



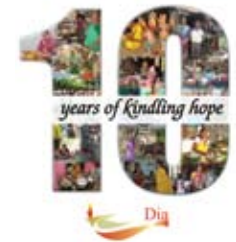
**DIA VIKAS  
ANNUAL REVIEW  
2016-17**

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*Surudali Padhan, Sambandh client*



## A MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



**Christopher Murdoch**  
Chairman, Dia Vikas

Dia Vikas celebrates its 10th year anniversary in 2017. On behalf of the company, we would like to express our sincere thanks to all of our stakeholders. We look back on the trust and confidence we have built with our partners and are proud of their achievements. We look forward to continuing this journey and spending the next ten years continuing to innovate and deliver new financial products and services—forging ahead to enhance our client's lives and provide them with opportunities and choices.

The microfinance space today has multiple players including universal banks, small finance banks (SFB), NBFC MFIs, not-for-profit companies and non-government organisations. As at 31 March 2017, the NBFC MFIs alone provided credit to over 27.5 million clients all over India, with a total lending of more than ₹ 469 billion (USD 7.2 billion) and geographical spread across 32 states and union territories covering 562 districts across India.

Financial year 2016-17 was a tumultuous year for the microfinance sector. The demonetization announcement made the use of ₹ 500 and ₹ 1000 banknotes invalid overnight. The sudden nature of the announcement—and the prolonged cash shortages in the weeks that followed—created significant disruption in the sector, impacting poor people and their livelihoods severely.

The operations of MFIs also suffered as their clients who are mostly engaged in informal sectors of the economy, were hit the hard due to a cash shortage. Operations of Dia partners were also affected by demonetization with disbursements going down significantly and portfolio quality deteriorating in several partners particularly in the 3-4 months following the note ban. Although the situation has started improving from the month of February 2017, full recovery will take some more time.

We are happy that out of our two partners namely ESAF and RGVN(NE), which received the SFB license from RBI last year, ESAF SFB has launched its operations in March 2017. This is a big achievement for ESAF and Dia is happy to be part of their journey from MFI to SFB. RGVN(NE) is also in the process of operationalising its North-East SFB operations with expectations to launch during financial year 2017-18.

We are happy to share that as at 31 March 2017 Dia partners were reaching 3.09 mn loan clients with a combined portfolio of ₹ 52.83 billion (USD 825 million). Compared to last financial year, this represents a growth of 12% in client numbers and portfolio growth of 27%. We expect that growth rate of partner MFIs will be higher in the next financial year as the availability of new currency normalises.

Dia, in collaboration with its partners, will continue to focus on a comprehensive approach to financial inclusion addressing access, usage and quality of financial services and products, helping those living in poverty to reach their full potential and move out of poverty. Dia will continue to support complementary services through its partners, wherever possible. Dia is supporting scaling up of edufinance products in its partners—it has currently provided technical support to ESAF SFB on scaling up edufinance products. As at 31 March 2017 ESAF SFB had provided 39,524 edufinance loans. Since demonetization, Dia partners are focussing on digitization of transactions. Most partners are now disbursing directly into the bank accounts of clients. Our partners are also exploring digital repayment systems. We are happy that Cashpor has expanded its education programme called Cashpor Education Services and as at 31 March 2017 it has enrolled 6,303 students under this initiative with intentions to cover over 500,000 children by 2020.

Dia will also continue to focus on the Social Performance Management (SPM) programmes of partners, supporting MFIs in managing social performance as they adapt and evolve to meet changing client needs in an ever-changing economic environment. Our technical tools particularly focus on collecting and reporting social data to the Board enabling to take socially responsible business decisions.



**Saneesh Singh**  
Managing Director, Dia Vikas

*Cover page: Deepa Devi,  
Margdarshak client*

*Back page: CHFs at  
Kuar Bazar*

**Christopher Murdoch**

**Saneesh Singh**

# DIA VIKAS ANNUAL REVIEW 2016-17

In this annual report we chart the progress of our partners in developing products, services and practises tailored to serving people in poverty.

- ❖ Dia Vikas has an outreach to 3.09 mn loan clients living in poverty as at 31 March 2017 charting a growth rate of 12% year on year.
- ❖ Updated results from our partners' client surveys show that we continue to reach the most vulnerable rural and backward communities.
- ❖ Our partners offer a bouquet of financial services offering credit and credit-plus services. Now two of our partners, being small finance banks will collect deposits from clients thus providing them with end-to-end services.

- ❖ Our partners are further expanding the range of services they offer with six of our partners providing education focussed loans. Our partner Cashpor is also providing education services initiated with technical support from PRATHAM.
- ❖ Our partners are also providing loans for home improvement for construction of toilets and concrete roofing leading to improved living conditions for our clients.
- ❖ Our partner ESAF SFB, which recently started operations as a small finance bank, is also offering an expanded range of services as well as addressing the new challenges it faces on the road ahead.
- ❖ This report also showcases small initiatives of our partners that are creating positive impact in communities.

Partners as at March 31, 2017	Loan Clients	Loan Portfolio (₹ million)	Number of branches	Number of credit products	Number of employees
Adhikar Microfinance Pvt. Ltd. ( <i>Adhikar</i> )	86,636	1,161.65	62	5	312
Annapurna Mahila Co-operative Credit Society Ltd. ( <i>Annapurna Co-op</i> )	66,866	802.58	21	5	241
Cashpor Micro Credit ( <i>Cashpor</i> )	852,898	13,297.26	501	8	3,347
Centre for Development Orientation and Training ( <i>CDOT</i> )	5,015	83.14	14	2	155
ESAF Small Finance Bank ( <i>ESAF SFB</i> )	1,141,277	23,274.20	284	8	3,565
Growing Opportunity Finance India Pvt. Ltd. ( <i>GO Finance</i> )	61,630	1,151.33	21	2	157
Margdarshak Financial Services Ltd. ( <i>Margdarshak</i> )	201,185	2,921.83	120	5	799
PRAYAS (Organisation for Sustainable development) ( <i>Prayas</i> )	23,855	246.59	22	6	110
RGVN(NE) Microfinance Ltd. [ <i>RGVN(NE)</i> ]	408,067	6,883.18	139	5	772
Sambandh Finserve Pvt. Ltd. ( <i>Sambandh</i> )	94,561	1,302.70	38	3	341
Samhita Community Development Services ( <i>Samhita</i> )	101,678	1,087.02	95	4	419
Shikhar Microfinance Pvt. Ltd. ( <i>Shikhar</i> )	41,286	614.74	26	5	178
<b>TOTAL</b>	<b>3,084,954</b>	<b>52,826.22</b>	<b>1,343</b>		<b>10,396</b>



# DIA VIKAS MILESTONES

## 2007

Starts operations in 2007



## 2008

1st investment



Supports technical assistance (TA) provided by **MicroSave** for the organisational development of our partners



Starts **SPM programme** for partners, supporting TA provided by EDA

## 2010

Facilitates partnership between **PFRDA** and 7 Dia partners, who are the aggregators of **NPS lite** and Swawalamban Schemes of Gol (now renamed Atal Pension Yojana).



Cashpor implements the **Community Health Facilitator (CHF)** program in Bihar and UP with TA from Healing Fields Foundation

## 2012

Focuses on product **diversification** and supports its partners for school fee loans, WATSAN, energy loans

## 2013

Dia Vikas partners receive **PSIG** support from SIDBI



7 Dia partners receive the India Microfinance Equity Fund (IMEF) support from Government of India through SIDBI



Dia Vikas partners receive Samridhi fund



## 2014

Dia starts operations as a **Core Investment Company**



Supports TA provided by **IFC** for implementing the risk management framework in five of our partners



Becomes a member of **SPTF** and Dia partners use the SPM assessment tool SPI4 developed by Cerise



## 2015

**ESAF** and **RGVN(NE)** receive provisional licenses to transform to Small Finance Bank



Joins **IIC** as its founding member



Becomes a member of **RFF**



## 2016

Achieves a capitalisation of **USD 50M**



## 2017

**ESAF SFB** launches small finance bank operations



NESFB prepares for launch



Completes **one decade** of serving people living in poverty



# PROVIDING OPPORTUNITIES

**Dia Vikas Pvt. Ltd. (Dia Vikas) is a social microfinance investor, providing opportunities for people living in poverty to transform their lives.**

## GENESIS

Dia Vikas is a subsidiary of Opportunity International Australia (OIA) and was established in early 2008 as a Non-Banking Finance Company.

Dia Vikas restructured itself into a Core Investment Company in 2014 to be fully compliant with the evolving regulatory requirements in India. As a Core Investment Company (CIC) Dia Vikas can only lend to and invest in Group Companies. These include subsidiaries, associates (under accounting standard AS-23) and related parties (under AS-18). Further, at least 60% of non-cash assets must be in the form of equity in group companies.

It was established to provide opportunities for people living in poverty to transform their lives through livelihood creation. We achieve this by providing long-term funding and vital technical assistance.

It was also established to fill the gap of social investment in the Indian microfinance sector by supporting the growth and development of MFIs in underserved regions.

