NGO partner Manuvikasa wanted to replicate the model in other parts of Uttara Kannada District with S3IDF's aid. After a thorough market study, S3IDF and its farmer collective partners set up two areca nut processing centres to benefit farmers and agri-labourers. More details are available in the relevant section of the report.

Another very interesting aspect of the Agricultural Livelihoods intervention was a unique chaff cutter intervention that involved self-help groups (SHG's) in a location called Sira in Karnataka State, India. By using the chaff cutter, the farmers could grow and chop feed for the cattle, thus nullifying the need to buy the fodder and reducing operating expenses. This intervention is interesting because it has facets of shared asset creation, integration with SHGs to solve a community problem, linkages with a credit cooperative society for financial leveraging and using a low-cost technology solution (chaff cutter) to solve a basic yet long-standing problem in a dry land zone ecosystem.

S3IDF India also initiated a first ever Financial Literacy training for operators and Safai Karmacharis at several Dry Waste Collection Centres (DWCC) in Bangalore. The interesting component of the training module was that a few members of the community themselves conducted the program based on the modules created by S3IDF. The modules were also designed to keep in mind the realities on the ground, including sensitivities surrounding gender and language. This was very well received by the DWCC stakeholders and the modules are also available online for larger audiences. Funding for this initiative was made available through a generous

CSR grant received from NSKFDC- A Govt. of Indian corporation under the Union Ministry of Social Justice and Empowerment, New Delhi.

Last but not least, S3IDF conducted a short advisory services intervention with support from the Azim Premji Philanthropic Initiative for a multi-marginalized community organisation called the Jagruti Mahila Sangathan in Raichur District, Karnataka. This intervention was to explore alternative livelihood models with the community in conjunction with their NGO support partners with the end goal of creating financially sustainable options.

The USAID-funded CLEAN project ended successfully at the end of 4 years of operation. S3IDF would like to thank all important stakeholders of this autonomous project to make it a success — especially all key funders, network partners and staff members. It has been great learning and we wish the next phase of CLEAN a bright future.

All in all, this has been a phase of learning, experimenting and implementing of S3IDF's mission. We are on the right track and will continue to build, bolster and brighten the spirit of entrepreneurship within the sectors we work in and with the constituents we work with.

Thank you!

A handwritten signature in black ink that reads "Samit Prabhat Aich". The signature is written in a cursive style and is underlined with a horizontal line.

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



## **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

## **Indian Board**

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Embassy of Switzerland

**Somak Ghosh**

Managing Partner  
Contrarian Capital India Partners

**Ravi K S**

Founder and Senior Partner  
Ravi & Shrihari Chartered Ac-  
countants

## **Advisors**

**Andrew Barnett**

Director  
The Policy Practice Ltd.

**Nikhil Desai**

Independent Energy Economist

# Strengthening Farm Livelihoods



Farmer Producer Organisations (FPOs) are collectives, whose membership is comprised mainly of small/marginal farmers (around 70-80%). Given these small landholdings, FPOs are institutions that are meant to help farmers achieve economies of scale, absorbing risk from the individuals and enabling farmers to participate in the market directly.

The current favoured legal structure for FPOs is the Farmer Producer Company (FPC), which falls under the Companies Act of India. FPCs are tailor-made to retain the principles of a member-controlled and governed cooperative enterprise, but also have the advantages and transparency of a privately held limited liability company. They are considered to be the way forward for enhancing farmers' income and boosting agricultural growth. Presently, around 5,000 FPOs (including FPCs) are in existence

in India, which were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD and other organisations over the last 8-10 years. Of these, around 3,200 FPOs are registered as Producer Companies and the remaining as Cooperatives/Societies.

While FPOs are an essential institution to help the farmer cope with today's risks and market pressures, there is a great deal that still needs to be done to create an enabling eco-system in which FPOs can function effectively. The majority of these FPOs are in the nascent stage of their operations with shareholder membership ranging from 100-1,000 farmers. They require technical support, adequate capital, financial training, infrastructure facilities, and improved market linkages for sustaining their business operations.



