SUSTAINABLE LIVELIHOODS IN INDIA

A supply-side funding landscape study

avpn

CATALYST FOUNDATION

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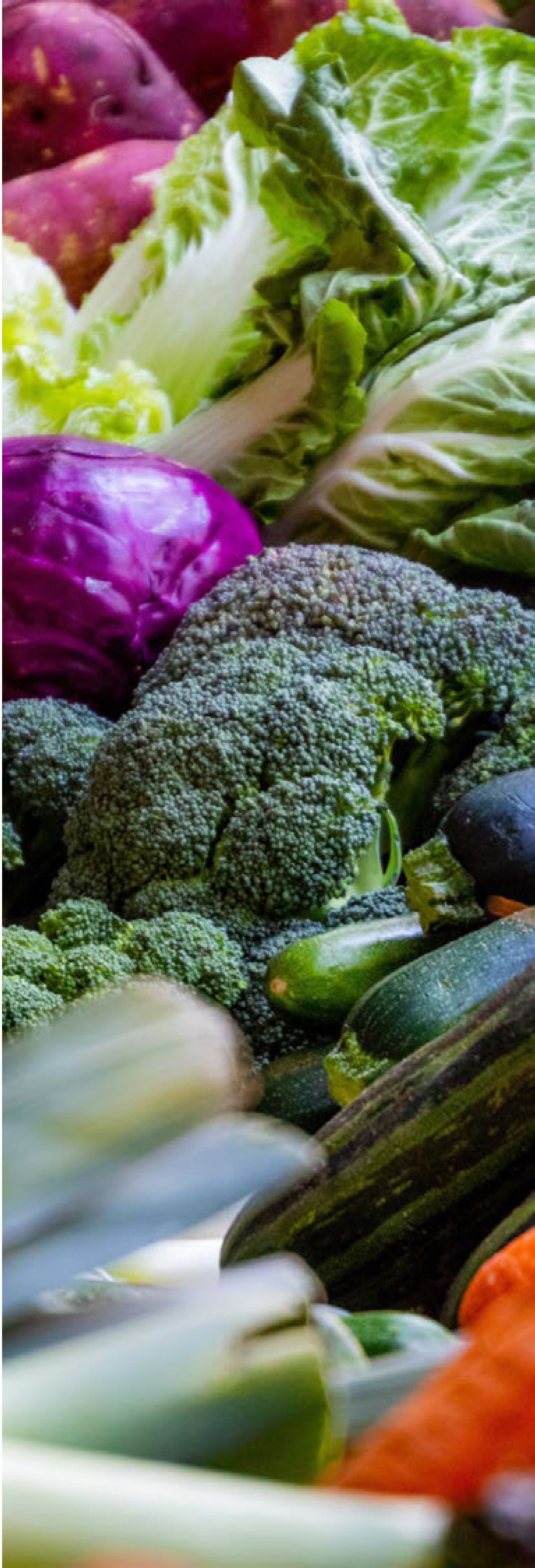

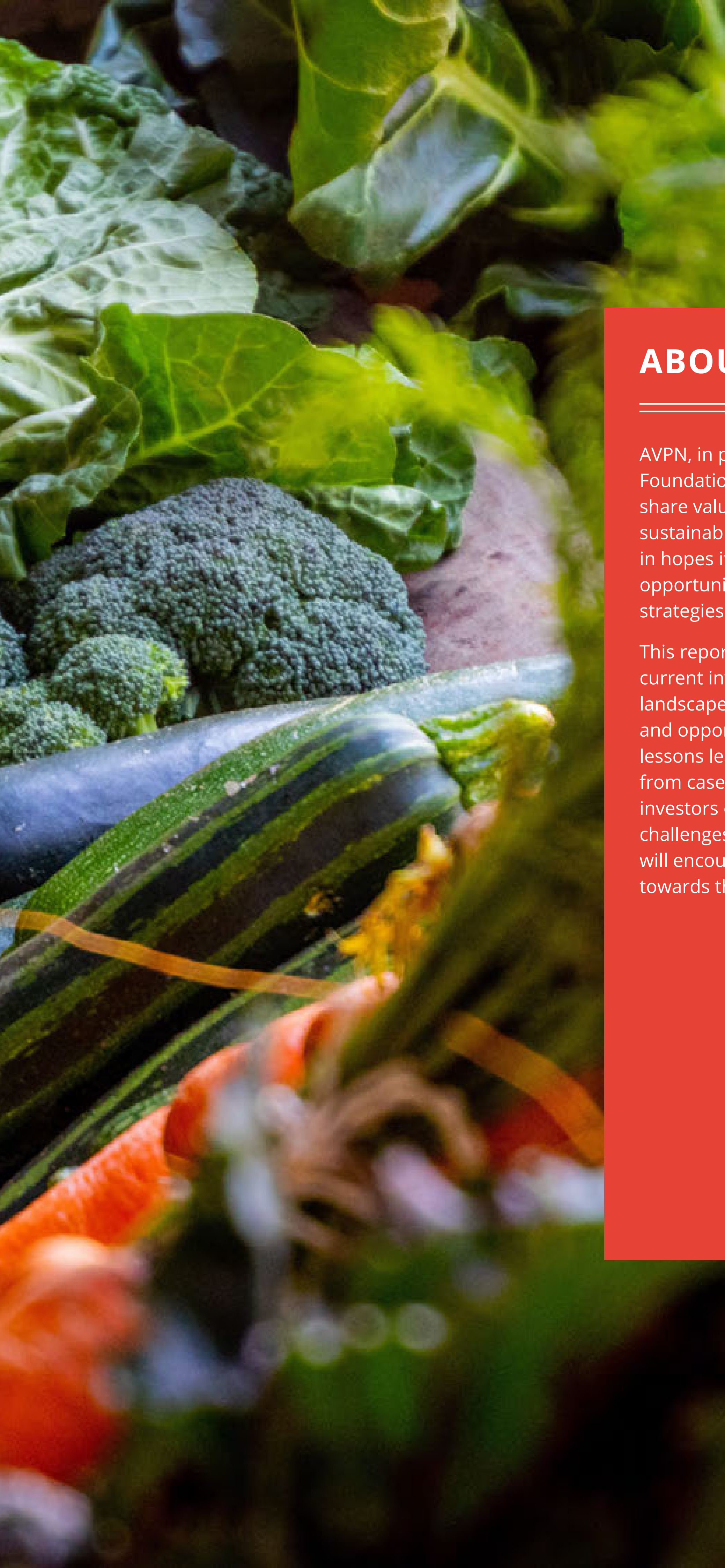

ABOUT THE REPORT

AVPN, in partnership with Catalyst Foundation, has prepared this report to share valuable insights into the sustainable livelihoods sector in India, in hopes it will identify collaboration opportunities and investment strategies for investors and funders.

This report provides an overview of the current investment and funding landscape, with a focus on market gaps and opportunities. It also highlights lessons learnt and recommendations from case studies to help social investors overcome prevailing challenges. We hope that this report will encourage more impactful support towards this key sector.

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LIST OF ABBREVIATIONS USED

ACF: Ambuja Cement Foundation
APPI: Azim Premji Philanthropic Initiatives
AVPN: Asian Venture Philanthropy Network
CSR: Corporate Social Responsibility
DRF: Dr. Reddy's Foundation
IDFC: Infrastructure Development Finance Company
IRDP: Integrated Rural Development Programme
NGO: Non-governmental organization
NRLM: National Rural Livelihoods Mission

FOREWORD

Despite India's impressive economic growth, there is still a staggering population of 70 million people who are struggling to access stable and sustainable livelihoods in its rural hinterlands. The growing urgency to address the country's wealth gap has spurred rigorous efforts from the social economy – from the Government of India to social investors to an array of Social Purpose Organisations (SPOs)*.

With the Government of India investing focused efforts to develop efficient poverty alleviation programmes, the rural poor have opportunities to increase their household incomes. These include an improved access to financial services and sustainable livelihood enhancements to nurture technical and managerial skills. Despite concerted efforts, there are still dire obstacles that require collective efforts in order to bridge these gaps.

With a burgeoning economy and the enforcement of the Corporate Social Responsibility (CSR) policy, the Indian corporate sector is poised to invest in social programs, in a systemic way; The emergence of a young generation of social investing millennials has given rise to innovative models of financing and investing in social programs. As social giving moves from traditional grant-making towards a broader set of financial tools to include debt and equity models, alongside human and intellectual capital, the social investing ecosystem requires strong market infrastructure to support continued innovation and efficiency. Recognizing this need, AVPN has looked into the supply side of the social investing ecosystem to identify insights and recommendations that can help develop the landscape within India's sustainable livelihoods space. The supply side actors include corporate firms, foundations, impact funds, and intermediaries. Complementing this research is the demand-side counterpart that looks into the key challenges SPOs face and the opportunities most relevant to them. Through interviews and research into 44 SPOs, the 'Sustainable Livelihoods in India: A Demand-Side Funding Landscape Study' highlights on-ground funding opportunities and best practices from the SPOs' perspectives.

Finally, we hope that AVPN members and the larger ecosystem stakeholders will find this report useful in identifying collaboration opportunities and developing their investment strategies. We can only start to address these complex gap areas by leveraging a broader set of tools from grants to debt to equity, alongside human and intellectual capital. Join us to build a vibrant social investment ecosystem together!

We are thankful to Catalyst Foundation, our research partners, and all our knowledge partners who have contributed in various ways to help us bring out this report.

* Social Purpose Organisations (SPOs) include Non-Governmental Organizations (NGOs) and Social Enterprises.

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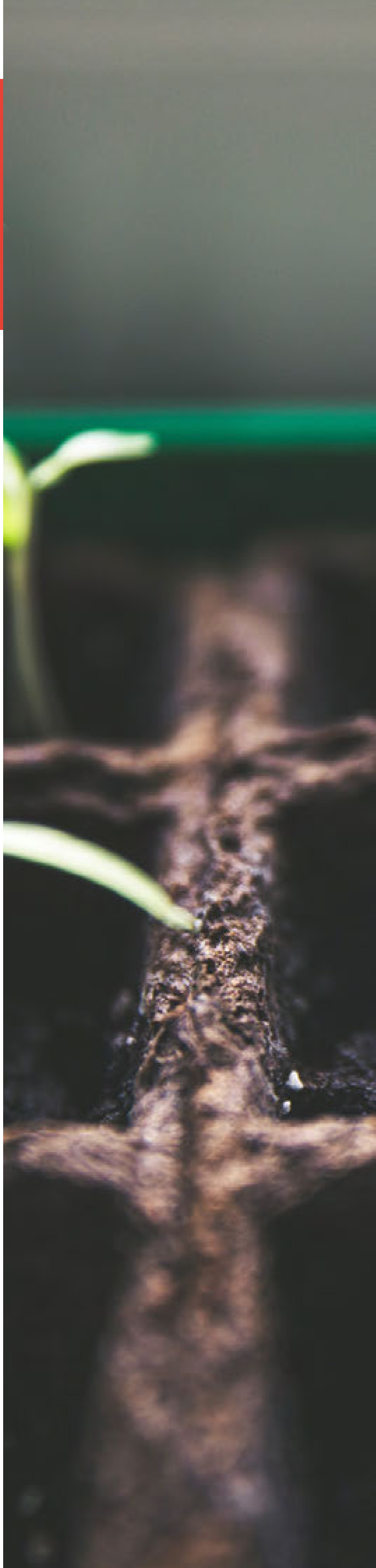
EXECUTIVE SUMMARY

India has achieved significant developmental progress since gaining independence in 1947. Yet poverty and inequalities persist. The growth and stability of the primary and secondary sectors, which provide the mainstay to the majority of the poor, has been limited despite several development schemes initiated from the sixties to eighties to address poverty through livelihoods promotion. The emergence in the nineties of the 'sustainable livelihoods' paradigm provided a comprehensive and integrated approach to address poverty. The subsequent evolution in the livelihoods sector from a subsidies approach to an enterprise ecosystem approach is changing the landscape of social development; providing opportunities to fund sustainable livelihood interventions and encourage enterprises that can overcome the challenges and bring change.

Chambers and Conway (1992) provide a working definition for sustainable livelihood. They suggest that a sustainable livelihood is one that has the capability to cope with and recover from stresses and shocks (i.e. social sustainability) and maintain or enhance capabilities and assets while not undermining the natural resource base (i.e. economic and environmental sustainability). Bernstein, Crow and Johnson (1992) suggest that sustainable livelihoods provide livelihood opportunities to future generations (i.e. equity).

This study maps the supply of funding for sustainable livelihoods by the private sector, namely, their preferences across programmatic areas, occupations, and communities, and the rationale driving these decisions.

To generate insights across these areas, the study methodology involved a literature review, in-depth interviews with 35 key social investors in the sector that included AVPN members, and two practitioners. In addition, the study team derived insights into the funding landscape for the livelihood sector from multiple conversations in national and regional workshops.



CHAPTER 01

The study of private funders and investors into the sustainable livelihoods funding space finds four groups of investors:

(a) corporate firms (funding directly through CSR initiatives or channelling funds through their foundations),

(b) private and individual foundations,

(c) impact investors, and

(d) intermediaries.

The study comes up with the following salient findings:

» The strongest determinant of private investor's decisions on funding sustainable livelihoods is the socio-economic profile of beneficiaries and added vulnerabilities posed by the agro-climatic conditions. They are also inclined towards farm, rural non-farm and urban informal sectors. Investors mostly do not have strong opinions with respect to location, gender, social or occupational groups. Intermediaries tend to follow the demands of their donors

» There is limited or no interest of private funders and investors in rights-based approaches that empower voiceless communities to gain access and control over resources

» Outcome, impact, sustainability and scale-up: Private investors appreciate the value of understanding outcomes and impact, as a measure of programme performance and contribution to the development goals, as well as the basis for decisions on scale-up. There is a high focus on monitoring and evaluation systems to ensure high-quality delivery of the programme. There is an overwhelming clarity on prioritising programmes with a sustainability plan. Scaling up is also a priority for all the funders and investors

» Investors recognise the changing trends in social sector investment as there is a strategic shift in giving, that has gradually moved from social grants to impact investments; and of foreign funds that have moved from India to poorer countries in Africa and Asia. A climate of entrepreneurship with support from government schemes is providing new opportunities for investment

» The gaps identified by investors include a dearth of high-calibre organisations to fund, lack of innovative and tested solutions, limited exposure and recognition platforms, difficulty with collaborations, an absence of a shared vision with partners, and insufficient resources and capacities

» Private investors find operating in settings with frequent changes in government schemes and priorities, poor linkages, and targeting ultra-poor and remote settings as challenges

Based on the insights and understanding of gaps, challenges and opportunities, the study puts forth recommendations across four areas:

1. Programme design

» Encourage innovation and establish mechanisms and platforms that discover and recognise competent social enterprises and non-profits to promote innovative projects

» Design a comprehensive set of publicly available 'impact measures' in the sustainable livelihood domain for the funders and investors to choose from, will add tremendous value

» Fund programmes that are truly inclusive

» Design models and approaches for integrated solutions

» Facilitate learning

2. Capacity and capability development

» Improve the capacity of human resources either by providing adequate funds to hire competent and qualified individuals or ensuring practical timelines to achieve the required scale and quality of human resources

» Fund talent development and acquisition by funding institutions and programmes that train high calibre manpower, bringing in volunteers and part-time talent from multi-sector

3. Innovative financing

» Establish financing models to keep the fund flow active in the long-run

» Fund innovative finance mechanisms such as pay-for-results financing mechanisms, collateral-free debts, cash flow financing, and structures like warehouse receipts

4. Partnership and collaboration

» Improve partnership and collaboration to achieve scale and support entrepreneur-centric approaches

This report is organised into 11 chapters. The first couple of chapters give an overview of the status of the livelihood sector in India highlighting its past trends, current opportunities and challenges. This is largely derived from the literature review. Over the next six chapters, the report discusses the main findings of the primary study: the different types of social investors in the livelihood sector in India and investor preferences in sustainable livelihoods, programme strategies, investors approach to outcomes, impact, sustainability, key gaps and challenges for the investors and good practices.

Finally, the report offers recommendations for action and conclusions.

CHAPTER 02

INTRODUCTION

AVPN is a unique funder's network committed to building a vibrant and high impact social investment community across Asia. It is an advocate, capacity builder, and platform spanning the private, public and social sectors, and embracing all types of engagements to improve the effectiveness of members across the Asia Pacific region. AVPN's agenda is to catalyse a strategic, collaborative and outcome focused approach to philanthropy and social investing. Towards this, AVPN periodically undertakes landscaping studies, consultations and publications in a variety of domains to build perspectives, share insights and promote partnerships.