*Manzsha Bharade, ESAF client*



## OUR VISION

**To provide opportunities for people in poverty to transform their lives.**

## OUR MISSION

**Our vision for India is to see local indigenous microfinance, livelihood and development service partners assist millions of poor people to be lifted out of poverty permanently.**

## OUR METHOD

**Our method of bringing poverty alleviation to clients is through the provision of financial services as a core activity and the provision of other high impact services like health and education alongside financial services.**

## OUR VALUES

- ❖ Commitment to the poor
- ❖ Respect to all the stakeholders
- ❖ Integrity
- ❖ Stewardship

# DIA VIKAS IMPACT INVESTING

Dia Vikas focuses on reducing poverty by investing in institutions engaged in providing low cost, quality financial services as a core activity alongside other high impact services like health and education. Our method of supporting our partners is to strengthen organisations that provide these services until they reach financial and operational sustainability while at the same time ensuring responsible finance practices.

**OUR SUPPORT** enables our partners to expand financial services to an increasing number of clients excluded from the mainstream financial system.

**OUR GUIDANCE** helps our partners to create linkages with social and commercial funders.

**OUR FOCUS** is to build long-term partnerships with financial institutions that are capable of sustainability, strong development interventions and substantial social impact.

## KEY INTERVENTIONS

- ❖ Providing loan, equity and quasi-equity funding to partners.
- ❖ Providing quality technical and operational support.
- ❖ Developing strong relationships with our partners and investing in their leadership.
- ❖ Encouraging partners to transform into better regulated and governed entities.

## PARTNERSHIP PROCESS

To ensure that Dia Vikas achieves its mission effectively and efficiently, we seek out local partners that are offering effective, innovative and visionary programs to people living in poverty – often in areas where

no other, or very few other organisations are working. When choosing partners, Dia Vikas considers mission alignment alongside governance, management and performance.

## MISSION ALIGNMENT

Dia Vikas' partners must share our values and not be driven by commercial returns. We look for partners:

- ❖ with a mission to help people work their way out of poverty
- ❖ that work in the poorest, largely underserved regions – serving a market that exhibits a relevant 'gap', with conditions that are favourable for microfinance
- ❖ with sound future strategies to deepen outreach and broaden services
- ❖ that demonstrate commitment to responsible practices in the field for client protection and staff satisfaction.

## GOVERNANCE

In order to properly exercise stewardship, we need partners that can operate sustainable businesses. We look for partners with:

- ❖ inspired leadership, balancing both social and financial performance
- ❖ strong risk management and governance practices with reasonable financial performance

## PERFORMANCE

We require partners to have a sound operating platform and capable staff with good accounting and portfolio tracking systems to offer a suite of relevant financial services to customers in an efficient and cost effective manner. Also important is the ability to manage significant growth, as reflected in comprehensive business plans and projections underpinning a sustainable future.

*Shyamkumari, Cashpor client*



# 2017 IMPACT

## BY THE NUMBERS

### LIVING OUT OUR MISSION:

#### BY PROVIDING OPPORTUNITIES

₹ 52.83 BN ▲ 27%  
loaned

3.09 M ▲ 12%  
loan clients

4.61 M ▲ 75%  
savings clients

4.68 M ▲ 8%  
insurance clients

#### WE EMPOWER PEOPLE LIVING IN POVERTY

Disbursing 99.6% of loans to the most marginalised group of people in the world- women.

Disbursing 82% of loans to the rural population.

Disbursing 72% of loans to the scheduled caste, scheduled tribes and other backward classes.

Disbursing 36% of loans to illiterate population.

Disbursing 33% of the loans to clients living on less than \$ 1.25 per day.

#### TO TRANSFORM THEIR LIVES, THEIR CHILDRENS' FUTURES AND THEIR COMMUNITIES

creating broad impact

Disbursing 38,380  
water and sanitation loans

Disbursing 39,524 ▲ 132%  
education loans

Disbursing 105,628 ▲ 138%  
clean energy loans

Disbursing 32,052 ▲ 42%  
health loans

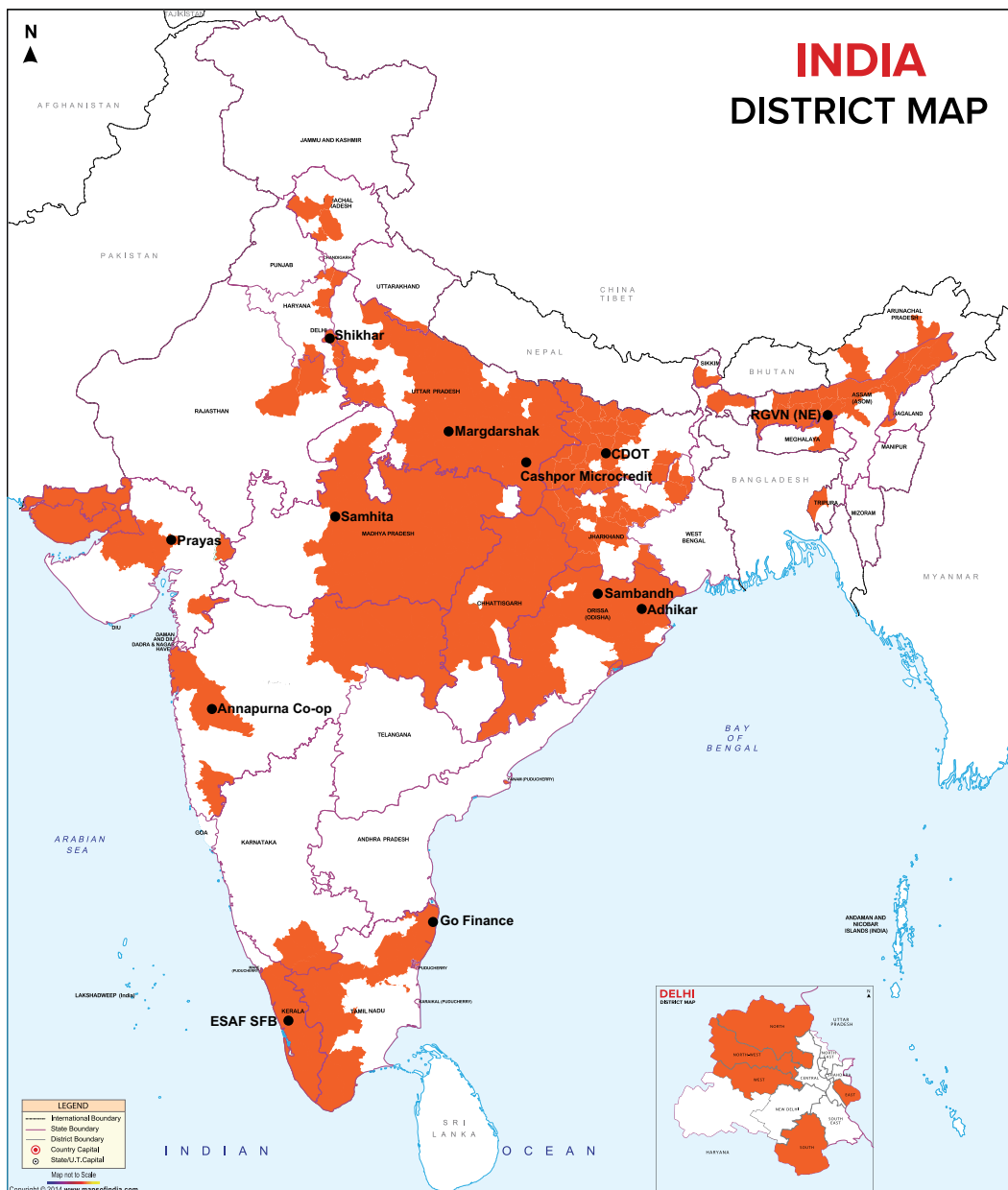
4.6 M people reached with  
health education trainings

651,201 clients with  
pension accounts

423,715 clients reached with  
financial literacy trainings



# OUTREACH OVERVIEW



As at March 31, 2017, our partners have an outreach of over **3.09M** active borrowers, **4.61M** savings accounts, **632K** members with pension accounts and **4.68M** members with life and health insurance coverage- making to a total outreach of **8.12M** individual clients, with **82%** living in rural areas and **72%** belonging to scheduled caste, scheduled tribe and other backward classes.

This coverage extends across **24** states and union territories covering **278** districts, including **44** of the **100** most backward districts of India<sup>1</sup>. Around **125** of these districts have a credit deposit ratio<sup>2</sup> less than **40%** as against the all-India average of **73%**.

The aggregate loan outstanding for all partners is **₹ 52,826M**.

Dia Vikas is reaching out to the poorest in the following underserved/poorest states of India

State	Number of Partners
Bihar	4
Chhattisgarh	6
Jharkhand	3
Madhya Pradesh	4
Odisha	2
Uttar Pradesh	4

## PARTNERS

- Adhikar
- Annapurna Co-op
- Cashpor
- CDOT
- ESAF SFB
- GO Finance
- Margdarshak
- Prayas
- RGVN(NE)
- Sambandh
- Samhita
- Shikhar

Dia Vikas partners operate in five north-eastern states, being some of the most backward and unreached regions of India.