## Agriculture: Featured Project

# Risk Mitigation of Small-Scale Dairies

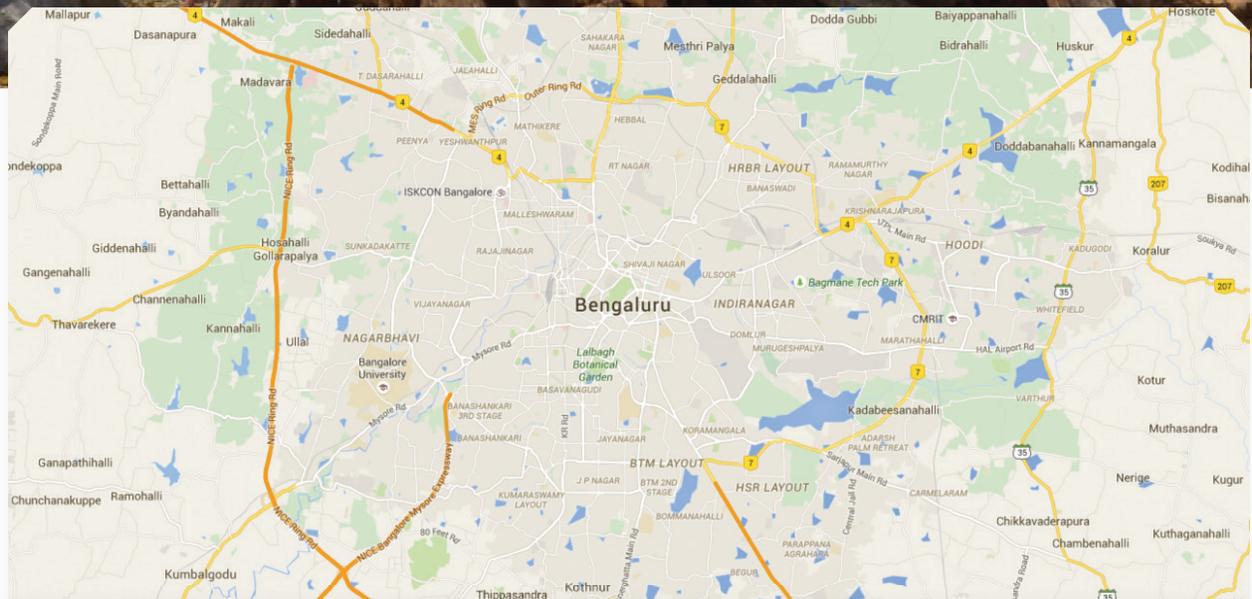
Karnataka is the 2nd largest arid zone in India. Out of the net cultivable area of 990,000 hectares in the state, about 34% has steady irrigation and the fodder cultivation is relegated to unproductive land, which is dependent on rainfall. The total availability of feed resources for livestock in the state is lower than the overall requirement.

Pavagada, Tumkur district comes under the central dry zone in the agro-climatic regions of Karnataka. It receives an annual average rainfall of 450 millimetres (~17 inches), making the region highly drought-prone. Farmers in this area primarily practice rain-fed agriculture. Lack of adequate and appropriately small cow fodder due to lower crop yields and limited infrastructure forced farmers in the region to purchase fodder from outside sources, increasing their dairy operation costs. However, cutting their grown fodder into smaller pieces, can help farmers optimise their resources and create savings by reducing spending on inputs. The estimated cost to buy extra fodder is roughly INR 20000/annum (~\$280 USD).

MOTHER, a POPI (Producer Organisation Promoting Institution) from Sira, worked

closely with the tribal farmers in this region to form a credit cooperative society Madakari Souharda Sahakari Niyamita. One of the challenges discussed between MOTHER and the society was the limited access to expensive fodder, and the solution of cutting fodder straw into smaller pieces. It was evident that the farmers were unable to make up-front investments on chaff cutters (which would easily cut the fodder) due to their limited incomes. In 2017, Madakari Souharda Sahakari Niyamita came up with an idea to develop a new loan portfolio and extend loans to members for chaff cutters. S3IDF partnered with the society to pilot the first 30 loans.

In 2018, S3IDF assisted Madakari Souharda Sahakari Niyamita with designing the loans and deploying the necessary capital to pilot the initiative. S3IDF put in INR 500,000 (~\$7,000), which enabled the society to disburse 30 loans to farmers through local SHGs. The chaff cutters were purchased, used and shared with five neighbouring farmers. By using the chaff cutter, the farmers can now grow and chop their own cattle feed, nullifying the need to buy fodder and reducing operating expenses.