AVPN partnered with Catalyst Management Services (CMS), Bangalore to undertake a study of the funding landscape of sustainable livelihoods in India. The aim of the study was to understand the programmatic areas, occupations, and communities that private investors preferred to fund, and the rationale driving these decisions. The study covered livelihood interventions and the existing gaps and opportunities in the funding landscape of the Indian livelihood sector. In effect, it sought to map the contribution of the social economy in funding sustainable livelihoods.

The study was action focused, with an intent to generate insights to feed into meaningful conversations that build perspectives and potentially trigger collective actions. It was confined to the supply side of the social investment, specifically to current investors in the sustainable livelihoods space. This scope excluded microfinance as a livelihoods approach.

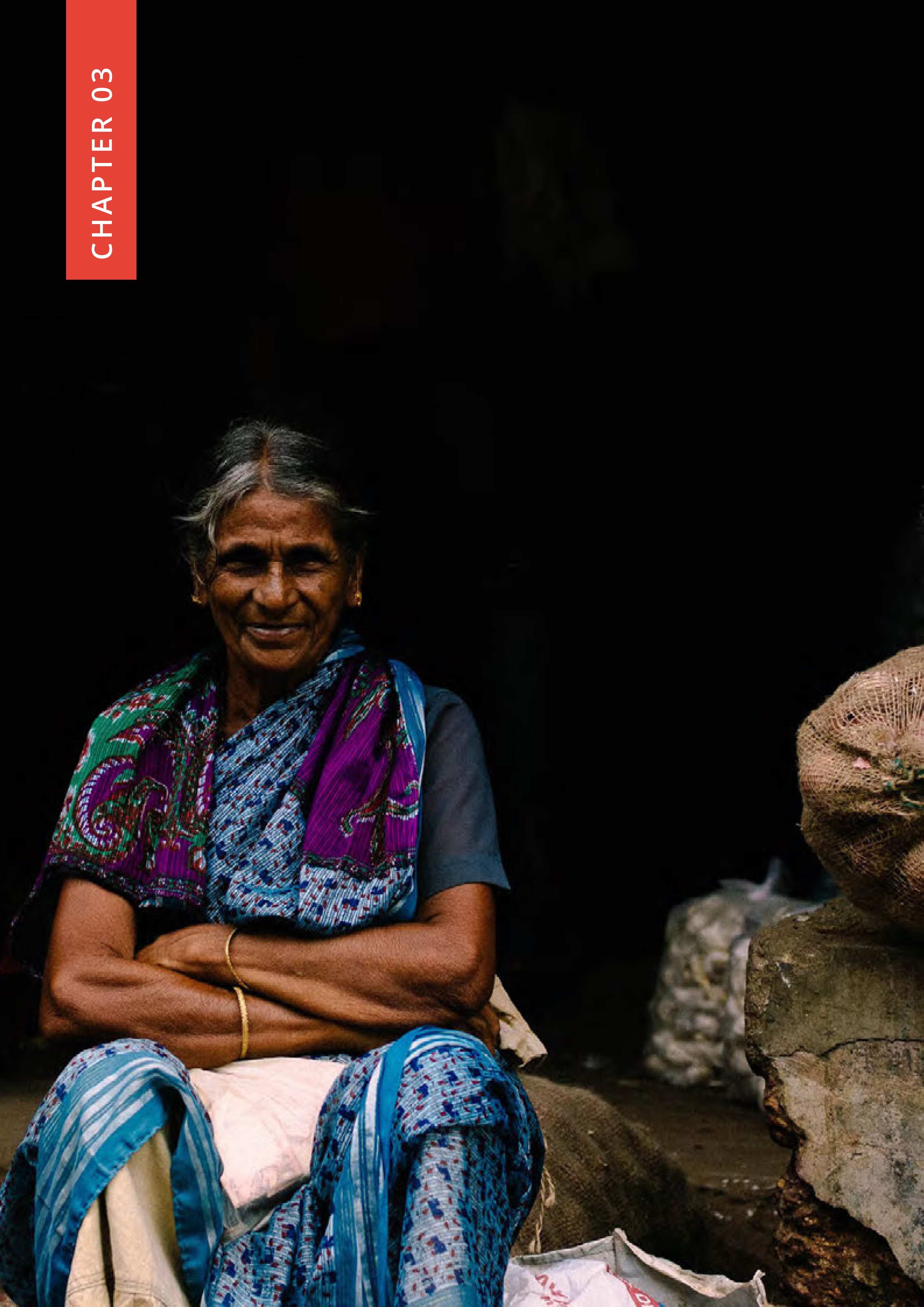
The study methodology involved a literature review, in-depth interviews with 35 key social investors in the sector that included AVPN members, and two practitioners. In addition, the team derived insights into the funding landscape for the livelihood sector from multiple conversations in national and regional workshops.

The secondary study sourced information largely from the internet and found that the existing literature is very limited, particularly on social investment in livelihoods, unlike a large body of knowledge available on the general social investment scenario in India.

For the in-depth interviews, the study included select organisations that are currently supporting initiatives under sustainable livelihoods, reaching out to them through its contacts. Availability and willingness of key decision makers to be a respondent for the study was an important requirement when deciding which organisation to include in the study.

This report is organised into 11 chapters, including the introduction. Chapter 2 provides an overview of the status of the livelihood sector in India highlighting its past trends, current opportunities and challenges. This is largely derived from the literature review. Chapter 3 discusses the different types of social investors in the livelihood sector in India. Chapters 4-8 explore various findings from this study with regard to investor preferences in sustainable livelihoods, programme strategies, investors approach to outcomes, impact, sustainability and value for money, key challenges for the investors and good practices. Recommendations and conclusions are discussed in Chapters 9 and 10 respectively. The final chapter shares a brief on the knowledge partners.

CHAPTER 03



SUSTAINABLE LIVELIHOODS IN INDIA

» A Sectoral Overview

India has achieved significant developmental progress since gaining independence in 1947. Yet poverty and inequalities persist. The growth and stability of the primary and secondary sectors, which provide the mainstay to the majority of the poor, has been limited despite several development schemes initiated from the sixties to eighties to address poverty through livelihoods promotion. The emergence in the nineties of the 'sustainable livelihoods' paradigm provided a comprehensive and integrated approach to address poverty. The subsequent evolution in the livelihoods sector from a subsidies approach to an enterprise ecosystem approach is changing the landscape of social development; providing opportunities to fund sustainable livelihood interventions and encourage enterprises that can overcome the challenges and bring change.

POVERTY PERSISTS AND INEQUALITY HAS INCREASED

India has achieved significant developmental progress since gaining independence in 1947. India's economic advancement and reduction in poverty levels in the last 70 years is noteworthy. The World Bank Poverty and Equity Brief of 2018 reports that between 2004 and 2011, poverty in India declined sharply from 38.9 to 21.2 percent at the international poverty line (2011 PPP USD 1.90 per person per day).[1]

Home to nearly 18 percent of the world's population,[2] India also has the largest number of people living below the international poverty line of USD 1.90 per day of the World Bank.[3] Dasra, an intermediary investor in the social sector, suggests that over 700 million Indians earn less than USD 3.10 per day.

1. World Bank Group, "Poverty and Equity Brief, South Asia, India," The World Bank, April 2018. http://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_IND.pdf (accessed August 7, 2018).
2. Worldmeters, http://www.worldometers.info/world-population/india-population/(accessed August 7, 2018).
3. World Bank. 2016. Poverty and Shared Prosperity 2016: Taking on Inequality (Washington, DC: World Bank, 2016), 40.

'Sustainable Livelihoods' adopts comprehensive and integrated approach to address poverty

Any meagre amount they save is not adequate to cover their needs of healthcare, education, clean drinking water, sanitation and other basic necessities. Despite several public schemes and subsidies, and India's enormous economic growth over the last two decades, the vast majority of its population struggles to make ends meet and improve their lives.[4] Within this context, India has the largest challenge of all countries of making livelihoods opportunities available because it has the largest numbers of young people in the world. The Gini coefficient[5] of wealth in India in 2017 is at 0.83, which puts India among countries with high inequality.[6]

On the whole, India has gained the distinction of being the sixth largest economy in the world,[7] while still having the largest number of poor people in the world with one of the lowest per capita incomes.

This paradox has always been a matter of concern for policy makers as well as development activists.

The Poverty Paradox

» India is globally the 6th largest economy

» The government implements several development schemes and subsidies

» Yet over 700 million Indians earn less than USD 3.10 per day

» With a Gini coefficient of wealth at 0.83 in 2017, it is among countries with high inequality

GROWTH AND STABILITY OF THE PRIMARY AND SECONDARY SECTORS, THE MAINSTAY TO THE MAJORITY OF THE POOR, HAS BEEN LIMITED

The Indian economy has very poor employment elasticity. The unemployment rate in India doubled between July 2017 and April 2018. Half of India's workforce continues to be dependent on agriculture. Jobs suffer due to the volatility in the sector (e.g. drought, unseasonal rains, bad crop etc).[8] Manufacturing has not been picking up and the services sector has been stagnating. In addition, increased competition from industries from other countries, automation and industry disruption is putting pressure on the formal employment market.

At present, India is facing an enormous pressure on the scarce natural resources by an ever-growing population coupled with climate change threats.[9]

4. Dasra, https://www.dasra.org/sector/livelihoods (accessed August 7, 2018).

5. The Gini coefficient is a commonly-used measure of income inequality that condenses the entire income distribution for a country into a single number between 0 and 1. The higher the number, the greater the degree of income inequality.

6. Widening Gaps: India Inequality Report 2016, (Oxfam India, 2018), 7.

7. BS Web Team, "World Bank says India beat France to become sixth largest economy: Report," Business Standard, July 11, 2018, https://www.business-standard.com/article/economy-policy/india-becomes-world-s-6th-biggest-economy-beats-france-for-spot-report-118071100398_1.html (accessed August 7, 2018).

8. Pragya Srivastava, "Where are the jobs? Not in India; unemployment rate doubles, jobs decline," Financial Express, April 24, 2018, https://www.financialexpress.com/economy/where-are-the-jobs-not-in-india-unemployment-rate-doubles-jobs-decline/1143559 (accessed August 7, 2018).

9. Viraj Mehta, "India's top 7 challenges, from skills to water scarcity," World Economic Forum, November 4,2014, https://www.weforum.org/agenda/2014/11/seven-key-priorities-indias-future/ (accessed August 7, 2018).

In addition, there is a growing economic disparity and unemployment which has been persistent with the poverty of the nation. Collectively, these factors gained the attention of policy makers to focus on the livelihoods of the people, particularly of the poor, in many crucial development discussions. The government's development agenda now is mirrored in the Sustainable Development Goals (SDGs).[10]

As per Chambers and Conway's (1992) definition, the term 'livelihood' is understood as a means of gaining

SUSTAINABLE LIVELIHOODS ADOPTS A COMPREHENSIVE AND INTEGRATED APPROACH TO ADDRESS POVERTY

a living.[11] This term is often used interchangeably with skilling, job creation, self-employment, employability, entrepreneurship, etc.[12]

In India, various rural development programmes implemented in the earlier years show that such a sectoral approach is not adequate to achieve an overall goal of development of rural areas and their communities.

Datta, Mahajan and Kandrapa (2014)[13] find that over a period of time, the understanding of livelihoods has become much broader. Livelihood can be understood as the way in which people make their living – gathering basic necessities such as food, shelter, clothing and meeting longer term needs such as health and education. Alternatively, livelihood also implies working and earning. While these notions appear to be related only to economic activities, they are in fact underpinned by a strong socio-cultural context. As such, livelihood tends to become a way of life, which gives a household its identity and its place in society.

Livelihood associated terminologies such as 'livelihood promotion', 'sustainable livelihood', 'livelihood security' etc. – are also used differently under various contexts and applications, resulting in a considerable variation of the meanings of these terminologies.[14]

Chambers and Conway (1992)[15] provide a working definition for sustainable livelihood. They suggest that a sustainable livelihood is one that has the capability to cope with and recover from stresses and shocks (i.e. social sustainability) and maintain or enhance capabilities and assets while not undermining the natural resource base (i.e. economic and environmental sustainability). Bernstein, Crow and Johnson (1992)[16] suggest that sustainable livelihoods provide livelihood opportunities to future generations (i.e. equity).

10. http://niti.gov.in/content/pm%E2%80%99s-statement-un-summit-adoption-post-2015-development-agenda (accessed on September 21, 2018)
11. Robert Chambers and Gordon Conway, Sustainable Rural Livelihoods:Practical Concepts for the 21st Century (Institute of Development Studies, 1992), 5.
12. Shankar Datta, "How do you solve a problem like livelihoods," India Development Review, August 9, 2017, http://idronline.org/how-do-you-solve-a-problem-like-livelihoods/(accessed August 7, 2018).
13. Sankar Datta, Vijay Mahajan, Rama Kandrapa, Resource Book for Livelihood Promotion, 4th edition, (Hyderabad, Institute of Livelihood Research and Training, 2014), 40.
14. Ian Scoones and John Thomson, eds., Beyond Farmer First: Rural People's Knowledge, Agricultural Research and Extension Practice (London: Intermediate Technology Publications, 1994).
15. Chambers and Conway, Sustainable Rural Livelihoods:Practical Concepts for the 21st Century.
16. Henry Bernstein, Ben Crow and Hazel Johnson, eds., Rural Livelihoods: Crises and Responses, (New York: Oxford University Press, 1992).

THE LIVELIHOODS SECTOR HAS EVOLVED FROM A SUBSIDIES APPROACH TO AN ENTERPRISE ECOSYSTEM APPROACH

The post-independence period in India witnessed several positive changes with regard to the livelihoods of the people. The first was the right to an adequate livelihood being enshrined in the constitution of India, in the Article 39 (a), which mandated that "the state shall, in particular direct its policy towards securing that the citizens, men and women equally, have the right to an adequate means to livelihood."[17] However, this is not enforceable in the court of law.

Other major shifts occurred when the Government of India initiated major reforms such as the introduction of high yielding crop varieties in the late 1950s (i.e. Green Revolution), setting up irrigation projects, agriculture universities, fertilizer factories, extensive road networks, etc. These initiatives resulted in significant changes to the livelihoods of people.

Over the years, sustained interventions by the Government have resulted in reducing the number of people below the poverty line.[18] In India, the poor are mostly concentrated in backward regions, largely rainfed areas and hilly terrains. Poverty has been significantly higher in the weaker sections of society, particularly among Scheduled Castes and Tribes and backward classes.[19] To address these concerns, poverty alleviation programmes of Government of India adopted different measures including the

17. Constitution of India, india.gov.in national portal of India, https://www.india.gov.in/sites/upload_files/npi/files/coi_part_full.pdf (accessed August 7, 2018).
18. "Mid Term Appraisal - Final Document (1997-2002)," Planning Commission, Government of India, April 2014,http://planningcommission.nic.in/plans/mta/index.php?state=ap9702cont.htm (accessed August 7, 2018).
19. 7th Five Year Plan (Vol-2), Planning Commission, Government of India,http://planningcommission.nic.in/plans/planrel/fiveyr/7th/vol2/7v2ch15.html (accessed August 7, 2018).
20. 9th Five Year Plan (Vol-2), Planning Commission, Government of India, http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/v2c2-1.htm (accessed August 7, 2018).
21. Ibid.
22. "Report on Development of Backward Hill Areas," Planning Commission, Government of India, March 1981, planningcommission.nic.in/reports/publications/pub80_dbha.pdf (accessed August 7, 2018).
23. 9th Five Year Plan (Vol-2), Planning Commission, Government of India, http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/v2c2-1.htm (accessed August 7, 2018).
24. List of government programmes and various schemes

provision of assistance to create an income generating asset base for self-employment of the rural poor;[20] creation of opportunities for wage employment; and area development activities in backward regions.[22]

This strategy was supported by other programmes to improve the basic infrastructure and quality of life in rural areas and programmes of social security for the poor. The Integrated Rural Development Programme (IRDP), the first major intervention with a mix of subsidy and institutional credit to create an income generating asset base, was launched in 1976. In subsequent years, many other schemes were launched to complement the IRDP by providing training, infrastructural development and other support areas (refer table 1).[23]

Table 1: Select government schemes/programmes on livelihoods

YEAR	SCHEME/PROGRAMME	BRIEF
1966-67	Green Revolution[24]	Increase productivity; confined to wheat production.
1979	Integrated rural development programme[25]	Provide basic technical and entrepreneurial skill to the rural poor in the age group of 18-35 years to enable them to take up income generating activities (self/wage employment).
1980	Training of rural youth for self employment (TRYSEM)[26]	First major livelihoods intervention, with a mix of subsidy and institutional credit for creating an income generating asset basis. Launched on a pilot basis in 20 select districts in 1976, scaled to the entire country in 1980.
1982-83 (50 district) 1994-95 (scaled to entire country)	Development employment of women and children in rural areas (DWCRA)[27]	Improve the socio-economic status of poor women in the rural areas through the creation of groups of women for income-generating activities on a self-sustaining basis; strengthening the gender component of IRDP.
1992	Supply of improved toolkits to rural artisans (SITRA)[28]	Supply kits to crafts persons at highly subsidised rates.
1997-98	Ganga kalyan yojana (GKY)[29]	Provide financial assistance to farmers for exploring ground water resources.
2011	Deendayal Antodaya Yojana – National Rural Livelihoods Mission (NRLM)[30]	Create efficient and effective institutional platforms of the rural poor, enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.
2015	Micro-Units Development and Refinance Agency Ltd (MUDRA)[31]	Develop the micro enterprise sector in the country by extending various supports including financial support in the form of refinancing, so as to achieve the goal of "funding the unfunded."
2016	Start-up India[32]	Promote entrepreneurship at the grassroot level for economic empowerment and job creation.
2016	Stand-up India[33]	Finance Schedule Caste/Schedule Tribes and Women Entrepreneurs.

of India, GK today, https://www.gktoday.in/gk/history-of-development-employment-programs-in-india-at-a-glance/ (accessed August 7, 2018).