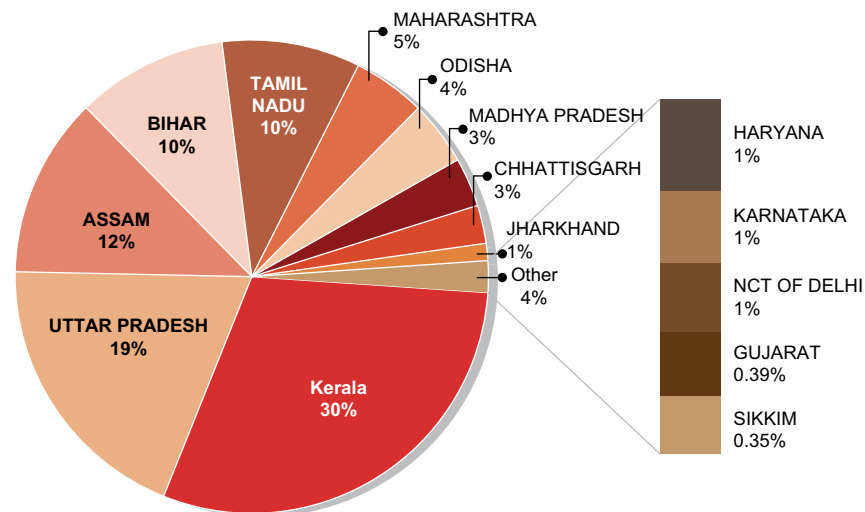
1 Planning Commission of India  
 2 The credit deposit ratio has historically been a measure of banks' performance in lending. It was in 1980 that the Reserve Bank of India (RBI) first advised public sector banks (PSBs) to achieve a CDR of 60% in their rural and semi urban branches on a continuing basis. This was done in order to encourage the reduction of inter-regional imbalances in credit delivery and to persuade banks to lend in the same rural and semi urban areas where they mobilised deposits.

# CONSOLIDATED OPERATIONAL HIGHLIGHTS OF OUR PARTNERS

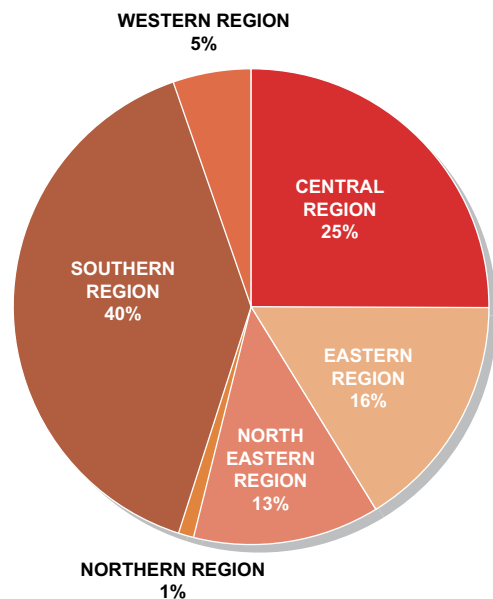
## DIA VIKAS PARTNER HIGHLIGHTS

- ❖ As at March 31 2017, Dia Vikas partners have an outreach of 3.09 million clients representing a growth rate of 12% y-o-y. On a y-o-y basis, the microfinance industry grew by 26% (*MFIN Micrometer*). The growth rate of the MFI industry was severely affected by demonitisation.
- ❖ During the year, two of our partners started microfinance operations in Rajasthan and Himachal Pradesh states which expanded our outreach to 24 states and UTs as compared to 22 states and UTs last year.
- ❖ Our partners together have a network of 1343 branches representing a growth rate of 9% as compared to the previous year.
- ❖ The average loan size of our partners increased from ₹ 15,127 as at 31 March 2016 to ₹ 17,123 this year.
- ❖ Dia Vikas partners' employ a total of 10,396 people as at 31 March 2017 of which 25% are women.

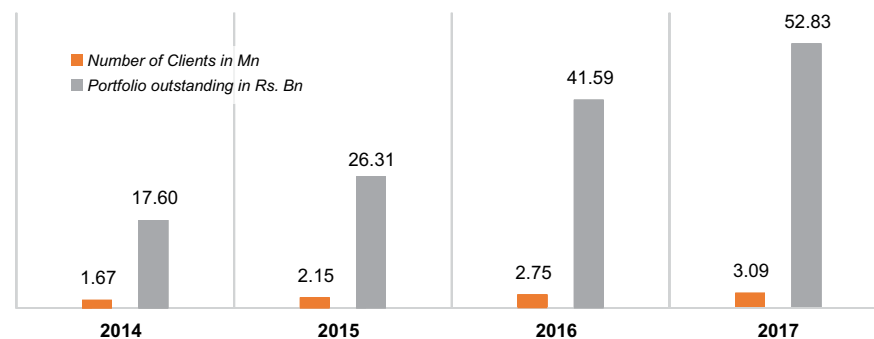
## Top 15 states by exposure



## Regionwise portfolio concentration



## Client outreach and portfolio O/S (As at 31 March 2017)





# TRANSFORMING LIVES

SOCIAL PERFORMANCE REPORT 2017

# SPM TRANSFORMING LIVES 2017

Dia Vikas is guided by its mission to provide opportunities and empower people living in poverty to transform their lives, their children's future and their communities through financial services, training and other complementary services critical to their well being. We leverage our resources to maximise impact for the target client by providing financial services tailored to meet their needs. We achieve this by partnering with like-minded organisations. Our strategy encompasses identifying and scaling effective technological innovations, improving organisational capacity of our partner organisations for the implementation of client-friendly policies, and developing the capacities of individuals, families and communities to act as agents of change. We are part of the global Opportunity network with a track record of effective poverty alleviation in many countries. We reach 8 million people in India with microfinance and other complementary services which is helping the poor break the vicious cycle of poverty.

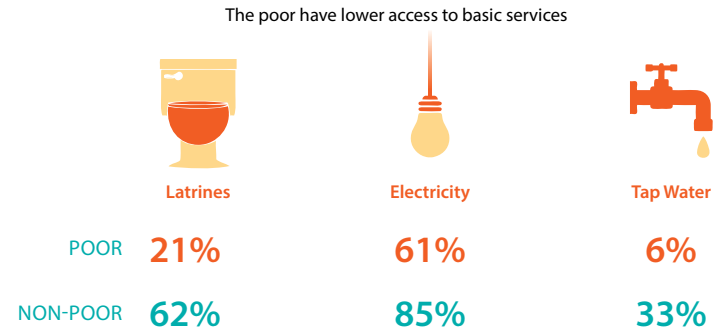
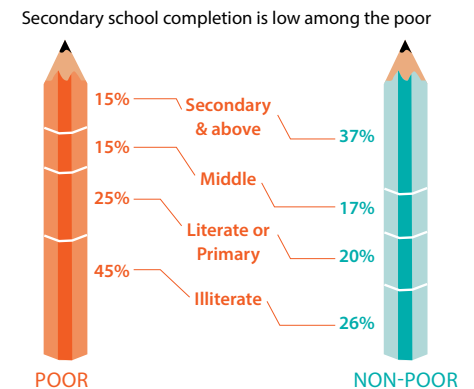
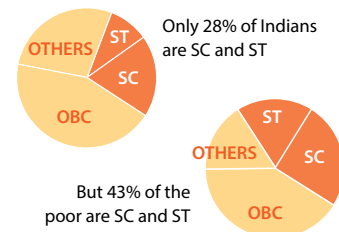
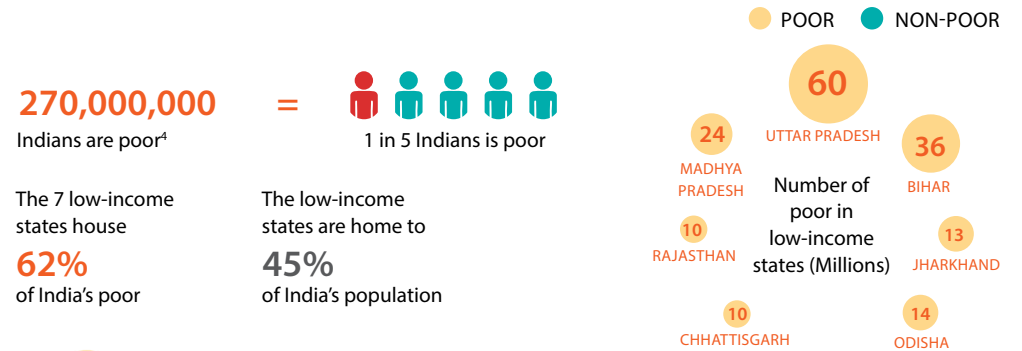
Poverty is persistent and complex, and continues to affect one fifth of the population of India. In everything we do, we put the people living in poverty at centre, focussing on how we can grow and improve our programs to maximise impact.

Our approach to alleviating poverty is informed by Social Performance Management, which is about effectively translating our social mission into reality. Social Performance Management ensures that we understand clients' needs and equips us to design products and services that will enable them to most effectively transform their own and their community's future.

Our Transforming Lives Social Performance Report 2017 brings together the insights we have gained, innovation happening in the field and how we will continue to improve the outcomes of our clients through the use of consistent comprehensive social data. Social data presented in this report unless otherwise specified was collected through client surveys between 2016 and 2017.

This report exemplifies Dia's commitment to transparency, continuous learning, supporting innovation and most importantly transforming lives. We hope this will also help other stakeholders in the sector to adopt the best practices being developed by Dia partners', by using the social performance management systems and processes. We are also closely involved with the efforts to mainstream social performance management in the microfinance sector, both in India and at the international level.

# INDIA'S POVERTY PROFILE<sup>3</sup>



<sup>3</sup> World Bank, 2012  
<sup>4</sup> Poor is defined as the percentage of population living below the national poverty line.