## Did You Know?

- The agricultural sector is vital for India's economy, accounting for around 16% of GDP and providing employment for nearly 50% of India's population.
- The Indian government imposed a mandatory target on domestic and foreign banks to provide 40% of their lending to priority sectors, including agriculture.
- A 2009 study finds that crop yields in India could decline as much as 25% by 2070 if farmers do not adapt to climate change.



## Agriculture: Sector Overview

# Our Impact

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**900**

Total number of smallholder farmer members in the Madakari Souharda Sahakari Niyamita credit cooperative society

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**10-12%**

Average growth in net income per farmer from milk from improved fodder

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**150**

Total number of farmer members impacted by S3IDF programming

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**₹500,000**

In credit facilitated to the credit cooperative by S3IDF (~\$7,000 USD)

## Waste: Sector Overview

# Strengthening Waste Worker Livelihoods



Bengaluru generates an estimated 3,000-3,500 tons of solid waste daily. The Bruhat Bengaluru Mahanagara Palike – Municipal Corporation of Bengaluru (BBMP) provides a range of municipal solid waste (MSW) services, however, it struggles to manage the waste effectively. Workers in the informal sector (waste pickers, scrap dealers and the recycling markets) “plug” into these services, extracting recyclables and reducing the amount of waste going to landfill. In this way, the informal sector effectively subsidises the formal system.

In the city’s effort to enhance MSW management, Bengaluru, with significant input from citizen and civil society organisations, implemented the concept of the “Dry Waste Collection Centres” (DWCCs) for each ward in the municipality. These Centres operate on principles of business where revenues are

derived from sending various forms of dry-waste to recycling markets. Bengaluru also integrated informal sector workers into DWCC management. This relationship was enabled by the creation of a network of informal sector waste-workers by our partner Hasiru Dala. To improve and scale operations, the waste-workers needed access to affordable credit. Previously, the only source of credit for waste-workers was through private moneylenders whose interest rates could be exorbitant – as high as 10% per month. S3IDF provided a partial loan guarantee on behalf of the DWCC operators to help make the waste workers eligible for affordable formal financial services provided through the National Safai Karamcharis Finance and Development Corporation (NSKF-DC) and the Government’s MUDRA Shishu scheme, and channelised through Vijaya Bank.



## Waste: Featured Project

# Imparting Financial Literacy

Informal sector waste-workers recycle a significant quantum of Bengaluru's solid waste. To integrate them into the mainstream, S3IDF partnered with National Safai Karamcharis Finance and Development Corporation (NSKF-DC) and Hasiru Dala (HD) to develop, conduct and standardise financial literacy training for 40 waste workers in Bengaluru. The project aimed to build understanding of opportunities in and use of formal banking services, enabling them to develop skill sets necessary to secure and effectively benefit from enterprise financing.

In April 2018, S3IDF, along with HD, conducted a baseline survey to identify master trainers among the waste workers, who would become the voices and faces of the financial literacy training and help train others. Between April 2018 – August 2018, S3IDF provided the five master trainers with financial coaching, equipping them to lead sessions with other waste workers independently.

After training the master trainers, S3IDF created a series of four animated video modules in Hindi, English and Kannada to generate awareness and motivation on aspects of financial literacy, tailored to the needs of waste workers. These

videos served as a crucial training material that helped break down learning barriers for the waste workers. The master trainers participated in making the videos, even lending their voices to the Kannada-language version of the videos.

Between August 2018 – April 2019, S3IDF conducted ten training sessions at Dry Waste Collection Centres (DWCCs) and waste workers' communities across Bengaluru, reaching out to an additional 76 waste workers. In total, S3IDF reached 116 waste workers, a nearly 200% increase from the 40 proposed beneficiaries. Furthermore, 31 waste workers opened bank accounts as a result of the financial literacy training.

Informal feedback from the waste workers suggested that the training was beneficial to understanding the formal banking system. They pledged to share this knowledge with their fellow workers so that more individuals could avail the benefits. The waste workers also shared the need for such training to be extended to more people and relevant assistance to be given for opening and operating bank accounts and accessing appropriate government schemes that are beneficial for them and their families.