25. Ibid.

26. 9th Five Year Plan (Vol-2), Planning Commission, Government of India, http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/v2c2-1.htm (accessed August 7, 2018).

27. Ibid.

28. Ibid.

29. List of government programmes and various schemes of India, GK today, https://www.gktoday.in/gk/history-of-development-employment-programs-in-india-at-a-glance/ (accessed August 7, 2018).

30. Deendayal Antodaya Yojana – NRLM, Ministry of Rural Development, Government of India, https://aajeevika.gov.in/ (accessed August 7, 2018).

31. Mudra, https://www.mudra.org.in/AboutUs/Genesis (accessed August 7, 2018).

32. Government of India, https://www.standupmitra.in/Home/AboutUs (accessed August 7, 2018).

33. Ibid.

The last few years have seen a great emphasis on job placements based on skills. Nonetheless, these skill development efforts could not adequately match the aspirations of the youth and the employers.[34] Now, the focus has shifted to entrepreneurship and enterprise promotion.

From the integrated development programmes in the sixties to financial inclusion and entrepreneurship, the landscape of social development in India has changed significantly in the last 40 years.

DEPENDENCY ON AGRICULTURE FOR LIVELIHOODS CONTINUES TO BE HIGH WHILE SUPPLY OF NEW JOBS IS INADEQUATE

It is worrying that even though the contribution of agriculture to the Gross Domestic Product (GDP) has substantially reduced, the number of people dependent on agriculture and related activities continues to be substantially high. There is an increasing trend for the next generation of artisans and farmers aspiring to leave their traditional livelihoods.[35] Yet, jobs are not being generated at a rate equal to the entry of people in the job market.[36] This situation is exacerbated by a paucity of highly-trained quality labour, as well as non-employability of large sections of the educated workforce that possess little or no job skills.[37]

THERE ARE OPPORTUNITIES FOR FUNDING SUSTAINABLE LIVELIHOOD AND ENTREPRENEURSHIP

In the recent past, several innovative initiatives have been adopted to design and fund sustainable livelihood interventions. At the Centre, the government has focused on skill-building and entrepreneurship for job creation. Ministry for Skill Development and Entrepreneurship (MSDE) has been formed to focus on enhancing the employability of the youth through skill development.[38] The Ministry has also allocated funds and is shifting its focus towards entrepreneurship. The Government has proposed fund allocation of USD 837.6 million[39] for the Financial Year 2018-2019 to the livelihood sector.[40]

NRLM has focused on agriculture and allied activities. State Missions have been designed to impact farm and off farm rural producers.

Under the Corporate Social Responsibility (CSR) law, it was mandated that corporate firms need to contribute two percent of their average net profit towards charity.[41] Three years into the passing of the CSR legislation, there has been heightened interest among corporate firms and foundations to collaborate for sustainable growth. This is an opportunity for not-for-profit organisations (NGO)[42] to raise new capital, and to leverage the business expertise and the networks of corporates firms, to build their capacities and systems towards impact and scale.

India has a thriving entrepreneurial ecosystem that is being nurtured significantly by philanthropists, investors, enablers, and young givers, many of whom are interested in giving back to the society. There is ample scope for micro entrepreneurship powered by a shared expertise.[43]

Given these challenges and opportunities, it is useful to understand the profile of the new and emerging players and the approaches that are likely to set the trends for future investments in sustainable livelihoods in India.

34. Sanghi, Sunita. "Youth: A Change Agent." NITI Aayog niti.gov.in/writereaddata/files/document_publication/article-skill.pdf (accessed August 7, 2018).

35. Sayantan Bera, "Rural youth prefer not to be farmers: Survey," Livemint, January 24,2018 , https://www.livemint.com/Politics/dJmimxJWI9QIV86AdUMu7N/Rural-youth-prefer-not-to-be-farmers-Survey.html (accessed August 7, 2018).

36. Pragya Srivastava, "Where are the jobs? Not in India; unemployment rate doubles, jobs decline," Financial Express, April 24, 2018, https://www.financialexpress.com/economy/where-are-the-jobs-not-in-india-unemployment-rate-doubles-jobs-decline/1143559 (accessed August 7, 2018).

37. Ministry of Skill Development and Entrepreneurship, Government of India, "Draft National Policy for Skill Development And Entrepreneurship 2015," Ministry of Skill Development and Entrepreneurship, May 2015, www.skilldevelopment.gov.in/assets/images/Policy%20ver3-%20final_draft.pdf (accessed August 8, 2018).

38. Background, Ministry of Skill Development and Entrepreneurship, http://www.skilldevelopment.gov.in/background.html(accessed August 8, 2018).

39. At the rate INR 1=USD 0.015

40. Government of India, "Detailed Demand for Grants for 2018-2019," Ministry of Skill Development and Entrepreneurship, Ministry of Skill Development and Entrepreneurship,http://www.skilldevelopment.gov.in/assets/images/budget/Detailed%20Demand%20for%20Grants%202018-19.pdf (accessed August 7, 2018).

41. "The Companies Act, 2013," Ministry of Corporate Affairs, Government of India,http://www.mca.gov.in/MinistryV2/tca.html(accessed August 8, 2018).

42. Not-for-profit organisations in India are commonly referred to as NGOs, or non-governmental organisations.

43. Ejaz Ghani, "The rise of small entrepreneurs in India," Livemint, July 13,2017, https://www.livemint.com/Opinion/xA8Dyo78IJQMoiewkDQrhL/The-rise-of-small-entrepreneurs-in-India.html(accessed August 7, 2018).

CHAPTER 04

INVESTOR LANDSCAPE

The study of private funders and investors into the sustainable livelihoods funding space finds four groups of investors, namely, corporate firms (funding directly through CSR initiatives or channelling funds through their foundations), private and individual foundations, impact investors, and intermediaries. Some of these investors have traditionally funded social initiatives, and some are new entrants, bringing new approaches to funding; and each has different expectations relating to risk, return, and impact. Across all these types of investors, the value of investment, particularly in livelihoods cannot be clearly determined, given varying understanding of the terminologies and that livelihoods get covered within different verticals such as women's empowerment or rural development.

In India, livelihood programmes now follow the comprehensive and integrated sustainable livelihoods approach to poverty reduction. This approach is complemented by new types of investors interested in funding livelihood initiatives. A large part of funding continues through the traditional public system, i.e. central, state, district and local governments, bilateral and multilateral donors, and civil society. However, increasingly, businesses are entering the sustainable livelihoods funding arena through their sustainability initiatives, supply chain investments, CSRs, and by channelling their monies through philanthropic individuals, family foundations, impact investors, and intermediaries (enablers, incubators, accelerators, etc.). This new crop of social investors play an important role, investing their 'high risk' capital in places where the markets have yet to reach, or cannot afford to go. Each investor group has different expectations related to risk, return, and impact.

A sectoral challenge is the absence of a centralised database or repository of organisations investing in the social impact space. To understand the scope and scale of these investors, 35 interviews were conducted with a range of stakeholders between April and August 2018. These interviews provided a wealth of information to understand and represent the new funding landscape.

For the purpose of this study four categories of social investors were considered, namely: corporate firms/ foundations, family/private foundations, impact funds, and intermediaries. The following sections present a brief profile of each type of investor, and finally, a tabular snapshot that allows a comparative overview (refer table 2).

CORPORATE FIRMS

Several corporate firms in India, have long been investing directly in socially responsible projects in varying degrees. Post 2013, the statutory regulations on spending two percent of the average net profits of select companies through an amendment in the Companies Act significantly altered the funding mandate of this group. This change, referred to as CSR funding, created a new pool of funds for development and welfare activities.

CSR funds are channelled to development initiatives through two routes, namely, directly by the firms through CSR activities, or through corporate foundations. The funds are offered as grants, as free or highly subsidised products or services,[44] or from employees volunteering their time.

In most cases corporate CSRs disburse funds to other charitable organisations or causes. Few corporate firms, however, have set up their own foundations which are legal entities registered either as Trusts or Section 8 companies (companies with a charitable objectives),[45] and their CSR earmarked funds are transferred to these foundations. Some of these foundations also implement their own development programmes. Preference for this approach is often the result of difficulties in finding NGOs which can scale and operate in multiple geographies and a perceived absence of sustainable models. From the NGO perspective this is disappointing as the foundations are either direct implementers or extend limited flexibility to the social sector in design and execution.

There are three broad strategies employed by corporate firms for their CSR obligations. These are informed by the funding channel (direct versus foundation); level of independence in governing the CSR fund; the firms' own reasons for CSR funding (a mandate versus a responsibility and vision to create impact); and the size of the pot of funds.

» Institutional strategy - At one end of the spectrum, independent foundations are setup as organisations. These have clear long-term strategies, plans, partnerships and operations across multiple levels; often directly implementing projects with dedicated teams (such as Reliance Foundation). They reflect a good understanding of the development approaches, engage with a variety of stakeholders, have well established systems, capacities and

44. Arundhati Ramnathan, "What qualifies as CSR and what does not," Livemint, March 25, 2015, https://www.livemint.com/Companies/bAKkTMlOxdT5VZigmD7p3H/What-qualifies-as-CSR-and-what-does-not.html (accessed August 28, 2018).

45. http://www.mca.gov.in/SearchableActs/Section8.htm (accessed September 10, 2018).

partnerships. Usually these foundations work across geographies and are not limited by the operational area of their factories/facilities.

» **Geographical strategy -** At the other end of the spectrum are CSR activities that are confined to specific operational geographies, driven by the firm's operations or human resources teams. These interventions fund projects that are proximate to their operations with tangible and clear results and milestones. Their support is usually short-term, limited to a year or two.

» **Thematic strategy -** In between these two extremes lie foundations that fund NGOs to implement programmes of the NGO's or of their own their interest (such as Infrastructure Development Finance Company, IDFC's dairy and financial inclusion support). In some cases, these firms provide specialised services for development initiatives, often in line with their own areas of work, such as technology firms developing digital infrastructure using their expertise and partnering with NGOs, social enterprises or governments to enable them to achieve scale and impact (e.g. Mindtree Ltd.).

THE CSR FUNDS FLOW

NGOBOX compiles data on CSR expenditure. They studied the total CSR spending in 2016-2017 of top 500 companies and found that 206 companies invested about USD 15 million in 403 rural development and livelihoods projects. The funding varied from as low as USD 2,189 to a few millions. While education and skills development sectors received about 32 percent of the overall CSR funds, another 30 percent went towards poverty alleviation, healthcare and Water, Sanitation and Hygiene (WASH) sectors. It is difficult to compute the expenditure on livelihoods promotion activities since the understanding of what comprises livelihoods, varies and overlaps with other themes such as women empowerment or rural development, which are areas identified by the CSR Act funding as common.[46]

FOUNDATIONS (FAMILY AND PRIVATE)

The Council on Foundations defines a family foundation as one whose funds are derived from members of a single family, though this is not a legal term and has no precise definition. In addition, the family foundations have at least one family member serving as an officer or board member of the foundation and, as the donor or their representative, this individual plays a significant role in the governance and/or management of the foundation. Most family foundations are run by family members who serve as trustees or directors on a voluntary basis. In many cases, second- and third-generation descendants of the original donors manage the foundation.[47]

Private foundations are similar in nature to family foundations, but differ on funding sources, which are through private endowments, and are on institutional governance and management by professionals. The private foundation donations may be invested to generate a return and sustain the initial endowment.

In terms of funding issues and organisations, both family and private foundations are charitable in nature, offering grant funding without expectations on financial returns on their funding.

Usually setup as Trusts, these institutions should not be confused with the corporate foundations, which are extensions of companies CSR.

There is little data on sectors where family and private foundations have been investing. A study done by GIZ, Beyond Infinity and Dasra (2018) suggests that about 40 percent of these investors fund livelihood related intervention. The study uses the term “understated philanthropy” to describe most family foundations as they prefer to maintain confidentiality in their activities.[48] Given this context, estimating their investments in the livelihood space has been difficult.

IMPACT FUNDS

The term ‘impact investing’ is defined by the Global Impact Investing Network (GIIN) as “investments made into companies, organisations, and funds with the intention to generate measurable social and

46. NGOBOX and CSRBOX, “CSR in India The Numbers do Add Up,” CSR Box, July 2018 https://csrbox.org/India_CSR_report_CSR-in-India-Numbers-Do-Add-up--July-2018-Report_45 (accessed August 8, 2018).

47. “Family Foundations,” Council of Foundations, https://www.cof.org/foundation-type/family-foundations (accessed August 8,2018).

48. GIZ, Beyond Infinity, Dasra, “Beyond Philanthropy,” Dasra, https://www.dasra.org/insight/landscape-of-philanthropic-foundations-in-india (accessed on August 8, 2018).

environmental impact alongside a financial return,"[49] with intention being the critical operating word. Impact funds are pooled and managed from a number of investors, and applied through debt or equity instruments, with expectation of financial returns.

A McKinsey study finds that the value of impact investing in India touched USD 1.1 billion in 2016 with an average deal size of approximately USD 17.6 million. Clean energy received the majority of all investments between 2014-2016, followed by financial inclusion, education and others (which included healthcare, and agriculture).[50] Spending on what could be explicitly termed livelihoods is not clearly mentioned. Perusal of websites and documents of 20 impact investors, both seed stage and post-seed stage, found that only five had explicitly mentioned 'livelihoods' as a focus area. Financial inclusion, employment and skills were mentioned in some cases. Investments in agriculture were primarily for increase of yields, and mobile technology that enables farmers to secure fair prices for their crops.

Funding objectives and motivations for impact funds vary widely.

INTERMEDIARIES

Intermediaries, enablers, capital aggregators, and distributors are different terms used for intermediary organisations. These organisations play a vital role in the funding ecosystem. They bridge the gap between the sources of philanthropic capital like individual philanthropists, corporate CSRs, and implementing institutions like NGOs. In effect, they connect social investors to investment worthy organisations and opportunities. They form a communication channel between these two groups, aligning the 'language' of each on a common platform. They help leverage each other's strengths to co-create for greater impact, provide support through professional services like fund management, research, monitoring and evaluation support, impact assessments, and reporting.

Intermediaries typically draw investment decisions from the financial and impact motivation, and the interests of the investor pool for funding – working through different funding instruments, including grants, debt and equity.

49. "What you need to know about impact investing," Global Impact Investing Network, https://thegiin.org/impact-investing/ (accessed on August 8, 2018).

50. Vivek Pandit, Toshan Tamhane, "Impact investing: Purpose-driven finance finds its place in India," McKinsey&Company, https://thegiin.org/assets/Impact-investing-finds-its-place-in-India.pdf (accessed August 8, 2018).