Previous page: Rajni Nandurkar, ESAF client

# THREE QUESTIONS TO UNLOCK GREATER IMPACT

**How do we maximise impact?** By reaching those in need and responding with solutions that bring about positive change in their lives.

The key to unlocking greater impact is to constantly ask these three questions and then use collected social data to deliver continuous improvement.



*Afsana Khatun, Sambandh client*



**THE NEED:**  
ARE WE REACHING  
PEOPLE LIVING IN  
POVERTY?



**OUR RESPONSE:**  
ARE WE MEETING  
CLIENTS' NEEDS?



**THE IMPACT:**  
ARE WE  
TRANSFORMING  
CLIENTS' LIVES?

# WHO DO WE REACH?

Dia Vikas has a mission to provide opportunities for people living in poverty to transform their lives. We achieve this by providing financial and other support to our partners:

- ❖ Operating in the poorest, largely underserved, mostly rural regions of India, serving a market that exhibits a gap.
- ❖ Seeking conditions that are favourable for microfinance with sound future strategies to deepen outreach and broaden services that demonstrate commitment to responsible practises for client protection and staff satisfaction.
- ❖ Providing innovative financial solutions to our clients needs driven by their commitment to serving the poor and excluded- they provide innovative services, aimed at reducing exclusion and empowering women. Technology is playing a key role in providing these services efficiently, reducing the turnaround time for providing services and improving the overall experience of the client with our partner MFI.
- ❖ To ensure we are achieving our social mission, we need to understand our clients' circumstances when they join our partners' programs. Low income is a factor in poverty, but so too is the lack of access to basic services, often experienced



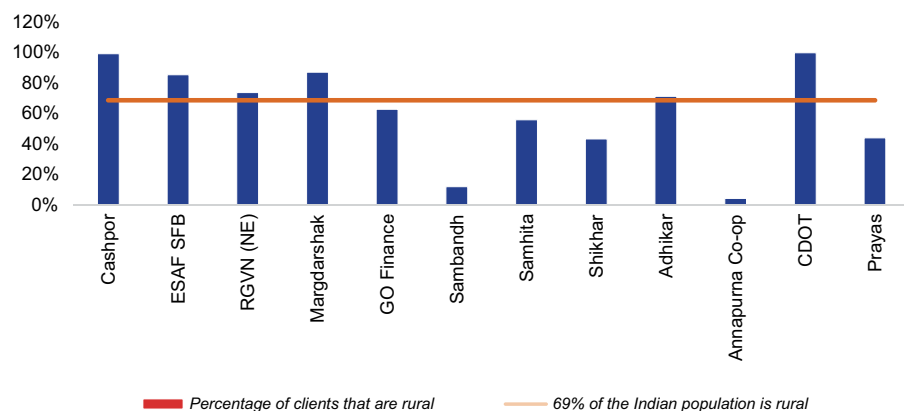
RGVN(NE) clients

in rural areas, that can lead to increased vulnerability due to shocks, such as unforeseen healthcare needs and the associated costs. Among those living in poverty in India, women are significantly affected and reflect a high level of exclusion from essential services. Data on these dynamics can help our partners understand and improve their outreach and better serve those in need. For this reason, Dia Vikas has a strong focus on reaching women and rural clients

along with people belonging to scheduled caste, scheduled tribe and other backward classes. Our partners target SC/ST/OBC groups as a part of their efforts to reach the under-privileged and excluded.

**Across our portfolio, 99.6% of clients are women; over 82% live in rural areas; 72% belong to schedule caste; schedule tribe and other backward classes and 36% are illiterate.**

## Percentage of rural clients as on 31 March 2017



## WHAT HAVE WE LEARNED?

Four out of five of our clients live in rural areas. The result reflects successful targeting by our partner MFIs in reaching the vulnerable rural population.

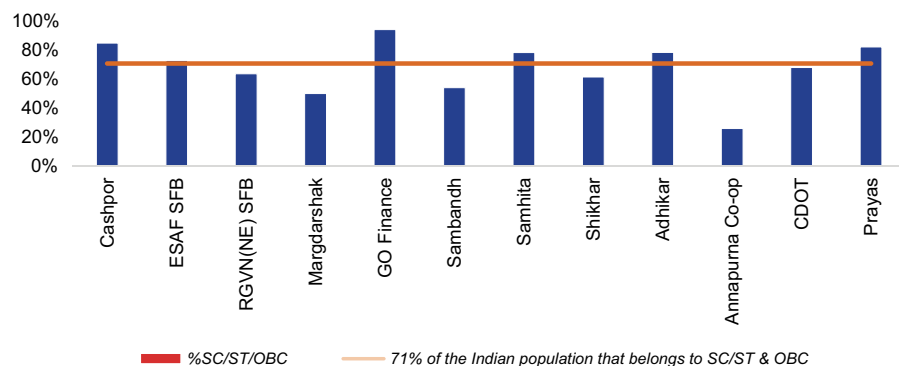
## WHY DOES THIS MATTER?

It is generally known that rural areas and women typically women encounter greater constraints in becoming financially included. Although banking penetration has significantly increased in rural and semi-urban regions over the years, the number of branches per 100,000 of population in rural and semi-urban areas is still less than half of that in urban and metropolitan areas.<sup>5</sup> This shows that rural areas are a largely underserved market. Some of our partners namely Shikhar, Sambandh and Annapurna Co-op also reach the underserved in the urban slums. In India, over 363 million people are living below the National Poverty Line (Rangarajan methodology), of which around 72% are living in rural areas .

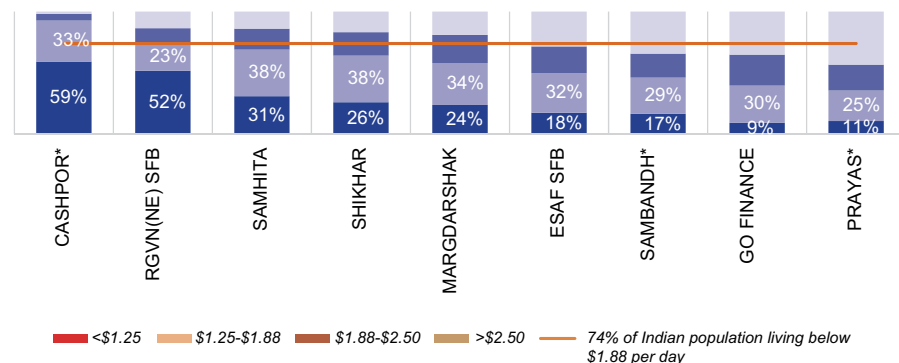
5 RBI Report of the Committee on Medium-term Path on financial inclusion <https://rbi.org.in/scripts/PublicationReportDetails.aspx?ID=836>

# WHO DO WE REACH?

Percentage of scheduled caste, scheduled tribe and other backward classes as at 31 March 2017



Income profile of clients



## WHAT HAVE WE LEARNED?

Three out of four clients belong to scheduled caste, scheduled tribe and other backward classes. The result reflects successful targeting by our partners in reaching the vulnerable section of the society.

## 7WHAT HAVE WE LEARNED?

Over two thirds of new clients surveyed in 2016/17 were living below the \$ 1.88 per day poverty line when they joined our network. Differences in outreach to low income clients reflect both the extent to which partners target poorer clients, and differences between population poverty levels in the states where our partners work.

## WHY DOES THIS MATTERS?

In 2007-08, these groups accounted for 71% of the total population of India with 19.9% being members of scheduled castes, 8.6% being members of scheduled tribes and 42.3% belonging to other backward classes<sup>6</sup>. Poverty rates also differ across various social groups. As per the Planning Commission report on poverty based on 2011 data, 43% of ST, 29.4% of SC and 20.7% of OBC fall below the Tendulkar poverty line as compared to 12.5% people belonging to forward castes living below the national poverty line. By serving such groups we reach out to the under privileged section of the society.

## WHY DOES THIS MATTERS?

800 million poor people in India are living below the \$ 1.88/ day<sup>8</sup>. The \$ 1.88/ day poverty line is commonly used to capture the poor in India and is often the target population of microfinance organisations in the country.

There is regional diversity in income levels within India with some states having lower poverty lines and others having higher poverty lines. A majority of the clients of our partner MFIs are living on less than \$ 1.88 per day.

6 www.data.gov.in

7 \*These partners are using the PPI questionnaire based on 2011 data and the remaining partners are using the old PPI questionnaire based on 2009-10 data collected by NSSO. The legacy table has been used to compare poverty levels between the partners.

8 World Bank

# UNDERSTANDING CLIENTS THROUGH THE POWER OF DATA

Poverty is also defined by the availability (or lack) of services considered essential to basic standards of living. This includes clean drinking water, sanitation, health and education, as well as access to information and technology. Understanding where clients do or

do not have access to basic services, in addition to estimating their income levels, helps our partners to better profile their client base and understand their needs, enabling them to design products and services accordingly.

## Sanitation

### WHAT HAVE WE LEARNED?

Only one in two of our clients have access to sanitation facilities

### WHY DOES THIS MATTER?

Globally 2.4 billion people live without access to a basic sanitation service: almost 900 million of these people practice open defecation. Today, only 68% of the world's population has access to basic sanitation, and only 39% of people have access to safely managed sanitation (which includes containment through safe collection, treatment, and end use/disposal). Around 770 million people in India lack access to improved sanitation facilities. In rural areas it is much worse- 71% of the rural population lack access to toilets compared with 37% of the urban population.<sup>9</sup> To address the health and safety issues associated with open defecation, our partners provide sanitation loans to help clients with construction of sanitation facilities. To address the health and safety issues associated with open defecation, our partners provide sanitation loans to help clients with the construction of sanitation facilities.