## Waste: Sector Overview

# Our Impact

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# 116

Total number of waste workers who received financial literacy training from S3IDF staff or an S3IDF master trainer between 2018-2019

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# 31

Total number of bank accounts opened by waste workers and their families as a result of the financial literacy training

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# 10

Total number of financial literacy trainings conducted by S3IDF staff and S3IDF master trainers

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# 12

Total number of waste workers who became Dry Waste Collection Centre (DWCC) operators



## Featured Project

# Replicating Collective Processing Centres

*Addressing Agri-Labour Scarcity in the Uttara Kannada District*

From 2017-18, S3IDF assisted the Pragatimitra FPO in the Sirsi Taluk to set up collective areca nut processing centre (by partnering with Manuvikasa (a POPI).

After successfully creating agri-labour opportunities and cost-effective areca nut processing for member farmers through the Balegadde processing centre, Pragatimitra and Manuvikasa wanted to replicate the model in other parts of the Uttara Kannada District with S3IDF's aid. After a thorough market study, S3IDF and its farmer collective partners set up two areca nut processing centres in Ummachgi village, Yellapura Taluk, Uttara Kannada District and Honnekattu village, Uttara Kannada District to benefit farmers and agri-labourers.

Pragatimitra's top priorities were to:

- Increase the number of processing centres; reach more farmers, employ more labourers and improve revenue flow and financial strength
- Improve access to credit for larger investments

- Expand top line growth, critical for accessing credit

S3IDF contributed to:

- Providing business support and increasing the capacity of the FPC to expand access to credit (SFAC, Nabkisan)
- Directly investing in two new processing centres to generate revenue
- Advisory support for business growth and growth management
- Monitoring and evaluation

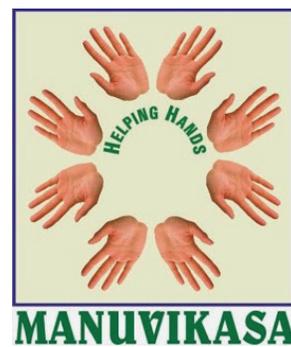
Pragatimitra's existing equity of INR 450,000 (~\$6,200 USD) combined with S3IDF's loan of INR 700,000 (~\$9,800 USD) enabled the creation of the two processing centres. An additional INR 800,000 (~\$11,000 USD) was provided from Vijaya Bank in the form of an overdraft account as working capital.

The two processing centres are now up and running successfully, providing labour opportunities and easy access to processing centres for the member farmers in and around the Uttara Kannada district of Karnataka.

# Lead Funders



# Key Partners



# US Financials

## Preliminary Financial Statement

### ASSETS

<b>Current Assets</b>	<b>2019 (as of June 30)</b>	<b>2018 (as of June 30)</b>
Cash	\$ 347,204	\$544,478
Accounts Receivable	-	\$50,704
Advances to Employees	-	-
Prepaid Expenses	\$730	\$359
<b>Total Current Assets:</b>	<b>\$347,204</b>	<b>\$595,541</b>
<b>Property and Equipment</b>		
Office Equipment	-	\$5,741
Less: Accumulated Depreciation	-	(\$4,331)
<b>Total Property and Equipment:</b>	<b>\$2,260</b>	<b>\$1,410</b>
<b>Other Assets</b>		
Trademark	\$8,376	\$8,376
Investment in SELCO	\$110,000	\$110,000
<b>Total Other Assets:</b>	<b>\$118,376</b>	<b>\$118,376</b>
<b>Total Assets:</b>	<b>\$468,570</b>	<b>\$715,327</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	-	-
Payroll Liabilities	-	-
<b>Total Current Liabilities:</b>	<b>\$29,604</b>	<b>\$34,586</b>
<b>Net Assets</b>		
Unrestricted Net Assets	-	\$580,741
Temporarily Restricted Net Assets	-	-
<b>Total Net Assets:</b>	<b>\$438,966</b>	<b>\$680,741</b>
<b>Total Liabilities and Net Assets:</b>	<b>\$468,570</b>	<b>\$715,327</b>