Examples of categories of private impact investors

Corporate foundations and CSRs	Godrej Agrovet Limited, GMR, Larsen and Tubro Infotech Ltd. Reliance Foundation
Family foundations	Raintree Foundation, Nilekani Philanthropies
Private foundations	Social Venture Partners, Azim Premji Philanthropic Initiative, Tata Trusts

Table 2: Brief profile of private investors

Sl No.	Investor Type	Source of Funds	Application of Funds	Instruments
1.	Corporate firms	Two percent of their average net profits.	Direct CSR initiatives	» Grants » Support through volunteers » Support with products or services
		Operating CSR foundations also seek to raise funds from other investors	Through Corporate Foundations	» Grants » Support with products or services
2.	Foundations (Family)	From single family or members within the community	Direct, on earmarked causes	» Grants
	Foundations (Private)	Privately endowed, often with large initial donation (may be invested to sustain initial investment)	Direct, on earmarked causes	» Grants
3.	Impact funds	Pooled capital from a number of investors	Direct, or through intermediaries	» Debt » Equity » Mix of both » Revenue based financing
4.	Intermediaries	From other donors/investors Pooled capital from a number of investors	Matchmakers: connect social investors to investment worthy organisations or opportunities	» Grants » Debt » Equity (depending on the investing requirements of the sources of capital)

Examples of categories of private impact investors

Impact investors	Unitus Ventures, Ankur Capital, Upaya Social Ventures, Chilasa Venture Philanthropy, Yunus Social Business Fund Bengaluru (YSBFB), Friends of Women World Banking - India, Aavishkaar, Acumen Fund, Omidiyar Network
Intermediaries	Dasra, Samhita, Unltd India, Ashwidea, InDeed (Dentsu Aegis India), Innovation Alchemy

Timeframe	Financial motivation	Impact motivation	Legal Format
1-3 years, with an increasing interest by firms for a longer, 3-7 year's support depending on the context	Charitable giving	Aligns with employee interest, communities they work with, complement business objectives	Private Limited Company
Long-term	Charitable giving and/or		Trust or Section 8 Company
3-7 years depending on context	Do not seek financial returns		Trust
3-7 years depending on context	Do not seek financial returns	Motivation varies	Trust
Depending on the fund horizon and return expectations of investors	Promise of a specific return for each partner. The return dictates the profile of each investment	Impact objectives vary	Private Limited Company
Depending on the fund horizon of investors	Driven by own or investor philosophies	Driven by own or investor philosophies	Private Limited Company or trust

CHAPTER 05

INVESTOR PREFERENCES IN SUSTAINABLE LIVELIHOODS

The strongest determinant of private investor's decisions on funding sustainable livelihoods is the socio-economic profile of beneficiaries and added vulnerabilities posed by the agro-climatic conditions; they also have preferences on the livelihoods forms, being largely inclined towards farm, rural non-farm and urban informal sectors. These are areas of greatest need and impact and aligned with their intent in investing in the social sector. Investors mostly do not have strong opinions with respect to location, gender, social or occupational groups. Some CSRs do have preferences for geography, usually linked to their business operation regions or production facilities. Intermediaries tend to follow the demands of their donors. Overall all the livelihoods programs are linked to one or more SDGs hence by investing in or funding these programmes, the SDGs have automatically become a part of every investor's funding decisions.

Investors recognise the changing trends in social sector investment as there is a strategic shift in giving, that has gradually moved from social grants to impact investments; and of foreign funds that have moved from India to poorer countries in Africa and Asia. A climate of entrepreneurship with support from government schemes is providing new opportunities for investment.

The overview of the type of private investors in sustainable livelihoods, detailed in the previous chapter, provides the backdrop to further draw on the determinants of investment in this space.

As discussed, there are four categories of private social investors in the livelihood sector – corporate firms, family and private foundations, impact investors, and intermediaries. Each has different investment preferences and priorities. Understanding such preferences and priorities is crucial as this determines their investment strategies, and expectations of outcomes, impact and risk; which in turn dictates their investment choices, strategies and collaborations.

This chapter shares insights from 35 interviews with investors and funders across all the four categories on their investment preferences with respect to geography, type of occupations, target groups and domains. Perceptions on the emerging trends of the livelihoods sector in India is also reported.

THE WHAT AND WHY OF INVESTOR PREFERENCES

» Geography - About three-quarters of the investors are not selective about geography and are open to working across India. Of the 12 CSRs covered in the study, seven (about 60 percent) shared that their work was restricted to their business operation regions or locations around their facilities. Three intermediaries mentioned that their considerations on geography tends to be contingent on donor demands.

On the type of rural-urban focus, about 50 percent of investors are agnostic for deploying their funding, 23 percent focused exclusively on rural areas, and none exclusively on urban areas. Three intermediaries indicated that their selection depended on donors' demands and programme types (e.g. poverty alleviation).

Though there are no criteria that guide the selection of geographical area for these investors, the primary considerations when selecting geographical area have been areas with scarce or depleted natural resources such as rainfed or drought prone areas, remoteness, need of the communities, as well as donors' demands, and programme types. One of the investors shared that they look for areas where there are no duplication of efforts or funding.

» Gender - About 60 percent of investors are gender agnostic in their focus and work on strategies that address the need of communities. 40 percent of the investors have a clear gender lens while deciding investment and target communities, and all of them report their focus is on women. Even among investors who are gender agnostic in their overall focus, about a fifth report that they look for and promote women focus in their programmes. The women focused work is generally around women enterprises, women collectives and self-help groups (SHGs) for the promotion of livelihood programmes. Noticeably, none of the respondents explicitly indicated that their support was directed on the third gender.[51] The near absence of programmes for the third gender clearly indicate the gap area for intervention.

» Target group - All the investors invest in initiatives for the bottom of the pyramid communities, the poor, ultra-poor, and socially marginal and vulnerable communities. Two of the CSR investors report focusing on the youth, and two of the impact funds on the low and lower-middle income households. These investments are driven by: (a) a stated objective to work with below poverty line[52] communities; (b) a donor/investor mandate for interventions with groups that do not receive adequate social security cover, or access to mainstream employment opportunities.

Within the programmes, most investors look for specific excluded communities as a cross-cutting focus on special groups. Differently-abled, children, women in difficult circumstances, youth, and elderly are predominant special groups that investors report focusing on.

» Livelihood forms - Majority of the investors preferred a combination of farm, rural non-farm, and urban informal sectors for investing. A few were inclined towards skill development, particularly vocational skill development (e.g. carpentry, construction, stitching, etc). In general, the investor's social intent, donors' preferences, and entrepreneur's vision were the primary drivers of investment decisions. Additionally, some investors aligned their support to their own competency, preferring to fund programmes in the area of their expertise.

A 2014 World Bank report suggests that skill development has received significant interest of investors to support the Government of India's concerted reform measures in the livelihoods sector,[53] through schemes such as Skill India, Make in India etc.

51. As per the Supreme Court of India the third gender are transgender or hijras, whose gender identity does not correspond to with the sex assigned at birth.

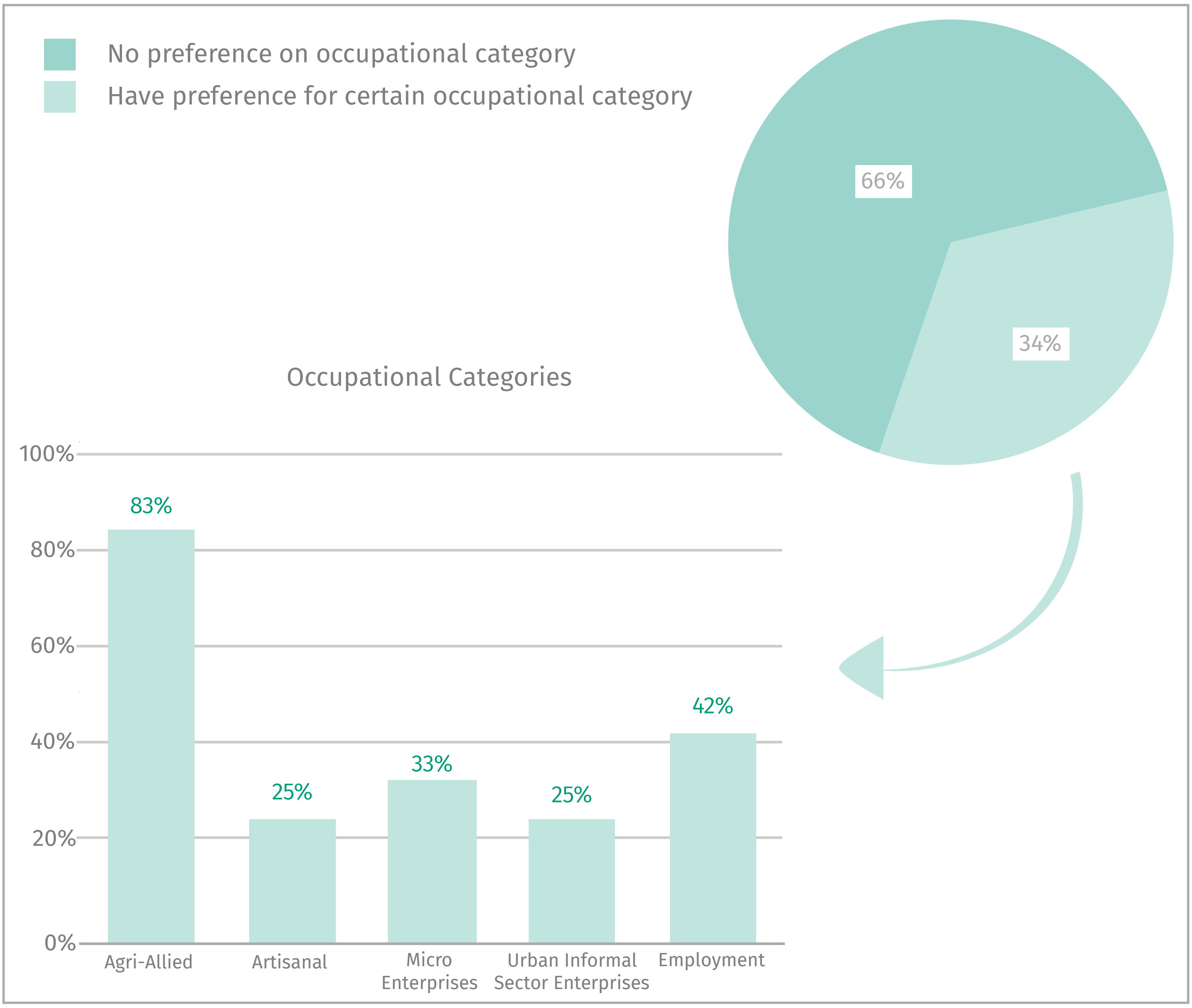
52. Below Poverty Line is an economic benchmark used by the government of India to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid. An expert panel in 2014 headed by the former Reserve Bank of India governor C Rangarajan defined the poverty line those spending below Rs. 32 a day in rural areas and Rs. 47 in towns and cities.

53. The World Bank, India Development Update: Towards a Higher Growth Path, (Washington DC: The World Bank, 2014).

» Social groups - Most private investors do not emphasise support for specific social groups such as Dalits or Scheduled Castes (SC), Adivasis or Scheduled Tribes (ST), Other Backward Classes (OBC), religious and linguistic minorities, for their investments. Rather, their selection is either entrepreneur-centric, where the most capable and committed entrepreneurs are funded, or programme-centric, such as poverty alleviation programmes, which align to their funding objectives or donor mandates. A few investors expressed that while their intention is not to favour certain social groups, their funds get channelled to these groups because of the geographies or regions they work in, where the presence of these groups is large.

» Occupation groups - About two-thirds of the investors did not consider the occupation category for their investment, leaving the choice to the need of the beneficiary and the area. However, those investors who showed a preference for investment were keen on supporting agricultural and allied enterprises, skilling for employment, micro enterprises (mostly in the non-farm sector) and buoying artisans working in dying traditional trades such as pottery, weaving, etc. Interestingly, about a fifth of the investors reported investments in the enterprises in the urban informal sector (refer Figure 1)

Figure 1: Investment preference of private investors by occupation



Source: Catalyst Foundation's in-depth interviews with funders/investors

CHANGES AND TRENDS IN FUNDING APPROACHES

Many private investors are evolving and broadening their approach towards funding in livelihoods sector, yet others have not made much changes in the way they approached funding in the past five years. Some interesting trends highlighted by investors are:

» Strategic shift of giving from social grants to impact investments - There has been a shift from strait-jacketed grant-based philanthropy to impact-focused investment, that can be better tracked and measured. There appears to be an emerging preference for business models or programmes that establish a revenue model and a potentially replicable or scalable proposition. The social sector, from its funders to non-profit implementing agencies, is realising the need for a more measurable and quantifiable impact on the ground.

Several investors suggested that intent was not enough, and that there had to be defined milestones that needed to be achieved against the grants given.

» Decline in foreign funding - Few of the investors share that over the past few years, the development sector as a whole, and specifically the sustainable livelihoods sector, has seen a sharp decline in the inflow of foreign funding. As India's economy shows robust growth, many large foreign funding agencies have moved their investments to more impoverished and less developed countries in Africa and Asia. There has also been a perceived change in the regulatory and legal climate that has become suspicious of foreign funding, its origin, intent and ultimate impact on ground, leading to several foreign funders shying away from working in such a socio-political climate.[54]

» Boost from Government involvement - The last five years has seen several government-led initiatives, schemes, social missions and campaigns[55] which have fostered platforms that promote collaboration, multi-stakeholder partnerships, replication and adoption by government programmes.

"Besides bringing in more capital, impact investing represents a stark shift in the 'giving' philosophy—from an emotional, short-sighted charity mind-set of issuing cheques, to a much broader understanding of strategic levers that can address socio-economic challenges in a holistic manner." – Riya Saxena, Asha Impact

54. https://www.dnaindia.com/india/report-63-plunge-in-foreign-funding-of-ngos-govt-2569352 (accessed on 11th September, 2018).

55. Government of India (GOI), NITI Aayog, Development Monitoring and Evaluation Office, Sustainable Development Goals (SDGs), Targets, CSS, Interventions, Nodal and other Ministries. (New Delhi: Development Monitoring and Evaluation Office, 2017).

» Rise of entrepreneurship - There has been an increased interest of investors in supporting entrepreneurship both in rural (e.g. agribusiness and allied) and in urban (e.g. arts and crafts, carpentry, etc.) sectors as entrepreneurship is considered a sustainable model. Funding entrepreneurship helps in two ways.

First, it creates jobs. It provides access to markets and simultaneously prepares the market to create demand for skills, since skill building or training alone is ineffective in the absence of jobs. Second, entrepreneurship focuses on return on investment made through the income generation.

Overall, there has been a noticeable trend in the livelihood sector from just grant driven investment to a broader sustainable models of impact investment. Organised philanthropy has influenced the livelihood sector where private investors and donor agencies are now deploying funds in a structured way.