**CASHPOR**  
852,898  
loan clients

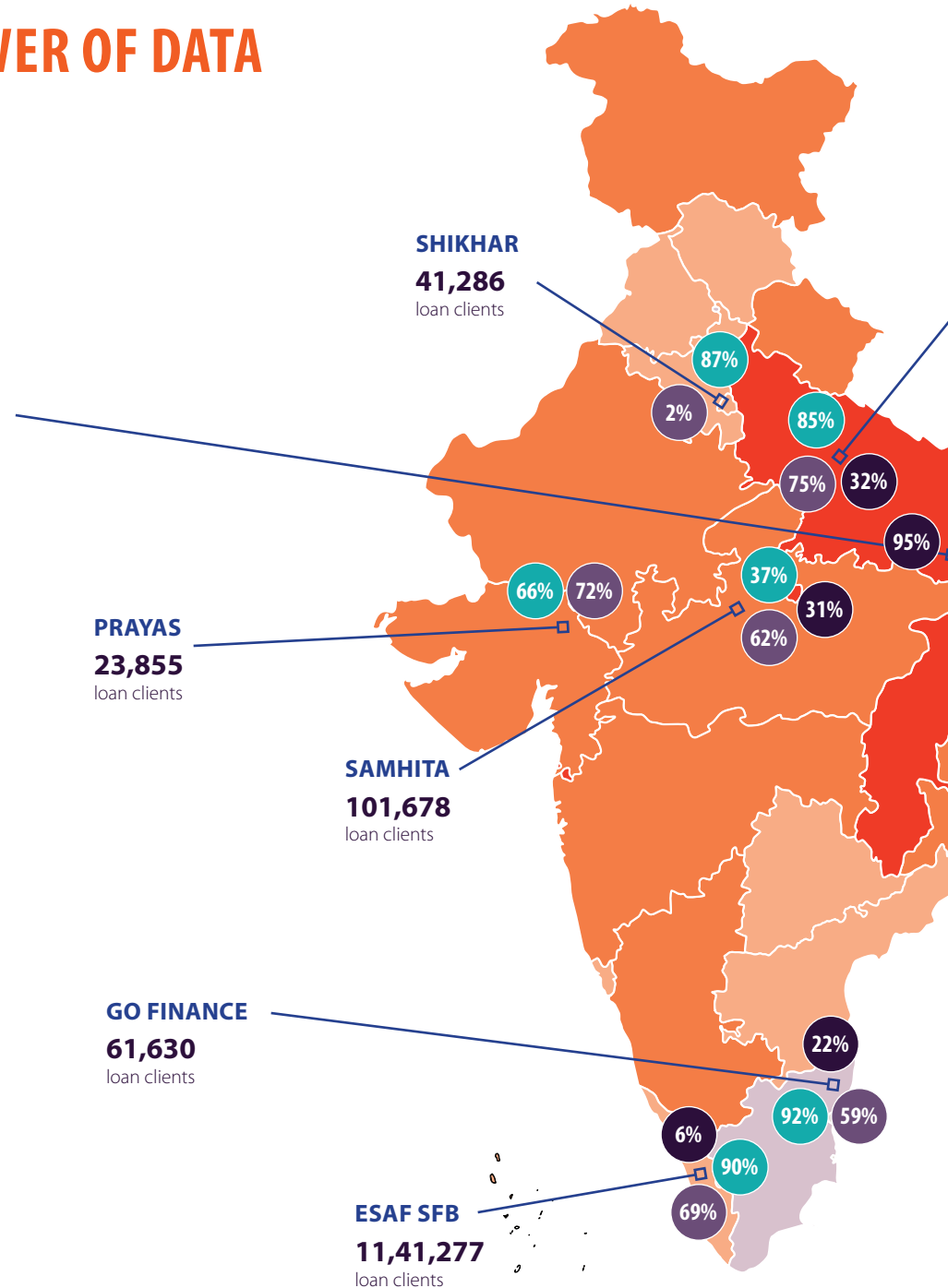
**PRAYAS**  
23,855  
loan clients

**SAMHITA**  
101,678  
loan clients

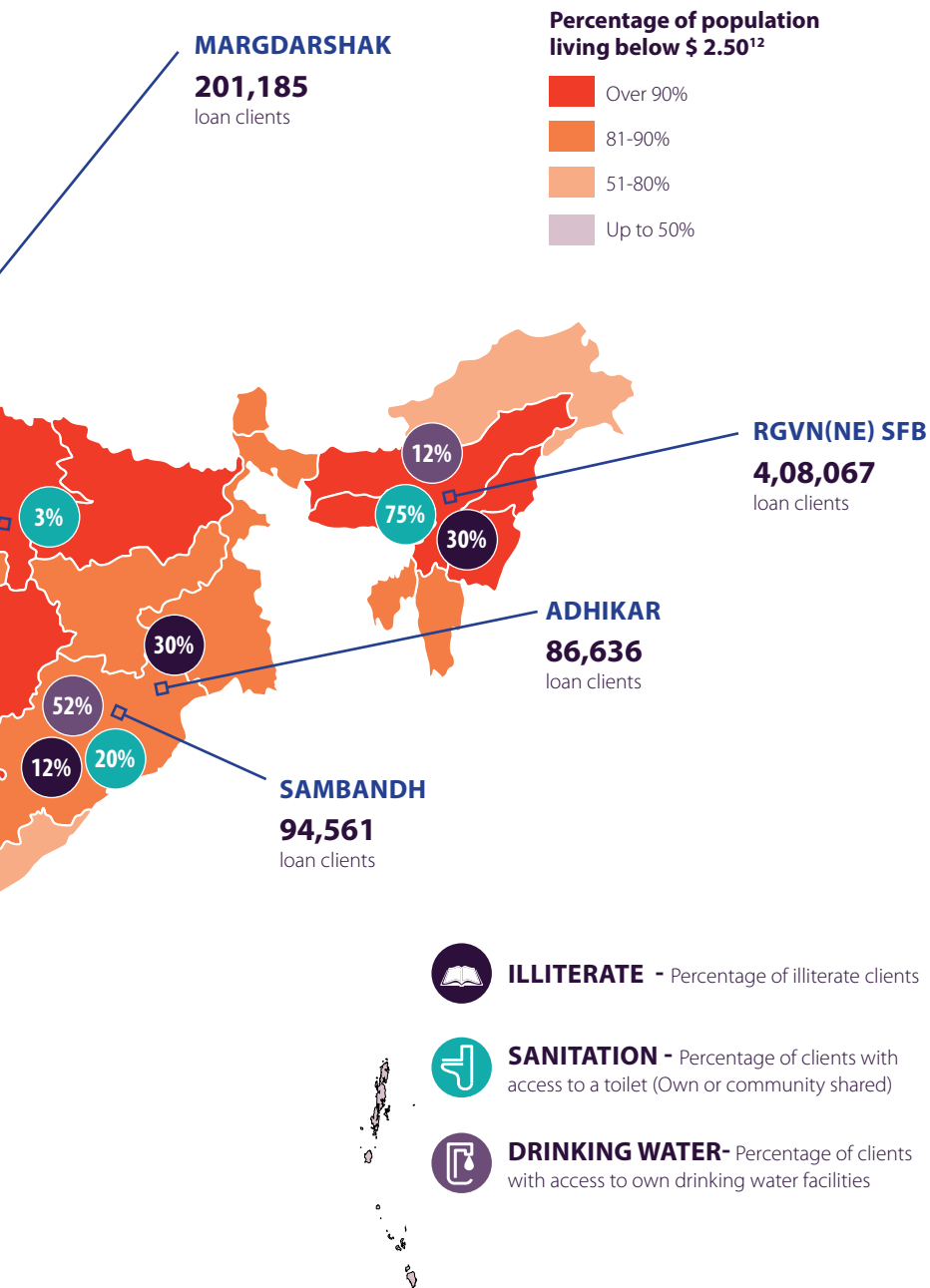
**GO FINANCE**  
61,630  
loan clients

**ESAF SFB**  
11,41,277  
loan clients

**SHIKHAR**  
41,286  
loan clients







## Drinking Water

### WHAT HAVE WE LEARNED?

Three out of seven of our clients lack access to drinking water facilities

### WHY DOES THIS MATTER?

Around 76 million people in India lack access to improved water sources.<sup>10</sup> Among these people, 63 million people live in rural areas. Improved water sources are those that are adequately protected from outside contamination- this might mean a well or a tap. While the health impacts of poor quality water are more readily apparent, the time spent on water collection by women can also be a severe hardship as it takes away hours that could be used for productive activities like work or school. Over 68,000 children aged under 5 years die every year in India due to diarrhoeal diseases caused by unsafe water and poor sanitation

## Education

### WHAT HAVE WE LEARNED?

Two out of five of our clients are illiterate. A large percentage of these clients belong to our partner Cashpor with operations in the states of in Uttar Pradesh, Bihar, Jharkhand, Chhatisgarh and Madhya Pradesh.

### WHY DOES THIS MATTER?

When a large part of population is illiterate, it hinders economic and social development of the country. The lack of a proper education makes up a major part of the poverty trap — a phenomenon in which people living in poverty cannot rise up due to scarce resources, depression, lack of opportunity and other issues.