# US Financials

## Preliminary Statement of Activities\*

	Year Ended June 30, 2019	Year Ended June 30, 2018
	Total	Total
<b>SUPPORT &amp; REVENUE</b>		
Contributions and Grants	\$289,793	\$293,003
Contracts	\$126,400	\$269,551
Interest Income	\$7,353	\$3,961
In-Kind Salaries and Consultants	\$143,883	\$150,000
Other	\$83,250	-
<b>TOTAL SUPPORT &amp; REVENUE:</b>	<b>\$650,679</b>	<b>\$916,515</b>
<b>EXPENSES</b>		
Program Services		
Projects	\$325,491	\$339,570
Dissemination	\$310,857	\$364,076
<b>Total Program Services:</b>	<b>\$636,348</b>	<b>\$703,646</b>
General and Administrative	\$164,115	\$93,936
Fundraising	\$57,799	\$130,769
<b>TOTAL EXPENSES:</b>	<b>\$858,262</b>	<b>\$928,351</b>
<b>CHANGE IN NET ASSETS</b>	(207,583)	(11,836)
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$666,020	\$692,577
<b>NET ASSETS - END OF YEAR</b>	<b>\$458,437</b>	<b>\$680,741</b>

*\*These numbers are unaudited pending final sign off on review*

# India Financials

## Preliminary Financial Statement

<b>EQUITY &amp; LIABILITIES</b>	<b>2019 (as of March 31)</b>	<b>2018 (as of March 31)</b>
<b>Shareholders' Funds</b>		
Share Capital	Rs. 37,104,320	Rs. 37,104,320
Reserves & Surplus	(Rs. 24,545,621)	(Rs. 25,720,715)
Non-Current Liabilities		
Other Current Liabilities	Rs. 922,427	Rs. 3,133,482
Current Liabilities		
Other Current Liabilities	Rs. 1,565,094	Rs. 3,174,760
<b>TOTAL:</b>	<b>Rs. 15,046,220</b>	<b>Rs. 17,691,847</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	Rs. 1,200,200	Rs. 2,085,319
Long-term Loans and Advances	Rs. 2,243,352	Rs. 525,814
Other Non-Current Assets	Rs. 252,300	Rs. 702,300
<b>Current Assets</b>		
Cash and Cash Equivalents	Rs. 7,327,346	Rs. 13,695,444
Short-Term Loans and Advances	Rs. 155,340	Rs. 314,762
Other Current Assets	Rs. 3,867,682	Rs. 368,208
<b>TOTAL:</b>	<b>Rs. 15,046,220</b>	<b>Rs. 17,691,847</b>

# India Financials

## Preliminary Financial Statement

<b>REVENUE</b>	<b>2019 (as of March 31)</b>	<b>2018 (as of March 31)</b>
Revenue from Operations	Rs. 33,184,972	Rs. 27,313,165
Other Income	Rs. 518,568	Rs. 445,403
<b>TOTAL:</b>	<b>Rs. 33,703,541</b>	<b>Rs. 27,758,569</b>
<b>EXPENSES</b>		
Fixed Assets		
Cost of Materials	-	-
Project Expenses	Rs. 24,362,651	Rs. 16,866,833
Employee Benefit Expenses	Rs. 4,561,315	Rs. 5,882,060
Finance Costs	Rs. 28,906	Rs. 9,803
Depreciation and Amortization Expenses	Rs. 929,705	Rs. 617,012
Other Expenses	Rs. 2,634,472	Rs. 3,801,362
Loss on Sale of Assets	-	-
<b>TOTAL EXPENSES:</b>	<b>Rs. 32,517,049</b>	<b>Rs. 27,177,070</b>
<b>EXCESS OF INCOME OVER EXPENDITURE BEFORE EXCEPTIONAL ITEMS</b>	Rs. 1,186,492	Rs. 581,498
Less Exceptional Items	Rs. 11,398	Rs. 1,126
<b>EXCESS OF INCOME OVER EXPENDITURE AFTER EXCEPTIONAL ITEMS BEFORE TAXES</b>	Rs. 1,175,094	Rs. 580,372
<b>TAX EXPENSES</b>		
Current Tax	-	-
Deferred Tax	-	-
<b>EXCESS OF INCOME OVER EXPENSES AFTER TAXES</b>	<b>Rs. 1,175,094</b>	<b>Rs. 580,372</b>



# 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 Lay-  
out, Opp. R V Dental College, 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.*