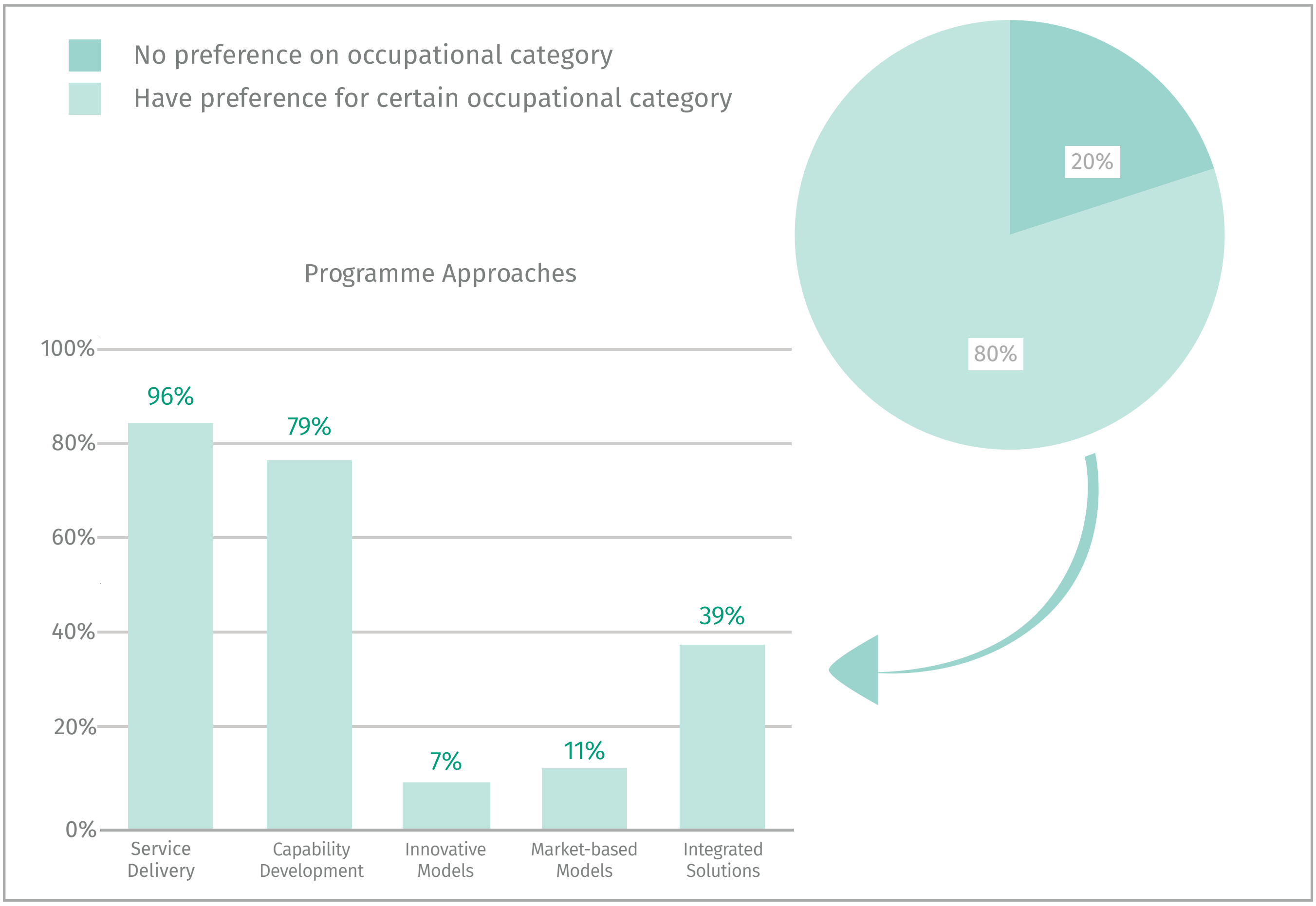
CHAPTER 06

PROGRAMME STRATEGIES AND APPROACHES SUPPORTED

Capacity building and service delivery programmes are the priority for investors in livelihoods. Integrated solutions, though perceived complex, are gaining interest in investments. Platforms for collaborative work and funding, along with impact measures help in expanding the investment for these solutions. With the funders and investors coming from private sector, the focus on market linkages and market-based models are drawing interest. There is limited or no interest of these funders and investors in rights-based approaches that empower voiceless communities to gain access and control over resources. Very few investors channel their funds towards organisational building and human resources development, with the large share limited to programme funding which can show results. Investors and funders adopt various programme strategies and approaches in their support of social development initiatives which focus on capacity building, service delivery, market access rights (claim and access) and integrated solutions. This chapter takes a closer look at strategies that investors consider for their funding of sustainable livelihoods.

Most investors and funders (80 percent) prefer specific programmatic approach to address the need of the communities, such as service delivery, capacity development, integrated solutions. About a fifth of the investors, largely family and private foundations and CSR foundations are agnostic to the programmatic approach.

Figure 2: Programme Approaches Preferred by Investors



Source: Catalyst Foundation's in-depth interviews with funders/investors

SKILLING, CAPACITY DEVELOPMENT AND SERVICE DELIVERY MODELS RECEIVE THE PRIMARY ATTENTION

The organisations focusing on skilling for employment follow training as strategy and link beneficiaries to jobs. Those working through community-based approaches that combine service delivery build capacities of communities, imparting both hard and soft skills to individuals and supporting development of their collectives.

Certainly, this emphasis on capacity development is not surprising, since the very objective of pursuing sustainable livelihood is to build the capabilities of individuals to earn their living.[56] It is also appropriate given the large body of evidence in the Indian context which shows that there is an urgent need for capacity development that the sector must address.[57] Further, capacity development has always been the core component of many livelihoods related missions, initiatives, programmes, and schemes of the Government of India (e.g. NRLM, National Rural Employment Guarantee Act (NREGA), etc.)[58]

While investment in capacity development as an area of intervention has received an overwhelming response, it is hard to determine its real effect. Research finds limited evidence to support a direct impact of capacity building. Further probe is required to understand why the qualities of organisational leadership, human resources training, and organisational capacity continue to be highlighted as core challenges despite all the supply side funders emphasising that they have been making significant investments on these fronts.[59]

The term "Capacity Development" also needs further clarification. For some investors, capacity development is about paying for intermediaries,

56. Ian Scoones, Sustainable Rural Livelihoods: A Framework for Analysis (London: IDS, 1998).

57. International Labour Organisation (ILO), Strategies for Sectoral Training and Employability in India: Case studies of the IT/ITES and Automotive Sectors. Working Paper No. 3062014 (Geneva: ILO, 2014).

58. Ministry of Rural Development (MoRD), Government of India (GOI) adopted a 'Livelihoods Approach' to rural poverty elimination (Deendayal Antodaya Yojana under NRLM). The approach identifies building capacities and skills as the key component of gainful and sustainable livelihoods development. For more details see https://aajeevika.gov.in/content/institutional-building-capacity-building.

59. https://www.povertyactionlab.org/evaluation/small-business-training-and-loans-aspiring-entrepreneurs-disadvantaged-neighborhoods (accessed on 11th September 2018).

consultants and service matter experts to assist their portfolio organisations; while others consider this as the flexible portion of their designated funds being utilised by implementers for training and organisational development programmes. However, information on the effectiveness of capacity building or whether this is being measured in the final impact of the programme is hard to come by.

INTEGRATED SOLUTIONS ARE PREFERRED AREA OF INVESTMENT

About 40 percent of the investors of different typologies prefer integrated solutions that follow the community empowerment approach. Community collectives are engaged to ensure that the diverse needs of the communities are addressed. As these programmes provide comprehensive solutions the impacts are expected to be deeper and sustainable.

Many investors find that integrated solutions are complex to design, implement and measure, and they require long-term support. Integrated solutions involve engagement with multiple systems – public, private and markets, to ensure that services and support are accessed sustainably. This calls for the convergence of multiple expertise and collaborative implementation and funding.

Many investors feel that the absence of proven models is an opportunity to develop models and approaches. They recognise the potential of technology to aid the collaboration and the integration mechanisms. They stress the need to set-up or strengthen methods to measure progress and impact and institutional mechanisms for collaborative working.

MARKET-BASED MODELS AND INNOVATIONS HAVE BEGUN ATTRACTING SOME INVESTMENT

Being livelihood focused, about a tenth of the funders and investors invest in market-based models, i.e. programmes that develop products or services to generate incomes to sustain and scale the programmes. Most of these investors, given their exposure and orientation towards working in market environments, see a huge opportunity for linking to markets, especially in the agriculture sector. Some recognise the importance in supporting social enterprises or social businesses that solve development problems using market-based approaches.

THERE IS LITTLE INTEREST IN SUPPORTING RIGHTS-BASED WORK

Most investors are not interested in supporting rights-based work. Some are firmly against promoting rights-based work. Others choose to stay away as right-based initiatives tend to be highly sensitive and involve politics and regulatory issues.

ALBEIT SMALL, ORGANISATIONAL DEVELOPMENT AND INNOVATIONS ARE FINDING A WAY INTO INVESTORS' AGENDA

Additional areas that a few investors are keen to support include organisational development, innovation and implementation support. In the complex livelihood programmes, the partner organisations and implementation teams play an important role and there is an overwhelming acknowledgement that capacities of these groups need to be built. Yet, only a few investors have started funding capacities of the implementing partner organisations. These are largely in the areas of strategic planning, resource mobilisation, technology and human resource development. Support is provided as cash grants, skilled volunteer advisors, leadership development, and management training opportunities. Much more needs to be done in this area to leverage the potential of organisations.

Overall, investor decisions on programme strategies and approaches are driven by their expectation of impact and its measurability, and their own areas of comfort. While this bodes well for skill building, service delivery and market-based approaches, it leaves a gap for approaches that accrue long-term development returns through community empowerment and institutional strengthening, namely, rights-based and organisational development approaches. It also excludes geographies and communities that are difficult to reach.

CHAPTER 07

INVESTOR'S APPROACH TO OUTCOMES, IMPACT, SUSTAINABILITY AND SCALE

Private investors appreciate the value of understanding outcomes and impact, as a measure of programme performance and contribution to the development goals, as well as the basis for decisions on scale. There is high focus on monitoring and evaluation systems to ensure high quality delivery of the programme. There is an overwhelming clarity on prioritising programmes with a sustainability plan. While there is a good understanding of the components of sustainability and what is required to achieve these, most investors limit their expectations to a few components reducing the potential for sustainability. Scaling up is also a priority for all the funders and investors. The preferred approach to expanding operations is either through additional funding or capital from the market (in case of impact funds). A few scale-up designs involve the government or market system.

Amongst the discourse of outcomes, impact, scale and sustainability, investors show a clear thinking around their endgame, going beyond their implementing programmes to sustained services, and government and commercial adoption of models. Almost all funders partner and collaborate with other funders, investors or implementers.

The perception of investors on their approach to outcomes, impact, scale, sustainability and value for money is key to their decisions on investments, strategies promoted and how these are monitored and steered. Presenting investor perspectives and approaches to these, this chapter further highlights endgames of investors and their partnership and collaborations.

OUTCOMES AND IMPACT

Across the typologies of the funders and investors, the term 'impact' overwhelmingly comes out as the core to their decisions on investments. While there are many hierarchies of results leading to the impact, the term 'impact' is used to articulate how the funders and investors wish to see their investment achieving desired results. Only two funders from CSR foundations and one from a private foundation considered 'impact' of a programme through the lens of 'attributability'; i.e. the changes that are directly ascribed to the programme, with fewer benefits accruing in its absence. These funders recognise the need for rigorous impact evaluation models that measure changes 'with' and 'without' the interventions. The rest consider the changes among the beneficiaries in their programme area as the 'impact' of their investments, even though these are programme benefits or outcomes, and have no measure of whether these changes would ensue in the absence of the programme. This report uses the term 'outcomes and impact' together to reflect the latter consideration.

The types of outcomes and impact expected by the funders and investors include economic and social benefits, equity and inclusion, employment/jobs (in case of skilling), health of production systems, and natural resources. The most common impact expectation across all the funders and investors is the household incomes and resilience. A few of the family, private and corporate foundations also seek social benefits such as nutrition, benefits to women in terms of their access and control of resources, improved capabilities of people from vulnerable groups, and capacity of community institutions to leverage support and deliver services to its members. About a third of the funders are interested in 'value for money' or 'social return on investments' as an outcome of their investments.

MOST INVESTORS RECOGNISE THE IMPORTANCE OF EVALUATIONS OF PROGRAMME AND IMPACT ASSESSMENT

Collecting and analysing information on impacts of programmes is vital for understanding long-term success of a business or intervention. Most funders and investors agree that impact assessments offer the main indicator of the progress towards outcomes and the ability to do mid-way course correction, to achieve the desired outcomes. Learnings from these studies also help them to attract more funds. They use periodic programme evaluations and/or pre and post impact assessment studies to understand the programme outcomes and impact.

DEFINING IMPACT: THE OUTLOOK OF AZIM PREMJI PHILANTHROPIC INITIATIVES (APPI)

Impact for us is change that happens on many levels and perspectives. We classify Impact into three perspectives:

Impact on people (individuals and society): How and how much our support changes lives, livelihoods and living conditions in a given area; and fosters attitudinal change, at the societal, family or community level.

Impact through leverage (institutional and social capital): How a support ecosystem is created for progressive or positive actions, including strengthening of volunteer networks, community collectives, and formal or informal institutions to continue the intervention, sustain and touch more people's lives.

Impact through influence (research, advocacy and changes in policy): How systemic change, documentation, increased funding and consensus, or the framing of policies necessary for long-term change is nurtured or facilitated.

Impact at APPI is applied to prove that our mission translates into the organisational goals we have set out, and to assure our board, and relevant stakeholders of the resultant value of our engagement.


Image credit: Ambuja Cement Foundation.

» Programme evaluations - The most common, these are usually undertaken during mid-term and end-term of the programme cycle, either by the funder's team and/or third-party evaluators. Extensive analysis of the data from the projects, combined with stakeholders' interviews and field visits form the method for programme evaluations. Multi-sectoral teams of experts are brought in to conduct these evaluations. Findings and learning from these evaluations are shared with the funders and their partners and actions for change generated. The importance of participatory approach and transparency in all round data sharing is acknowledged.

» Pre and post impact assessment studies
Used by a few foundations that employ rigorous evaluation methodologies, these studies provide a measure of the impact at the community level using longitudinal surveys at the programme baseline and endline. An added rigour to this method is layering a 'with' and 'without' sample to understand the effect in the presence of the programme versus in its absence. These kinds of assessments are undertaken for programmes of scale or programmes that are planning for scale-up through policies. These methodologies also provide opportunities to write papers for publications. The general critique of impact assessments is their high cost, requirement of high and multi-sectoral expertise, and delay in availability of results that limits it usability in the programme.

A good set of 'impact measures' along with a set of resources to use in measurements in the sustainable livelihood domain would be useful for the funders and investors to choose from.

"We actively engage with our investees during the tenure of the loan to monitor the business and offer non-financial support. Our discussions with the entrepreneurs are key to understand the main challenges that early-stage social businesses face. Learnings from our previous investments are key to develop better strategies to monitor the key milestones as well as offer a post-investment support that fits the expectations and needs of the businesses."

– Suresh Krishna,
Yunus Social Business Fund

A STRONG MONITORING, EVALUATION AND LEARNING SYSTEM IS AN IMPORTANT ELEMENT THAT ALL INVESTORS BRING INTO THEIR FUNDING DESIGNS

Beyond the impact evaluations, most funders and investors are interested to ensure that the key milestones and activities are undertaken in a timely and efficient manner, and with quality so that the results and outcomes get delivered. Many funders and investors use 'Result Based Management' (RBM) or 'Theory of Change' (TOC) as tools for planning, driving and monitoring the activities, processes and outcomes of their investments.

Most of the funders and investors have monitoring and reporting systems in place, which their partners or their implementation teams comply with. These cover activities, inputs, processes, results and milestones. These are built on the 'results assessment framework', 'work plans' and 'budgets' from the funding proposals or agreements. Some of the foundations and CSR have designed their own monitoring and evaluation system which are technologically enabled. A few use frameworks from Global Impact Investing Network (GIIN) which has developed metrics for impact investing.

Some of the mechanisms that the funders and investors use for effective monitoring, evaluation and learning of the progress and results of their investments are:

» Periodical review - Based on the milestones and goals agreed upon, reporting systems are established for the implementation teams. Usually quarterly or half-yearly and annual reports are sent from the partners that include progress against agreed milestones, process quality, goals and use of resources. Reviews and analysis of these reports provide useful insights to the funders and investors.

» Field visit, random checks and feedback
Periodic field visits by the representatives of the funders and investors is a frequently used monitoring mechanism. Representatives could be third party evaluators, employees of the corporate, or the programme and management teams from the donors and investors. This mechanism provides direct experience of the field implementation, context and challenges. It helps the donors and investors, understand the progress and offer support for better implementation. Few of the CSRs also adopt 'surprise checks' by their employees to make sure that the investments are being utilised well. Here too, the findings from these visits are shared with the

implementing teams and the programme team of the donors and investor.

» Independent evaluations - Independent evaluations are adopted by most of the foundations (both CSR and private/family) to add credibility to their programmes. Methods of programme evaluations vary. Some use experts to visit the implementation sites, interact with teams and communities and get their feedback on the quality of the programme. A few use the detailed Organisation for Economic Cooperation and Development (OECD)[60] evaluation framework that provides clear guidelines for rigorous programme evaluation with indicators for each area of assessment. Independent or external evaluations are predominantly used to inform the performance of the investment and decisions on continuing investment.

» Learning systems - In terms of the learning system, many CSR and foundations have partner level annual reflection and learning exercises. Some of them bring partners together for issue-based learning or facilitate programme exposure site visits among the partners. One of the corporate foundations brings all its partners (with founders and programme team leaders) and provides a platform for them to interact with each other and with other sectoral players. Impact funds have periodical reviews with the top management and field teams that provide them understanding of the field operations. Given the complexities of the development in general and livelihoods in particular, the need to learn and improve is understood and appreciated by all funders and investors.

Overall, there is high focus on monitoring and evaluation system to ensure high quality delivery of the programme and impact thereof. While there has been interest on impacts, industry level standards of impact measures can help funders and investors. Participatory monitoring combined with a strong reporting system built on the results assessment framework and work plans helps balance accountability with the programme learning. However, resources and bandwidth of key people need to be planned to ensure that the approach to monitoring and evaluation is strategic and does not end with just accountability-oriented reporting.