As per 2016 UNESCO's report, 781 million adults (aged 15 years or older) of the world population, two thirds of whom are women, remain illiterate. Of this, around 36% or 283 million adults reside in India. Data also suggests that the higher the level of education of the head of the household, the lower is the poverty ratio. As per 2011-12 data, approximately 33.5% of the illiterate population is living below the Tendulkar poverty line in India. This compares to 2.8% of the population having completed higher education living below the Tendulkar poverty line.<sup>11</sup>

<sup>9</sup> World Bank 2015

<sup>10</sup> Wateraidindia.org

<sup>11</sup> Poverty by Social, Religious and Economic Groups in India and its Largest States 1993-94 to 2011-12- Arvind Panagariya.

<sup>12</sup> Grameen Foundation PPI report

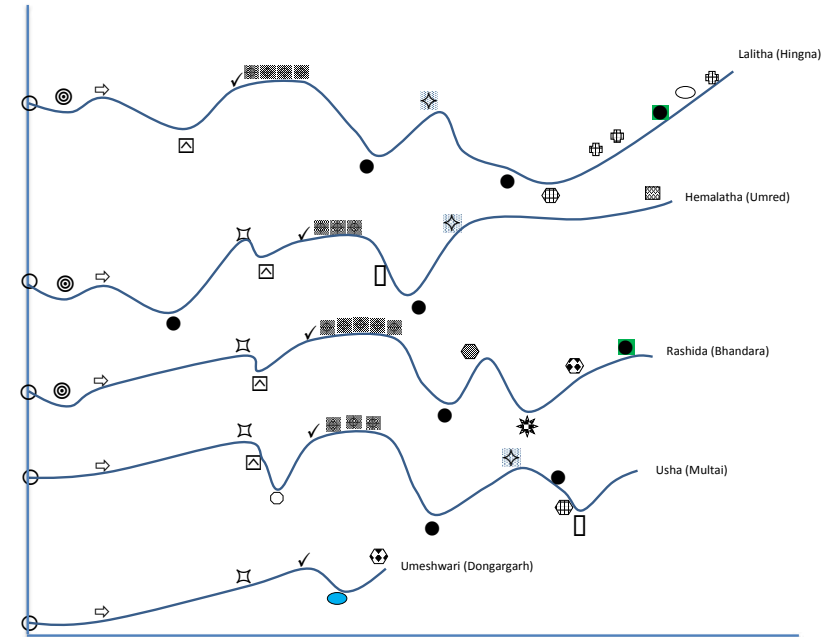
# UNDERSTANDING OUR CLIENTS' NEEDS

## CLIENT JOURNEY MAPPING TOOL

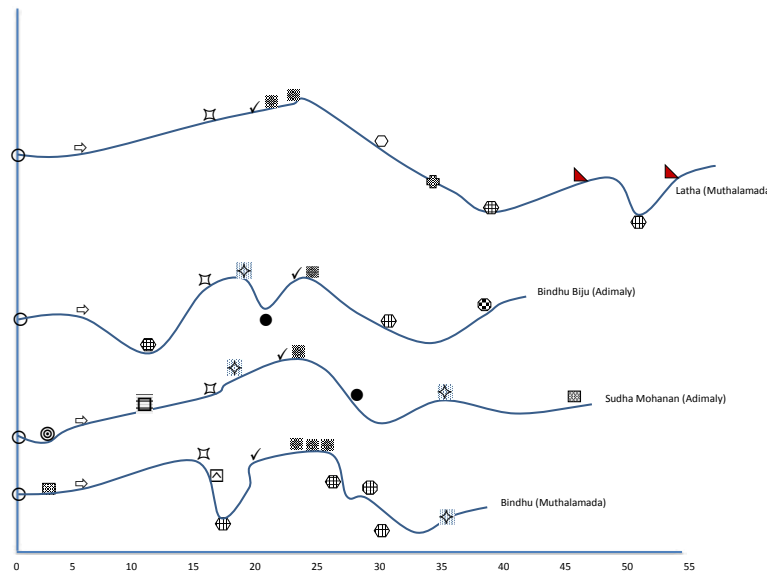
The team of Opportunity International conducted research with ESAF SFB introducing the Client Journey Mapping tool along with the Human Centered Design method to map their clients' needs. The insights helped the ESAF team to look into some of the common headaches, surprising solutions and common dreams of young women and girls which were not fully known while using regular methodologies such as one-to-one survey.

The clients were asked personal questions which helped ESAF understand each phase of their clients' lives. A common list of their aspirations and challenges were made. The clients' ups and downs were mapped in a chart showing their life cycle aspirations and dreams and the obstacles they faced in the journey.

- ✕ Broken Family
- ⊗ Restrictions
- Financial problem at home
- ✓ Marriage
- ⚡ Sports Activities
- ▣ Love marriage
- ◆ Financial issues
- Birth
- Teachers Support
- ⊕ TV & SM addition
- ▣ Kids
- Interested in movies, outing
- ⊕ Alcoholic Father
- ▣ College
- ★ Lonely at home
- ⊕ Early child birth
- ⊙ Poor housing
- ⊔ Drop out
- School
- ⊕ Friends
- ⊔ High school graduate
- ⊔ Alcoholic Husband
- Not interested in studies
- ⊙ Stubborn
- ▣ Extracurricular activities
- ⊔ Gender discrimination
- ⊔ Affair with boys
- Own house
- ⊔ Job
- ★ Mobility
- ⊕ Own vehicle
- ⊘ Imitate



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- Financial problem at home
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- Not interested in studies
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- ▣ Extracurricular activities
- ⊔ Gender discrimination
- ⊔ Affair with boys
- Own house
- ⊔ Job
- ★ Mobility
- ⊕ Own vehicle
- ⊘ Imitate



The SPM research team of ESAF SFB shall work closely with the Product Design team to conduct Client Journey Mapping prior to the development of a product so that valuable insights from the clients are properly studied to receive optimal acceptance from the clients. Understanding the needs of their clients, they plan to organise career guidance and life value sessions with adolescent girls in schools, strengthen livelihood support services to clients, provide health education programs for adolescent girls, modify financial literacy module to build aspects such as dreams/aspirations and provide educational support to poor children who want to pursue their career dreams.

Snapshot: Client Journey Mapping Tool used by ESAF SFB; personal pathways of nine clients.

**RASHIDA** is a 44-year-old woman who lives in Bhandara area of Maharashtra with her husband and 5 children (4 daughters and 1 son). Since her husband had an accident, he cannot do any work now. Rashida prepares lunch boxes for college students which gives her an income of INR 15000 per month. Additionally, she sells readymade garments. Her eldest daughter is married whilst her son is working in a private firm and her second daughter is also working. All four daughters are graduates as Rashida was strict about this and she monitored the progress of their studies from their childhood. "My educated children are my investment" she declares proudly.

Rashida completed her senior secondary education and wanted to complete her graduation but then she was married

off immediately. Her husband had a government job but he had frequent transfers so he left his job to start a garage of his own. Initially, for a few years, it went well but then he met with an accident and couldn't go to work. It was the hardest time of Rashida's life as she had no other means other than to start lunch services for college students at a nearby college. She joined ESAF to get a loan with which she bought garments at wholesale price and sold them door to door. She taught her daughters household work so that they could manage their school and also the house when Rashida went to work.

It was with mere determination to support her children with good values, good education and to be financially independent regardless of her struggles after her husband's accident. It was

the biggest challenge for her because she had not worked for a living before but if she didn't do that her children would have to face hunger. Rashida said "I wanted to be self-reliant and didn't want people to sympathize with me and give some financial support due to my ailing husband's condition" she says with pride. She wants her daughters to get married once they get a job and are independent. Rashida has married her elder daughter in a good manner by giving her some gifts in the form of gold jewels which she feels proud about.

She lives in a small house which is not adequate for her big family. Now that her children have grown up she wants to build a little bigger house with two more rooms which can give privacy to her children. She will keep working hard to achieve this.



# HOW ARE WE HELPING?

The core operations of microfinance institutions are to offer financial products and services to their clients. However, a majority of our partners have a social mission to offer more than just financial products to cater to the needs of the families they serve. These services also known as Microfinance Plus that includes financial products such as credit, savings, pension, remittance and insurance services as well as non-financial services like business and life training skills, financial literacy programs, health education and services, women's empowerment programs and energy efficiency initiatives. Overall, a review of the impact of offering Microfinance Plus reveals that participation in these services positively correlates with improved financial and social welfare for clients, as well as improved repayment rates for MFIs.



**PENSIONS:** Pensions help people living in poverty to support themselves financially and live with dignity in the later years of their life. Dia Vikas partners have been offering a micro pension product since 2010 through the government of India's NPS Lite Pension Scheme. Currently, seven of our partners are offering the product- the MFIs collect the payments from clients and put their deposits into the government approved pension fund. As at 31 March 2017, 651,201 clients were enrolled under the scheme.



**SAVINGS:** Savings help families build their resilience and plan for the future. It helps them to take advantage of profitable investment opportunities, to smoothen consumption when income is uneven and unpredictable and to insure against emergencies. Currently four of Dia Vikas' partners offer a savings product to their clients through the business correspondent model. Our partner ESAF small finance bank offers savings products to its clients directly. As at 30 September 2017, it has opened 1,838,032 savings accounts and garnered deposits of ₹ 10430 million.

Under the business correspondent model, the MFIs open savings accounts with commercial banks on behalf of the clients. As a result, clients are able to access a secure, interest bearing savings account. As at 31 March 2017, 4.6 M clients are able to access a secure, interest-bearing savings account, a 75% increase since 2016.



**INSURANCE:** Clients identify some of the most common causes of declines in their well-being as death, injury or illness of an income earner, natural disasters and theft. Microinsurance provides them with protection against these risks at a cost lower than self-insuring through savings by the clients. All our partners provide credit life insurance to their clients. As at 31 March 2017, 4.68 M clients were provided life and health insurance cover.



**WATER AND SANITATION LOANS:** Lack of access to clean water and basic sanitation facilities create significant costs in terms of illness, lost time and productivity. Access to improved water and sanitation brings dignity, safety, and privacy to households, especially for women, children, and the elderly. Eight of our partners are providing loans for building of water and sanitation infrastructure in homes and communities. These loans fund the construction of toilets, household water connections, water purifiers, water tanks, water pumps and toilet repair. As at 31 March 2017, eight of our partners disbursed 38,380 water and sanitation loans.



**HOME IMPROVEMENT LOANS:** Housing is one of the most significant expenses for the family on account of high land prices, complicated and completely absent land titling processes, costly building materials and low income or savings. It provides safety against natural calamities and protects them from adverse weather conditions. It is also a social

need to have a decent home to earn respect within the community. To manage this situation, many turn to a process called incremental building whereby people build and expand their home over time as funding becomes available. Responding to this need, eight of our partners provide home improvement loans to cover the renovation or expansion of an existing home, construction of a new home, or basic infrastructure improvements, such as electricity or sanitation. As on 31 March 2017, our partners have disbursed 28,811 home improvement loans.



**ENERGY EFFICIENCY INITIATIVES:** To provide access to adequate, affordable, reliable, safe and environmentally benign energy for lighting and cooking purposes, five of our partners offer loans to finance solar lights, LPG connections and biogas stoves. As at 31 March 2017, our partners disbursed a total of 105,628 energy loans.



**HEALTH TRAININGS:** Our partner Cashpor recognised that a large proportion of its clients suffered from poor health practises and health outcomes, driven by lack of awareness and understanding of basic and life saving health knowledge such as nutrition, sanitary practises and neo-natal care. Through partnership with Healing Fields Foundation, 2353 local women have been trained as community health leaders at the end of 2017. After six months of training, the women go on to deliver health advice to

over 200 families each and have now reached 4.6 M people with health education.



**EDUCATION LOANS:** The need for capital to finance their children's education is one of the most imminent client needs to break the intergenerational cycle of poverty. Families are provided loans to finance the school fees of their children and also to meet their direct costs such as purchase of books, stationery etc. As at 31 March 2017, a total of 39,524 have been disbursed by six of our partners.



**WOMEN EMPOWERMENT SERVICES:** One of our partner, Samhita conducts Legal Rights Awareness Program (LRAP) for women. This awareness generating program covers the concepts of gender, patriarchy, legal protection under Pre-Conception and Pre-

Natal Diagnostics Techniques Act (PCPNDT), Protection of Women Against Domestic Violence Act (PWDVA), and Sexual Harassment At Work Place (SHWP). The program also includes member visits to local agencies (WCD, Women's police station, Shelter Home etc) that work in this area to acquaint them. Till 31st March 2017, No. of members covered under the LRAP program is 25,120.



**FINANCIAL LITERACY TRAININGS:** Financial education is necessary to provide people with the tools to make informed financial decisions and prevent them from falling prey to financial frauds.

These trainings can help customers understand the importance of savings, for example, or how to compare interest rates and terms between two financial institutions. Courses can cover a range of topics, including understanding financial services at the enterprise level by educating individuals about maintaining accounting

records for their small businesses. During the Financial Year 2017, a total of 423,715 clients have benefitted from financial literacy trainings conducted by eight of our partners.



Archana Devrao Faye, ESAF client

## PRODUCTS AND SERVICES (As at March 31, 2017)

Products and services (March 31, 2017)	Loan clients	Savings accounts	Pension accounts	Insurance holders	Income generating loan	Sanitation loan	Water loan	Education loan	Agriculture loan	Energy loan	Home Improvement Loans	Health loan	Financial literacy training	Health training
Adhikar	86,636	–	10,250	173,272	√	√	√	–	√	√	√	–	√	–
Annapurna Co-op	66,866	110,666	12,220	228,260	√	–	–	√	–	–	√	–	√	–
Cashpor	852,898	356,176	183,637	1,552,536	√	√	√	–	√	√	–	√	√	√
CDOT	5,015	3,335,642	18,481	10,030	√	√	–	–	–	–	–	–	–	–
ESAF	1,141,277	790,035	402,367	982,492	√	√	√	√	–	√	√	–	√	√
GO Finance	61,630	–	–	114,700	√	–	–	–	–	–	√	–	√	√
Margdarshak	201,185	18,596	–	402,370	√	–	–	–	√	√	√	–	√	√
Prayas	23,855	–	–	23,855	√	√	–	√	√	–	√	√	–	–
RGVN(NE)	408,067	–	–	816,134	√	√	√	√	√	–	–	√	–	–
Sambandh	94,561	–	–	94,561	√	√	–	–	–	√	–	–	√	–
Samhita	101,678	–	24,246	196,716	√	–	–	√	√	–	√	–	√	–
Shikhar	41,286	–	–	82,572	√	–	√	√	√	–	√	–	–	–
	<b>3,084,954</b>	<b>4,611,115</b>	<b>651,201</b>	<b>4,677,498</b>	<b>3,086,335</b>	<b>34,871</b>	<b>3,509</b>	<b>39,524</b>	<b>560,312</b>	<b>105,628</b>	<b>28,811</b>	<b>32,052</b>	<b>423,715</b>	<b>248,838</b>
Overall percentage change from 2016	12%	75%	–	8%										

# INCREASING ACCESS TO EDUCATION

CASHPOR has started its education services with a vision that at least one of our clients' school-aged children should complete secondary education and pass the Class 10 Board Examination, so as to be eligible for salaried employment, and to be a life-line out of poverty for their siblings and parents.

## PRATHAM REMEDIAL EDUCATION PROGRAM

To address the issues of low or late enrolment in Primary School and high dropout rate in upper primary, CASHPOR took the initiative in association with the well-known international NGO, PRATHAM to provide educational assistance to client's children with an aim to connect them with school and improve their performance. A pilot program for establishment of PRATHAMs Multi-Activity Centers (MACs) in poor villages was started in two Regions of CASHPOR i.e. East-Champaran and Kushinagar. Seeing the positive outcomes of the Program, CASHPOR extended the partnership with PRATHAM and 15 new MACs opened in three different regions of their operational areas that are: Sarguja, Tikamgarh and Garhwa. Under this program 3,615 children of clients are covered.

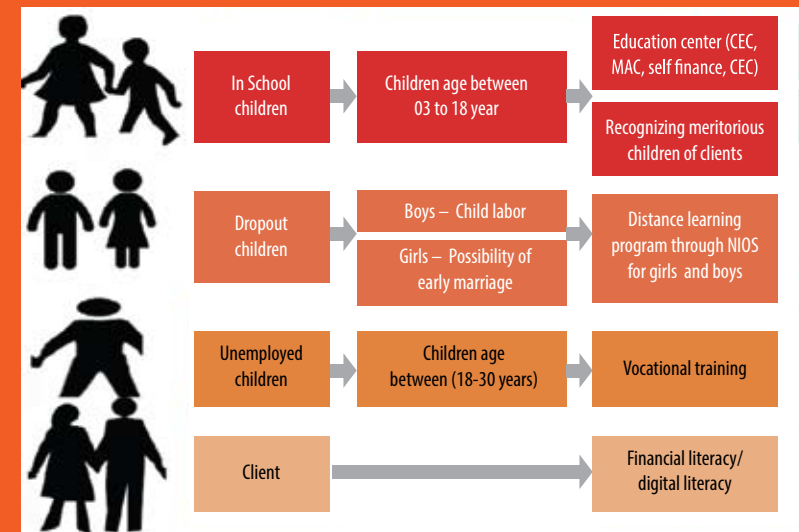
## CASHPOR EDUCATION CENTRES (CEC)

To increase the outreach of the remedial education Program CASHPOR Education Centres (CEC) are established with the advice and assistance of PRATHAM with an aim to provide support classes at very low cost. Initially CASHPOR jointly bears the operating cost of CEC with the community. Once the CEC becomes self-financed, the operating cost is borne by the parents. At these CECs, CASHPOR assists clients' children by providing them with group support classes where sessions are delivered to children pre and post school timings. The basic idea is that if the tuition is given to the children in groups not exceeding 25, the cost can be divided among 25 parents, resulting in minimal fees. Prior to the MACs and CECs parents were paying upto ₹ 100 per subject per child per month. Under CECs they have to pay only a few paisa. Currently CASHPOR is running 45 CECs out of which 5 CECs are completely self-financed for operations, with the operating cost of the CEC covered by the parents in the form of fees. A total of 2509 students were enrolled in the program as on 31 March 2017.

Cashpor plans to extend these education services to over 5 lakh students incurring a total expenditure of over ₹ 500 million (USD 7.7 million) by 2020.