60. OECD http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm, (accessed August 27, 2018).

SUSTAINABILITY

The perception of sustainability varies among the categories of funders and investors. While all investors accept sustainability as an important component guiding their investments and programmes, the sustainability factors that are pivotal to their decision making differ. Most define sustainability as the ability of the communities to continue to derive the benefits at the end of the funding period, combined with the partner's ability to continue to play roles that are required to enable communities to access support. Therefore, sustainability is looked at two levels – (i) the community level, and (ii) the partner's or intervenor's level. Some investors consider sustainability as the overall ability of programmes to positively deliver impact in the long run. Such programmes are also able to attract regular funding and create jobs.

FOR IMPACT FUNDS AND INTERMEDIARIES SUSTAINABILITY IS CONTINGENT ON THE PARTNER'S INSTITUTIONAL CAPACITY.

Impact funds and most intermediaries view sustainability as their partner's institutional capacity to be viable while reaching scale and delivering impact. This includes the following:

» Financial resources - To many investors, sustainability is the availability of an on-going fund flow to keep the programmes running. Others consider a higher-level outcome of financial gain, where social enterprises make a profit and attract mainstream investors for follow-on funding. Financial viability and access to market funds, according to them, is the most critical indicator of sustainability as it includes many indirect factors related to the strength of the enterprise.

» Human and institutional capabilities - Some investors regard sustainability as the human and institutional capabilities of the partners to mobilise institutional donor grants and market funds. Institutional capability also includes effective and transparent governance mechanism, systems and processes for effective implementation, capacities to establish and sustain partnerships and linkages, and system for effective results and impact measures.

» Market linkages - Programmes that have the ability to build market linkages are considered sustainable by some investors, on the belief that such programmes are able to provide livelihood opportunities over a longer period of time. This is particularly true for investments that work on skilling for job and enterprises support.

» Impact of the programme - Some investors perceive sustainability as the overall ability of programmes to positively deliver impact in the long run. High quality delivery of impact will attract regular funding and institutional partnerships.

FOR CSRS AND FOUNDATIONS SUSTAINABILITY DEPENDS ON THE CAPACITY OF THE COMMUNITY COLLECTIVES OR INSTITUTIONS.

The CSRs, private foundations and a few of the intermediaries stress on resilience and empowerment of the community as the core for sustainability. They specifically emphasise the following factors as markers to understand sustainability:

» Capacity of the community collectives/ institutions - To most funders the capacity of the community institutions such as self-help groups, federations and producers' collectives are important. Individual producers or entrepreneurs have small scale operations, the returns and sustainability of which can be enhanced by establishing collectives. The capacities of these institutions are related to governance and leadership, community and organisational systems, implementation efficiency, management and monitoring, systems for accountability and transparency, linkages with markets, etc.

» Status of and access to key resources - Quality, adequacy and access to key resources for communities is an important factor of sustainability considered by a few funders. These resources include natural resources (such as water, land, bio-diversity), financial resources (such as credit, savings and

investments), inputs and services for enterprises and physical resources (such as roads, communication).

» Linkages - Many funders and investors stress the importance of linkages for sustainability. Connects formed by communities and collectives for various services through the market or public systems or through their own networks ensure sustained access to services.

» Community empowerment - Most private foundations and a few CSRs shared that empowered communities are the key to sustenance. People and their families gaining adequate knowledge and capacities to manage, earn incomes, identify opportunities, encash them, and be able to cope with uncertainties are signs of empowered communities.

The considerations of sustainability by funders and investors correspond to the sustainable livelihood framework. Most funders and investors expect programmes to be sustainable, but the programme focus, funding restrictions and the capacity of the partners limit a holistic approach towards this end.

Overall, there is an overwhelming clarity on prioritising programmes with a sustainability plan for investing. While there is a good understanding of the components of sustainability and how to achieve it, most investors limit their expectations to few components thus reducing the potential for sustainability.

SCALE

The extent of the problems in the livelihood sector are enormous, with large number of people to be covered and multiple issues to be addressed. Impact acceleration rests on the scale-up of successful initiatives. Almost all the funders and investors aspire for scale and look for clear strategies to achieve scale through their investments.

Scale-up is about the benefits of the programme, directly or indirectly, reaching many communities. It is achieved in two way. First, by expanding the programme base to cover more areas and communities, and second, through replication where a tested concept or a pilot project is transferred to other locations to spread the success elsewhere. Scale-up involves building on the concept, project or enterprise in terms of people served, revenues generated, or other targets.[61] Most funders, investors and intermediaries recognise scale-up in this manner. A few foundations (both CSR and family/private) however, consider scale-up when a model or its components get adopted the governments or by market players, or affect policy level changes.

Most investors support scaling up operations as it helps maximise the social impact, sustainability and value for money. A few of the funders highlight that scale itself is not a necessity, but the deeper impact is. Scale according to them is dependent on the type of organisations they support, the issues and challenges they address, and the components that can be effectively scaled.

> "Scaling is not for every organisation. Some organisation may be doing excellent work with stupendous impact, and still not be ready or suitable to scale their initiative." – Jerome Dsouza, Azim Premji Philanthropic Initiatives

STRATEGIES FOR SCALE INCLUDE BUILDING FUND RAISING CAPACITIES, AND MOBILISING PARTNERSHIP

Given the multiple opportunities for investors in the livelihoods sector, there is significant potential for scaling up investments, particularly for the rural poor.[62] Different processes are involved in scaling up investments including expanding coverage, increasing activities, broadening indirect impacts, and enhancing organisational sustainability. The following are some of the strategies emphasised by the funders and investors for scale-up in their contexts.

61. Heather Creech , Report for SEED Initiative Research Programme: Scale up and Replication for social and environmental enterprises (The SEED Initiative and International Institute for Sustainable Development, 2008), 5. https://www.researchgate.net/publication/237792262_Report_for_SEED_Initiative_Research_Programme_Scale_up_and_Replication_for_social_and_environmental_enterprises (accessed August 29, 2018).

62. Priya Basu, World Bank and Pradeep Srivastava, "Scaling-up Microfinance for India's Rural Poor", World Bank Policy Research Working Paper 3646, (June 2005): 22. http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN024231.pdf (accessed August 29, 2018).

» **Building scale capacities and funding capacitated organisations -** More than a third of the funders, work closely with their partner organisations and implementation teams to build vision and capacities for scale. The partners are assessed during pilots for their capacities, aspiration and openness to work at scale. These partners are systematically supported through mentors and resource persons, and also funded for scaling up the work. One of the donors works with the partners during the pilot grant period to help them develop their organisational strategic plans and move towards scale. Another funder provides specific 'scale-up funds' which can be applied post the pilot programming. A few of the donors provide 'untied funds' to enable the organisations to invest the grants in the areas that can help them scale their operations.

» **Attracting more capital and diversified funding for scale-up -** For all the impact funds, the partner's capacity to attract capital and other diversified funding from the market is the key to scale. Working closely with the partners, reviewing their operations and supporting them in various ways, apart from investment, enables the partner to get capital and scale their operations.

» **Partnership with government and private actors -** Some funders seek partnerships with governments and collaborations with individuals, entrepreneurs and other private sector partners to demonstrate meaningful impact of their programmes at a scale. These collaborations help to converge a variety of resources and capabilities on a single platform. For instance, while one partner provides the funds, another may offer implementation support and another may extend technical guidance. Here, innovation is key as innovative models have a greater likelihood of being adopted by the government or the commercial sector and of achieving higher reach.

» **Demonstration of successful pilots -** Some funders and investors consider testing successful livelihood pilots in alternate locations, i.e. replication, prior to scale-up as crucial to understanding and analysing practical challenges, developing solutions and getting a sense of the feasibility of scale-up. A compact model is created based on the results of testing which is then shared with partners to scale-up across identified locations.

» **Platforms, powered by digital infrastructure**
A few of the funders share the idea of creating platforms for collaborative impact, which can bring people, service providers, funders, investors and governments together to address the livelihood issues at scale; supported through a digital infrastructure. These ideas are at the concept or design stages and many feel that this may be way for the future to ensure that the solutions outpace the problems.

Overall, scale-up as an aspiration and requirement is a priority for all the funders and investors. The preferred approach to expanding operations is either through additional funding or capital from markets (in case of impact funds). Few scale-up designs involve the government or market system. Developing scale thinking and systems, capacity development for partners and continued and untied funding to support scale are the most used strategies. Collaborative platforms powered by digital infrastructure are potential ways to reach scale without boundaries; but are still at the nascent stage of development.

ENDGAMES OF FUNDERS AND INVESTORS

While funders and investors shared their aspirations and strategies for scale-up, the study also focused on their endgames. Stern and Gugelev (2015) explain an endgame as 'the specific role that a non-profit intends to play in the overall solution to a social problem, once it has proven the effectiveness of its core model or intervention.'[63] They have plotted six endgames for non-profits to consider: (i) open source, (ii) replication, (iii) government adoption, (iv) commercial adoptions, (v) mission achievement, and (vi) sustained service. Only one of them involves scaling up an existing service. 'Non-profits', they argue, 'should measure their success by how they are helping meet the total addressable challenge in a particular issue area. In most cases, non-profit leaders should see their organisation as a time-bound effort to reach one of those six endgames.'[64]

Many funders and investors adopt 'sustained service' either through the community-based mechanisms or market-based enterprises as their endgame, given that in the livelihood sector products and services are key for enterprises. Many of the foundations (CSR, family and private) also adopt 'open source' as their endgame, where the experiences and knowledge are made available for others to use and adopt. They believe the overall goal of development is nested in creating models that have positive impacts and can be openly sourced so that other programmes or partners can draw on them to scale-up.

For most intermediaries, the donor requirements and context of investment guide their endgame. Across the organisations, about a third use combination of endgames.

Overall there has been a clear thinking around the endgame, going beyond just implementing programmes that they have invested in. Being the livelihood interventions with focusing on enterprises, products and services, the endgame of sustained services is adopted by many. Government and commercial adoption of models are also endgames adopted by some. Building on this thinking around

63. Alice Gugelev and Andrew Stern; "What's Your Endgame?" Philanthropy Australia. Stanford Social Innovation Review, 2015. https://www.philanthropy.org.au/images/site/misc/Tools__Resources/Publications/2015/Winter_2015_Whats_Your_Endgame.pdf (accessed August 29, 2018).

64. "DAC Criterial for Evaluating Development Assistance," OECD. https://www.socialventures.com.au/sva-quarterly/importance-defining-endgame/#_edn1 (accessed August 29, 2018).

endgames of funders and investors, there can be many opportunities for collaborations and knowledge sharing to create impact.

PARTNERSHIPS AND COLLABORATIONS

As discussed in earlier sections, most organisations recognise the criticality of partnerships and collaborations for impact and scale. All except one of the funders reported collaborating with other funders, investors or implementers. They recognise that such engagements require a different way of working where the partners come together for planning and implementation.

Investors usually collaborate with the intent to improve knowledge, leverage costs/ resources, build capacities, and mobilise strategic funding. Some investors find that their collaborations contribute enormously to gaining access to expertise and strategic funding for scale-up. Others highlight the benefits in mitigating or sharing the risks and improving their ability to leverage impact. Yet others recognise its role in increasing the efficiency of operations.

CHAPTER 08

KEY CHALLENGES FOR THE INVESTORS IN FUNDING SUSTAINABLE LIVELIHOODS

Funders and investors face many gaps and challenges in funding sustainable livelihoods. The gaps are:

(a) dearth of high-calibre organisations to implement programmes;

(b) limited innovative projects and no tested models in the livelihood sector;

(c) lack of strong collaborations, and

(d) lack of shared vision in partnerships. Two significant challenges highlighted by individual investors include lack of clarity in government schemes and policies and poor linkages due to an absence of a holistic approach.

This chapter covers these gaps and challenges in detail, deriving from the primary data.

GAPS IN INDIAN LIVELIHOOD SECTOR

» Dearth of high-calibre organisations - Funders and investors face difficulty in identifying efficient and competent non-profits across India to invest on. High-calibre organisations usually have limited presence across geographies, and in under-served regions. Some organisations that excel at implementation are not savvy in their communication and presentation of their work and remain below the funders' radars. In some cases, organisations face mobilisation issues despite having a good programme on paper. Investors find that programmes, especially those working on skill building, have no previous practical experience and are unable to align implementation with their expectations. Some organisations lack capacities to implement programmes and raise bridge funding to continue the work.

» Lack of innovative and tested solutions - Investors face increasing difficultly to find innovative projects to fund. Grant seekers in the livelihoods sector often come up with the same old solutions or models with mostly funder-centric approach. A few of the funders and investors felt that there are no tested and proven models in the complex livelihood approaches.

» Limited exposure and recognition platforms The private investments in the Indian livelihoods sector are in a reasonably early stage of its evolution. Funders and investors find limited mechanisms and platforms that enable discovery and recognition of social enterprises and NGOs to support. As Sudha Srinivasan of The/Nudge Foundation explained, "finding top talent that is hungry for growth, scale, and impact is difficult because of inefficiencies in search and discovery mechanisms. The sector lacks media exposure, and professional networks, that could make this easier". Over the past decade while the sector has seen several competitions, award platforms and conferences, many complain that the same few organisations receive the limelight. There is clearly a challenge when it comes to finding a sustainable pipeline of good quality organisations from early-stage to mature ones.

» Difficulty with collaborations - It has been widely suggested that partnerships and collaborations among various stakeholders (public-private-community) can result in innovative and upscale financial products for promotion of livelihoods.[65] Some funders and investors raise concerns regarding lack of collaborations between foundations, government and non-profits. Added to this is the challenge of getting other co-investors on board. Another concern raised was that the right collaborations for a context based on the models that have worked before is not readily available.

As there is significant diversity on the issues and contexts, difficulties faced by the funders and investors include agreeing on the relevance and priorities to collaboratively engage on.

On the flip side, risks of collaborations were elaborated. The biggest risk is about one or few collaborators leaving during the programme, which burdens the other donors or brings down the effectiveness of the investment. Other risks include differing capacities, differences in risk appetite, challenge in balancing of transparency and confidentiality among partners and issues raising from improper branding and mileage from successes. There is a consensus among investors that collaborations work better when investors appreciate and accept the trade-offs, choose partners wisely and seek out diversity.

» Absence of a shared vision and short-sightedness - Many investors highlight the absence of a shared vision between partners. This is an important gap as most funders in the livelihoods sector seek their own space and identity that embodies their vision, goals, ideas, approaches. If this is at cross-purposes with partners, implementation of livelihood programmes suffers. Further, this lack of shared vision either with the government, private partners or co-investors could also become a hurdle for scaling up of programmes and creating quality impact on ground. To address this gap, some funders and investors stress the need to identify and work with partners with experience and expertise in the context and co-develop solutions.

This challenge is also symptomatic of the gap that has still been left by intermediary organisations. In a well-functioning ecosystem, one would see the emergence of several effective intermediary organisations that would take it upon themselves to help partners converge on a shared vision. It is this binding factor that is almost absent from the Indian livelihoods sector, pointing to the need for more maturity in this sector.

» Insufficient resources and capacities - Funders and investors point out the dearth of resources and capabilities, both in terms of having

65. Ramesh Arunachalam, Scoping paper on Financial Inclusion, Considerations and Recommendations for UNDP (UNDP, 2008).

long term, committed financial resources; and of human resources, particularly lack of personnel with appropriate skills, capacity and knowledge to achieve the programme targets. Adding to this challenge are the uncertainties over how to augment these capacities.

Obtaining long-term financial resources for a project is becoming difficult in the current situation, a challenge echoed by intermediaries whose primary role is to aggregate funding sources and raise the size and length of the covenant. In addition. finding programmes that have a strong impact focus while also being financially sustainable is a challenge, particularly for impact investors whose commercial interests result in ambitious targets for financial returns.

> “The Indian impact investing scene is dominated by mainstream investors. This has the potential to result in mission drift as commercial investors set ambitious targets for financial returns.” – Suresh Krishna, Yunus Social Business Fund

CHALLENGES FACED BY INVESTORS

» Operating in settings with frequent changes in the government schemes and priorities - Many funders and investors experience discomfort while dealing with changing government schemes and policies, being confused of their roles in the resulting new contexts. Investors are also asked by the government to work in a specific area, leaving the responsibility of resources mobilisation entirely to them. To achieve greater impact, there is a need for greater coordination between government and funders.

» Poor linkages - Investors in the livelihood sector share the trouble they face in establishing backward and forward linkages, denying them a holistic view that can help reach the full potential of a livelihood intervention. For instance, the full potential of an intervention in the agricultural livelihoods cannot be achieved without consideration of land and property rights. The absence of linkages that allow adopting learnings from impact assessments further amplifies this challenge.

» Targeting ultra - poor and remote settings
Another concern of funders and investors is the inability to target poorest rural communities. The unpredictability relating to culture, weather, climate and operational challenges experienced by small enterprises makes it highly risky to work with rural poor communities.

CHAPTER 09

GOOD PRACTICES

Good practices in investing in the livelihoods sectors are identified across this study. Many funders and investors find merit in having deep and strategic engagements with programmes and institutions they fund. A few support integrated solutions. Some raise the field-level experience to contribute to the policy dialogue. Some find that learning and accountability approaches add to results.

The study captured good practices related to investing in the livelihoods sector emerging out of the discussions with various funders and investors. In general, a good practice could mean a practice with various special characteristics such as innovativeness, ability to lead to an actual change, having an impact on policy environment, replicability and sustainability etc.[66] Following are the good practices identified in the study.

» **Strategic organisational partnerships -** Operating in parallel to programme implementation of grants, a few of the foundations extend organisational support to their implementing partners, leading to effective programme delivery and organisational readiness to scale-up. Organisational support includes mentoring and advisory mechanisms for strategic planning, governance mechanisms, resources management, networks, systems for monitoring, use of technology, etc. Such engagements help both the funders and the implementers to build confidence and trust, co-develop and deliver impactful programmes and models.

» **Periodic gathering for sector and partner level reflection and learning -** Bringing partners, collaborators and sectoral experts together on an annual basis and offering a platform to share and learn from each other, identifying opportunities to further collaborate and leverage resources is practiced by few foundations. Many implementation level collaborations and sharing of resources across geographies emerge through these engagements.

» **State level partner-led mechanisms to promote dialogue at higher levels, while engaging at the grassroot level -** While working with partners at the grassroot level for in-depth and impactful work, creating a sharing and dialogue mechanisms at the state policy level and among

66. Government of India and UNDP, "Social Sector Service Delivery: Good Practices Resource Book." UNDP, 2015, http://www.in.undp.org/content/dam/india/docs/SSS-2015.pdf (accessed August 29, 2018).

partners is an interesting process followed by one of the foundations. Such exchanges help partners to engage with others at the state level, develop ideas and solutions to address state specific issues and also share knowledge with the government and build reputation for the work done.

» Integrating farm and non-farm solutions to address the diverse needs of the target groups

Even though most livelihoods programmes treat farm and non-farm initiatives are separate, a few programmes cover both initiatives in an integrated manner. Here, the family is considered as an enterprise, and diversified enterprise solutions are made available to them to improve their income and resilience.

» Holistic and intensive early stage support -

Instead of waiting for monitoring of results to identify non-performance or under-performance, many investors proactively offer holistic and intensive early stage support for programme and organisational development. This enables partners to receive useful support that is relevant to their needs and responsive to field realities.

» Grant rating and performance linked payouts -

Grant rating mechanism, which is a measure of the grant performance is generally followed by many funders. For example, linking the rating to performance-based payout is followed by one of the foundations. These ideas could further be built to create innovative financing products, which are currently very limited in the livelihood sector.

CHAPTER 10

Image credit: Ambuja Cement Foundation.

SUMMARY

» **Livelihood sector brief** - Poverty persists and inequality has increased, despite significant progress in post independent India. This calls for breakthrough solutions, new perspectives, models, investments and capacities in the sector to bring impactful change. The 'Sustainable Livelihoods Framework' that adopts a comprehensive and integrated approach to livelihoods promotion offers a great possibility for change. Many organisations ranging from public institutions to civil society to bilateral, multilateral and corporate firms, fund and invest in the sustainable livelihoods sector. The programmatic support in the livelihoods sector has evolved from a subsidies approach to an enterprise ecosystem approach, covering multiple occupations. The dependency on agriculture for livelihoods continues to be high, particularly for the poor communities. Supply of new jobs is inadequate or not aligned to the demand, providing challenges to large job-oriented skill development programmes. However, the opportunities presented by technological innovations, producer institutions, new forms of financial instruments and institutions, and changing consumer preferences provide a favourable potential to design and fund sustainable livelihoods intervention and encourage enterprise.

» **Private Investor profile**
This study examines private investment in the livelihood sector and identifies four distinct categories of investors – corporate firms (through their CSR and foundations), family and private foundations, impact investors, and intermediaries. Some of these investors have traditionally funded social initiatives, and some are new entrants, bringing new approaches to funding. Each has different expectations related to risk, return and impact. Across all these types of investors, the value of investment, particularly in livelihoods cannot be clearly determined, given varying understanding of the terminologies.

» **Investors' preferences** - The strongest determinant of private funders' and investor's decisions on funding sustainable livelihoods is the socio-economic profile of beneficiaries and the added vulnerabilities posed by the agro-climatic conditions. They also have preferences on the livelihoods forms, being largely inclined towards farm, rural non-farm and urban informal sectors. These are areas of greatest need and the impact is aligned with their intent in investing in the social sector. Investors mostly do not have strong opinions with respect to location, gender, social or occupational groups. Some CSRs have preferences for geography, that is usually linked to their operational regions or production facilities. Intermediaries tend to follow the demands of their donors. Investors recognise the changing trends in social sector investment as there is a strategic shift in giving that has gradually moved from social grants to impact investments; and of foreign funds that have moved from India to poorer countries in Africa and Asia. A climate of entrepreneurship with support from government schemes is providing new opportunities for investment.

In terms of programme approaches, capacity development and service delivery programmes are the priority for investors of livelihoods programmes. Integrated solutions, even though perceived complex, are gaining interest in investments. Platforms for collaborative work and funding, along with impact measures will help in expanding the investment for these solutions. With the funders and investors coming from private sector, the focus on market linkages and market-based models are beginning to get funded. It is understandable that there is limited or no interest of these funders and investors in right-based approaches that empower voiceless communities to gain access and control over resources, but there is a need of the sector for equitable and inclusive development. While most funders and investors share that the key challenge for them is to get capacitated implementing partner organisations for funding, a very few invest their funds on organisational building and human resources development. Most limit their support to programme funding which can show tangible results.

» Impact and its Measures - All investors understand the importance of measuring outcomes and impacts at regular intervals and they measure outcomes by either hiring an external agency or by an in-house team. However, many investors feel that the impact measurements are complex, need large resources and are time consuming. Getting a complete understanding of the impact also needs multi-sectoral expertise and resources to collect information from the secondary sources and the areas that are not covered by the programme. While there has been an interest in understanding 'impact' in its purest sense, these constraints limit funders and investors to look at emerging outcomes using programme evaluation methods. A comprehensive set of 'impact measures' in the sustainable livelihood domain for the funders and investors to choose from, along with a set of resources to use in measurements would be useful.

» Monitoring and Tracking - Overall, there is high focus on monitoring and evaluation system to ensure high quality delivery of the programme and impact of the investments. While there has been interest on impacts, industry level standards of impact measures with key resources can help funders and investors. Participatory monitoring combined with a strong reporting system built on the results assessment framework and work plans help to balance accountability with the programme learning. Focusing on larger impact and learning from each other to address complex social problems is important to ensure an effective monitoring and evaluation system, that goes beyond supervising and surprise checks. However, resources and bandwidth of key personnel need to be planned to ensure that the approach to monitoring and evaluation is strategic and not limited to mere accountability-oriented reporting.

» Sustainability - All investors and funders accept sustainability as a core component guiding their investments and programmes, but the sustainability factors that are pivotal to their decision making differ. Most define sustainability as the ability of the communities to continue to derive the benefits at the end of the funding period, combined with the partner's ability to continue to play roles that are required to enable communities to access support. Therefore, sustainability is considered at two levels – one at the community level, and the other at the partners level. Some of the investors perceive sustainability as the overall ability of programmes to positively deliver impact in the long run. Such programmes are also able to attract regular funding and create jobs.

For Impact funds and most intermediaries, sustainability is contingent on the partner's institutional capacity to be viable while reaching scale and delivering impact. This includes financial resources, human and institutional capacities and market linkages.

The CSRs, private foundations and a few of the intermediaries stress on resilience and empowerment of the community as the core for sustainability. They emphasise the capacity of the collectives and institutions, sustained access to services through linkages, inclusion and benefit to the most vulnerable, and the status of natural resources (such as water, biodiversity, mand) as markers to assess sustainability.

There was an overwhelming clarity on having a sustainability plan as the priority for choosing investments. While there has been a good understanding of the components of sustainability and what is required to achieve these, apart from a very limited number of funders and investors, most others limit themselves to a few areas of support, reducing the potential for sustainability.

» Scale-up - Scale-up as an aspiration and requirement is a priority for all the funders and investors. Expanding coverage, either by additional funding or capital from markets (in case of impact funds) is the most common approach. Few organisations work towards scaling up their work through the government or market system. Support to develop scale thinking and systems, capability development for partners and continued and untied funding to support scaling are the most used strategies. Collaborative platforms, powered by digital infrastructure are potential ways to reach scale without boundaries; but these are at the nascent stage of development.

» Endgames - There has been a clear thinking around the endgame, going beyond mere programme implementation. Investing in livelihood interventions focusing on enterprises, products and services, the endgame of sustained services is adopted by many. Government and commercial adoption of models are also endgames adopted by some. Building on this thinking around endgames of funders and investors, there can be many opportunities for collaborations and knowledge sharing to create impact.

» Partnerships and collaborations - Investors usually collaborate with the intent to improve knowledge, leverage costs and resources, build capacities, and mobilise strategic funding. Some investors find that their collaborations contributed enormously to gaining access to expertise and strategic funding for scale-up. Others highlight the benefits in mitigating or sharing the risks and improving their ability to leverage impact. Yet others recognise its role in increasing the efficiency of operations.

While many agree that collaboration has many advantages, they also point out the multiple problems or perceived risks that limit the number and size of collaborations. The biggest risk is about one or a few collaborators leaving during the programme, which burdens the other donors or brings down the effectiveness of the investment. Other reported risks include differing capacities, differences in risk appetite, challenge in balancing of transparency and confidentiality among partners and issues raising from improper branding and mileage from successes. There was a consensus among investors that collaborations work better when investors appreciate and accept the trade-offs, choose partners wisely and seek out diversity. Shared vision and roles, transparent systems and effective coordination mechanisms are some of the key enablers to make collaborations effective.

CHAPTER 11

Image credit: Ambuja Cement Foundation.

RECOMMENDATIONS

The livelihoods sector in India has great potential for growth and is coming up with game-changing models for social impact and development in the region. Given this, the recommendations apply to the four broad areas of programme design, capacity and capability development, innovative financing and partnerships and collaborations.

The analysis of the private investment in the livelihoods sector and the consequent opportunities, gaps, challenges and good practices leads to a set of recommendations that are being presented here.

PROGRAMME DESIGN

» **Encouraging innovation**
There is a critical need to encouraging innovations. To this end funders and investors should focus their efforts on addressing risks and explore opportunities for supporting innovation in the sector. Efforts also should be focused to establish mechanisms and platforms that discover and recognise competent social enterprises and non-profits to promote innovative projects.

» **Designing impact measures**
Impact measures are important for all funders and investors. Yet, constraints related to cost and expertise limit funders to adopt quick and practical methods. A comprehensive set of publicly available 'impact measures' in the sustainable livelihood domain for the funders and investors to choose from, will add tremendous value.

» **Funding inclusion -** There is a need for improving design, choice of sector and for driving real inclusion by designing or choosing to fund programmes that are truly inclusive. To this end, consistent investments in agricultural livelihoods deserves attention as the agriculture sector through inclusive supply chains offers a high impact potential. The agriculture sector has the potential to go beyond jobs and promote sustainability by providing opportunity to revive and augment environmental resources, such as example, water, soil, air etc. Investments should channel efforts and adopt technologies in accumulating and restoring these environmental resources.

Further, there are numerous opportunities to connect farmers, particularly small and marginal farmers, to retailers and market platforms. Huge investments and efforts are being made in the country to build producer's organisations, mobilising large number of farmers and building their institutions. These farmer institutions could be potentially leveraged.

Building resilience through diversified options is the key in the agriculture sector. Rather than working in silos, combining agriculture with non-farm enterprise opportunities, building on emerging consumer demands for quality products to provide higher and sustained incomes to the households should be promoted. This includes value addition of agriculture produce and of manufacturing and creative enterprises such as textiles, fashion, non-timber forest produce based products, artisanal and cultural products.

» Designing models and approaches for integrated solutions - Investing in the development of scalable models and approaches that address complex problems such as agriculture and livelihoods is important. Working with existing potential institutions, programmes and community collectives to make them scalable models, exploring potential for employing technology for scale, and investing on innovations to develop new integrated models are areas that need attention.

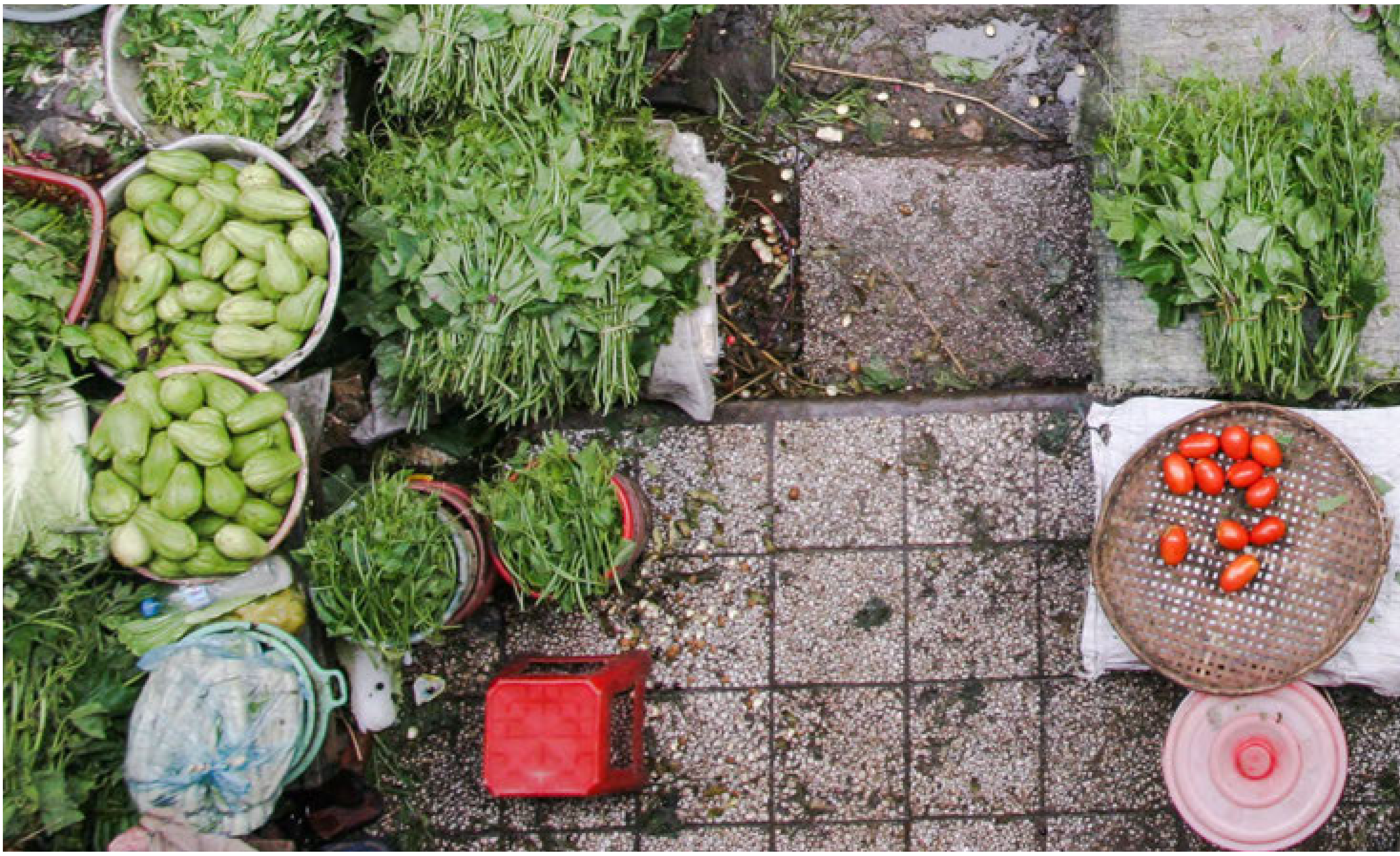
» Facilitating learning - It is essential to learn from success models elsewhere. Currently organisations are either not very open to learning, or not aware from where they could learn. The onus for this rests with the funders, and the potential for success is greater when driven by funders.

CAPACITY AND CAPABILITY DEVELOPMENT

» Improving capacity of human resources

Investment should advance capacity of human resources in partner organisations, either by providing adequate funds to hire competent and qualified individuals or ensuring practical timelines to achieve the required scale and quality of human resources.

» Funding talent development and acquisition - There is a need to go beyond the obvious to where funders can really play a critical role by funding institutions and programmes that train high calibre manpower, bringing in volunteers and part-time talent from multi-sectors.



INNOVATIVE FINANCING

» Establishing financing models - Establishing more financing models will keep the fund flow active in the long-run. Currently NGOs are facing diverse finance related issues. For instance, some grant makers earmark funding towards very specific programme components, leaving NGOs to raise funds for the remaining components from other sources. Such processes pose several challenges to the NGO sector, including failure to procure timely funds from other donors, failure to attain necessary and basic infrastructure including building in-house capacities, production of technologies, which accumulate inefficiencies in the programme implementation.

» Funding innovative finance mechanisms
The livelihoods sector needs to provide more opportunities for funding innovative finance mechanisms. The last five years have seen many new products emerge in the sector such as pay-for-results financing mechanisms, collateral free debts, cashflow financing, and structures like warehouse receipts. However, the overall coverage and availability of these products is still very limited when one considers the supply side, and the knowledge and awareness of these mechanisms is very limited from the demand-side.

PARTNERSHIPS AND COLLABORATIONS

» Improving partnerships and collaborations - Partnerships and collaborations are necessary to achieve scale and support entrepreneur-centric approaches. This missing third party agent or connection between organisations and partners in the Indian livelihood sector could be achieved using interventions at three levels.

First, by building sectoral-level platforms that encourage stakeholders to break the silos and be more open to collaborations. These platforms can be built on the digital backbone and leverage various existing tested solutions with respect to knowledge, products and services.

Second, by promoting unusual partnerships that enable innovation, replication and scale by bringing different skill sets to the projects. A good example of this is how technology such as block chain is changing the nature of agri-financing.

Third, by curating high quality partnerships. Various groups in the sector whether intermediaries, foundations or impact investors need to come together to test and implement relevant models that work best for specific situations.

KNOWLEDGE PARTNERS

Ambuja Cement Foundation

Website:

www.ambujacementfoundation.org/

Ambuja Cement Foundation (ACF) was established in 1993 in Kodinar, Gujarat at the location of Ambuja Cements Limited's (ACL) mother plant of Ambujanagar. ACF started out as a corporate foundation working at the grassroots around ACL factories, to ensure that as the company prospered, so did the neighbouring communities. Over the last 25 years, having realised the extent of deprivation in rural India, the foundation is committed way beyond social responsibilities, to transforming lives and livelihoods.

ACF undertakes programmes in communities with an area approach model, with region specific strategy developed for each location. The projects are initiated at each location in consideration with local issues and taking into account people's perceived needs. People's participation is ensured throughout the project initiation, implementation and handover phases, which ensures sustainability. Further, ACF works in coordination with a variety of agencies which would affect all possible modalities of the project. The following thrust areas have evolved as a result of these processes – water resource management, agricultural livelihoods, skill and entrepreneurship development, community health and sanitation, women empowerment and education.

The Foundation works with a vision of 'sustainable, prosperous society, built on long term partnerships' and a mission to 'energise, involve and enable' communities. 25 years of consistent work with communities has yielded encouraging results that is well reflected through ACF's growth from 14 villages in 1993 to over 1,400 villages till date, impacting around 2.4 million people each year in remote rural geographies. ACF has developed a full-fledged Research and Monitoring Unit with a very detailed output-based monitoring system, which it captures the progress and the changes brought about by implementation of its projects. This system helps to monitor implementation, improvise for changes, build data for research and measure impact. The generated impact is evident in a few indicators mentioned below: Each programme area has generated unique impact for different regions- which range from the coast of Gujarat to the mountains of Himachal Pradesh, the Desert of Rajasthan, and the plains of Punjab, Chhattisgarh and Maharashtra. External studies to measure the Social Return on Investment for these projects have found results in range of INR 5 Million to 13 Million, for every INR 1 Million invested.

An important strength of ACF is its ability to harness the power of partnerships among all development stakeholders - government, corporates, development agencies, NGOs and the community to devise solutions to local problems and implement solutions on scale. Some of ACF's largest partners are: National Bank for Agriculture and Rural Development (NABARD), Tata Trusts, Apollo Tyres Foundation, CIPLA Foundation, ADOR Welding, Schneider Electric Foundation, Rajasthan Skill and Livelihood Development Corporation, Better Cotton Initiative, Tech Mahindra Foundation, Gruh Finance Ltd., HDFC Bank, Indian Council for Agricultural Research, Narotam Sekhsaria Foundation and many more.

Dr. Reddy's Foundation

Website:

www.drreddysfoundation.org/

Dr. Reddy's Foundation (DRF) is a not-for-profit organization set up in 1996 to enable socially and economically vulnerable groups to take control of their lives. DRF develops and tests innovative solutions to address complex social problems and promote scaling up of impact by leveraging partnerships. It works with children, youth (including persons with disabilities), women and households across 18 States in India and have impacted more than five lakh young people.

In 1996 DRF started with the mission to educate and skill young people to fast track them towards livelihood options. DRF's Livelihood Advancement Business School, better known as LABS, an innovative program was way ahead of its time and was implemented in more than 120 centers across 20 states in India. But complex social problems require constant innovation and a change in the thought process in order to make a lasting impact. Today, DRF works with diverse partners to collectively solve problems in the areas of livelihood, education and health. Its recently launched new programmes – GROW, MITRA, PUSHTI, FLHTL and ARITRA are built on collaboration for lasting impact. The leitmotif for DRF's work is problem solving for scale through collaboration and partnerships.

DRFs vision is to enable sustainable social impact at scale and its Mission is to empower communities through improved education, livelihood and health outcomes.

MACQUARIE

Macquarie Group Foundation

Website:

https://www.macquarie.com/au/about/community

Macquarie Group Foundation's work is significantly influenced by the activities of Macquarie staff with a focus on capacity building within the community sector and increasing social and economic mobility. Together with Macquarie's philanthropic arm, the Macquarie Group Foundation, the staff support hundreds of community organisations each year through financial support, volunteering and skills sharing. Since inception in 1985, the foundation has contributed more than AUD 330 million to community organisations globally. The introduction of the 2 percent corporate social responsibility law in India gave it an opportunity to deepen its support of community development work in India, including a focus on job skills.

Macquarie Group Foundation realises that many people in India, especially young people, lack opportunities due to financial, social and environmental constraints. At Macquarie, a long-held principle is "Opportunity", reflected in its India CSR theme of 'Creating Opportunity'. It is committed to using its resources to educate, enable and empower the youth of India.

Through its partnership with several non-government organisations, it is funding Livelihood Programmes in India. The objective of these programmes is to develop and enhance the socio-economic, life skills and employability skills of young people. The Macquarie Group Foundation is currently in the third year of these programmes and expect to impact the lives of over 60,000 people directly.

Macquarie has given more to these partnerships than just money. Staff members have volunteered with these NGOs regularly on various aspects to add value to the programme outcomes. For instance, they run mock interview sessions with youth from the programme, equipping them with critical skills and confidence to help secure entry-level jobs. Macquarie is also helping build their organisational capacity by funding the development of various aspects of program, for instance an Outcome Framework to create a new standard for reporting outcomes, not only for one NGO, but other organisations delivering skilling programmes. This framework will cater to different types of skilling programmes across India, to help effectively and consistently report programme outcomes and demonstrate their social impact.

ABOUT AVPN

AVPN is a unique funders' network based in Singapore committed to building a vibrant and high impact social investment community across Asia. As an advocate, capacity builder, and platform that cuts across private, public and social sectors, AVPN embraces all types of engagement to improve the effectiveness of members across the Asia Pacific region.

The core mission of AVPN is to increase the flow of financial, human and intellectual capital to the social sector by connecting and empowering key stakeholders from funders to the social purpose organizations they support. With over 500 members across 32 countries, AVPN is catalysing the movement towards a more strategic, collaborative and outcome focused approach to social investing, ensuring that resources are deployed as effectively as possible to address key social challenges facing Asia today and in the future.

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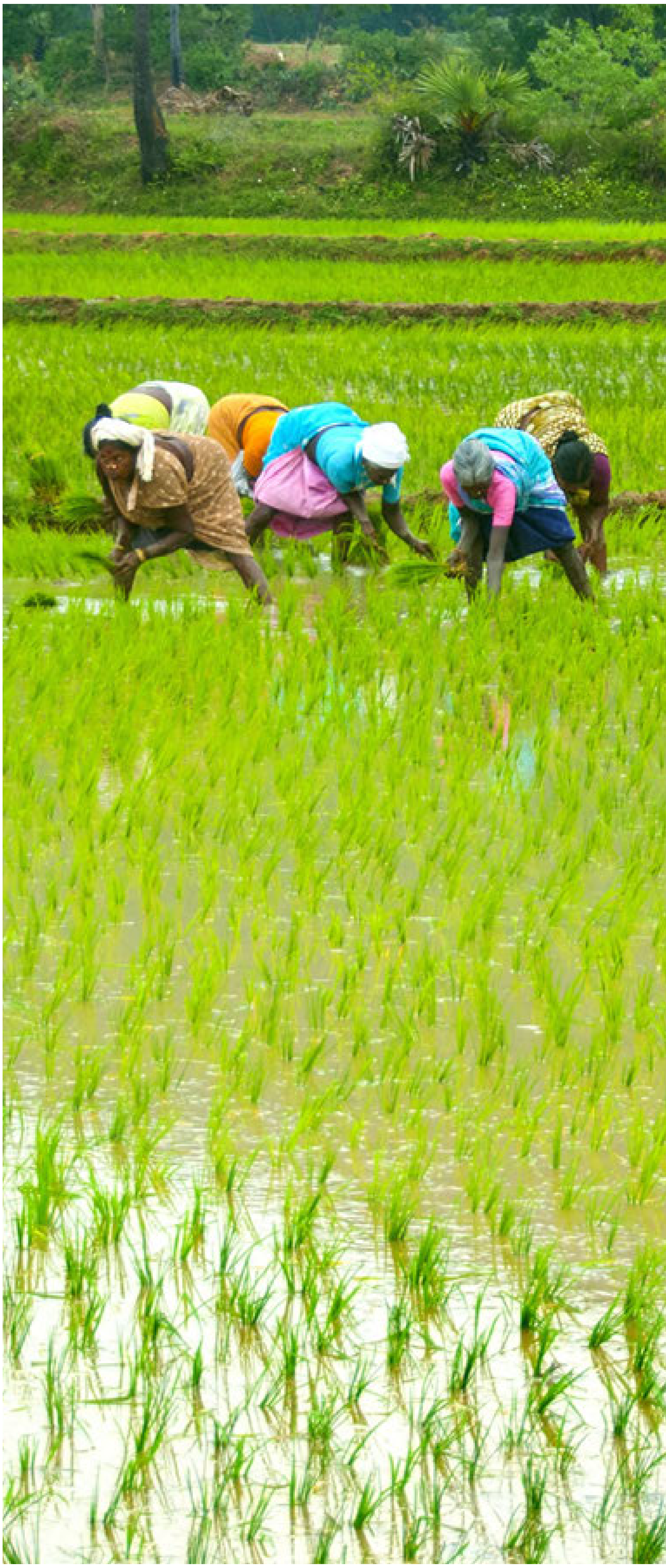


CATALYST FOUNDATION

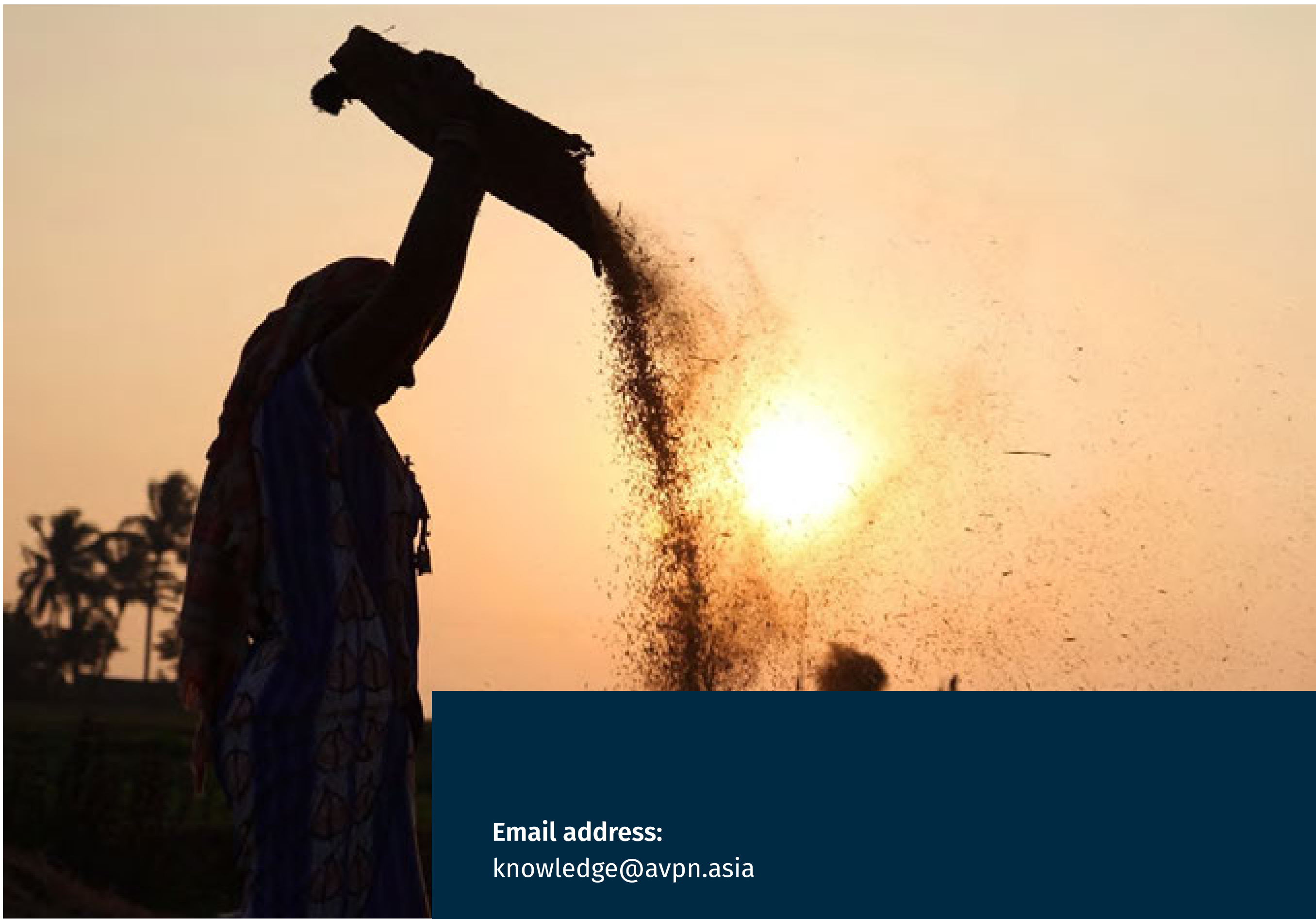
ABOUT CATALYST FOUNDATION

Catalyst Foundation is a Trust that seeks to promote health and wealth of poor and marginalized communities.

The Catalyst Group has evolved over twenty-five years to respond to the needs of the people and the development sector. Currently the group covers over 520,000 poor and vulnerable people, 130,000 small-holder farmers (including 500 women seed savers), 40,000 artisanal fisherfolk, and 250 community institutions including farmer producer organizations and women producer groups and companies.

The group occupies a unique position in the development sector as it engages with the sector and communities through diverse engagements. It builds intervention models and takes them to scale. It undertakes research and evaluation to generate evidence and insights to scale programmes and contribute to policy. It supports organizational development and has built organizational capacities of governance and leadership, result based management, financial management, marketing, partnerships and collaborations, etc. The group also invests to further innovative ideas and incubates development organizations. It facilitates and contributes to knowledge through networks and associations. All these engagements operate across multiple themes and cross-themes and with multiple sectoral partners.

Visit us at: www.catalyst.org
Catalyst Group organizations:
CMS: www.cms.org.in
Swasti Health Catalyst: www.swasti.org
Vrutti Livelihoods Resource Centre: www.vrutti.org
Fuzhio: www.fuzhio.co
GREEN Foundation: www.greenfoundation.in



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