Cashpor is also provides financial/digital literacy trainings, scholarships for students, vocational trainings for youth in various skills like hospitality etc. and also facilitates distance learning for dropout girl children. It also honours the meritorious children of clients having scored 80% or more in their 10th or 12th standard. The children are honored during the CASHPOR clients Centre Meetings where they are awarded prize money, an appreciation certificate duly signed by Managing Director and an academic book.

## Breaking Intergenerational Poverty Cycle-Cashpor Education Services



## CASE STUDY: SMRITI VERMA'S STORY



Smriti Verma, 22 years old lives in a small hamlet in the Deoria district of Uttar Pradesh. After completion of senior secondary examination, she began her search for a job. But she faced several rejections in interviews as she did not have the necessary skills required for the job. She had given up all hope until she heard about Cashpor's vocational training program. She got selected for training in Pratham PACE Gaya center and completed her training

in two months' time. During the training she acquired soft skills and necessary grooming which got her placed in BNS Hotel International. Today Smriti is content at being self-reliant and independent and feels the positive change in her life. She believes her growth can lead her family out of poverty.

## EDUFINANCE LOANS

Dia Vikas recognises the role that education plays in sustainable development by breaking the intergenerational cycle of poverty. It is also seen that participation in credit plus services positively correlates with improved financial and social welfare for clients. We have also seen in page 16-17 that the incidence of poverty is inversely correlated to the education level of the head of the household. Recognising this need, six of our partners are offering an education loan as shown on page 21. ESAF is one of the six partners that introduced an education focussed financial product called the Vidya Jyoti Loan in mid-2014.

Data we collect from our partners suggests that enrolment rates of children in some regions are very low. Lack of resources and accessibility to good quality education are some of the reasons for low enrolment and high dropout rates for children. When a family is not financially secure, prioritising a child's education takes a backseat and they are forced to take up child labor. Considering the needs of their clients, our partners provide school fee loans to clients to meet the direct and indirect costs of education.

Families living in poverty can often struggle to finance the cost of their children's education. Nevertheless they want

to offer the best education to their children as they believe that it is through education alone that their children can break the cycle of poverty. Even in the states of India that offer free primary education, direct costs are often passed on in the form of charges for books, uniform, exam fees, transport etc. These costs can reach upto 20% of a family's income and usually require payment all at once at the beginning of the school year.

### Benefits of the loan

Education loans help the clients in meeting the educational expenses of their child at the beginning of the year. They do not have to borrow funds from their relatives or friends to meet the upfront cost at the start of the year. Knowledge gives the children the power to dream of a better future and the confidence needed to pursue a full education which in turn will help the generations to come. Education also makes a significant difference for adults, particularly when it applies to day-to-day life, including nutrition, healthcare and gender equity. When adults learn, they become role models to their children, who also wish to learn.

As at 31 March 2017, total Vidya Jyoti loan accounts were 34,393 representing a y-o-y growth rate of 203%.

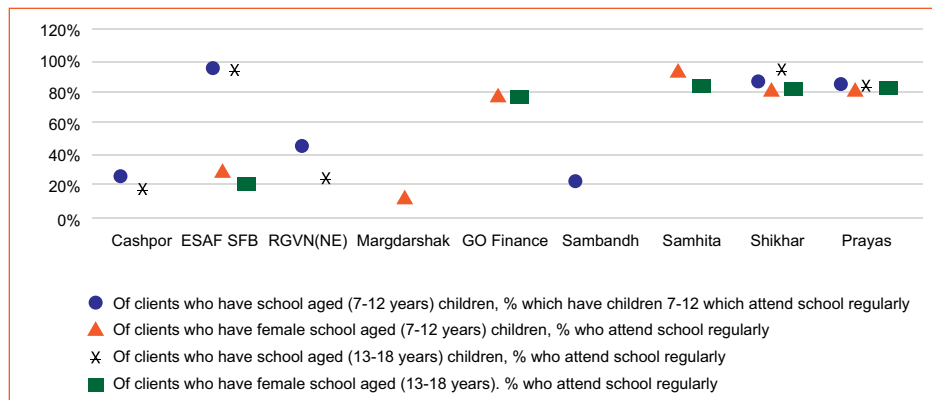
## CASE STUDY: HARIRAM BESANE'S STORY



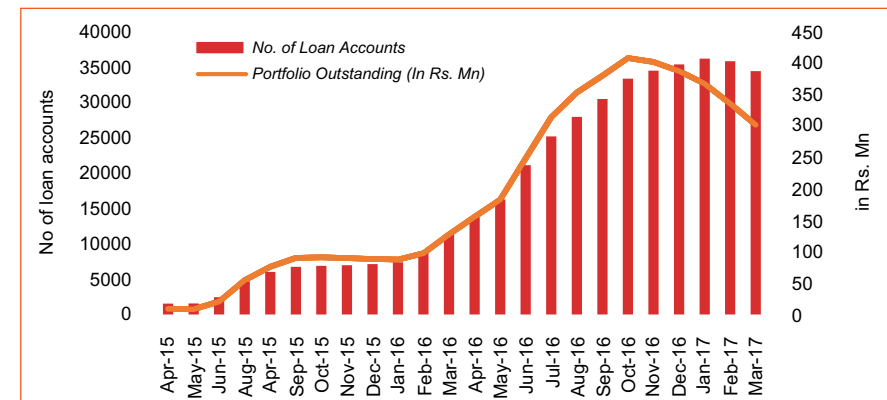
Hiram Besane is running a small general store in a small town in Gondia district in Maharashtra. After setting aside all expenses he is able to earn around INR 500-INR 700 daily. He has studied till high school and has two sons aged 14 years and 10 years. He is proud to claim that they study well and want to become engineers. Hiram

and his wife Basanti's only wish is to give good education to their boys so that they are able to pursue the career of their choice. They took a decision to send their children to private school thinking that they will learn english language and come at par with children of highly educated parents. They took this decision after joining ESAF 5 years back. With the launch of Education Loan in their branch Basanti was the first to apply as the high fees in the private school was making it difficult for them to even make their two ends meet adequately. Education loan of INR 30,000 has enabled them to pay their yearly fees and not worry about it apart from making the on time repayments on the loan.

### Enrollment of children in schools



### Growth of Edufinance loan- ESAF SFB



# CREATING OPPORTUNITIES WITH A SMALL BANKING LICENSE

## ESAF SMALL FINANCE BANK

### Vision

To be India's leading social bank that offers equal opportunities for the whole society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development as a whole.

### Mission

To provide responsive banking services to the underserved and un-served households in India facilitated by customer-centric products, high quality service and innovative technology.

ESAF Microfinance launched ESAF SFB on 17th of March, 2017 rebranded itself as a new age social bank redefining the banking experience for their customers. Keeping their focus on expanding their banking horizon to unbanked areas in urban, semi-urban and rural areas, they are contributing to the evolving aspirations of a wide cross section of customers by pursuing the triple bottom line of people, planet and profit. ESAF SFB plans to have 145 branches nation-wide by March 2018.

ESAF SFB is a true New-Age Bank that redefines the banking experience to customers with the use of latest technology. **In addition to net**



**banking, mobile banking, SMS and missed-call banking, the bank has introduced paperless account opening, home delivery of cash, biometrics facility for online money transfer and online shopping facility for their customers.** ESAF Microfinance, which owes its success to the doorstep delivery of services, proposes to replicate the same model in the bank.

ESAF partnered with Micro Energy Corporation (MEC) showing their commitment towards the environment. It is the first MFI to receive the carbon fund.

## HRUDAYA DEPOSIT SCHEME

It is a unique social deposit scheme in the history of banking. The deposits in Hrudaya Deposit Scheme will be used for the welfare and infrastructure development of the marginalized sections of the society.

Hrudaya (meaning *from the heart*) Deposit Scheme, as the name suggests, stands for a social cause, through which, ESAF SFB provides the customers an opportunity to be a part in social welfare projects. An individual or a legal entity can join the Hrudaya Deposit Scheme with a minimum deposit amount of Rs. 15 lakh and for a minimum period of two years.



## CASE STUDY: ESAF SFB BUSINESS LOAN

Rasiya and her husband Basheer jointly applied for a business loan of INR 2,00,000 so that Basheer could buy raw materials in bulk for his automobile upholstery work. Assessing his cash flows and existing loans they were given a business loan of INR 1,00,000. As the seat covers if bought in bulk can reduce the cost, Rasiya and Basheer immediately did that so they can meet large scale orders which they got from new rickshaw owners.

"Our margin of profit has now increased since we have got seat cover material on wholesale price", says Basheer. Now he has a profit of INR 30,000 every month which was INR 20,000 earlier. The additional income enables them to make the loan repayments and also do some savings. At present Basheer is doing all the work on his own but with growing demand he plans to set up a workshop and employ 1-2 persons. He is thus looking forward to get an additional loan of INR 2,00,000 once they complete the present loan.



# BUILDING HEALTH KNOWLEDGE

Each year, some 150 million people worldwide face financial catastrophe due to unexpected health expenses- and 63 million of these people live in India. A 2015 Government of India report states “the incidence of catastrophic expenditure due to healthcare costs is growing and is now estimated to be one of the major contributors to poverty”.

In order to bring its client out of poverty faster, with a view to reduce expense on health of its clients’ families, CASHPOR decided to create health awareness among its all 1 million clients in a phased manner through Community Health Facilitators (CHFs). For that CASHPOR sought the help of an expert in this field i.e Healing Fields Foundation for training its clients to become CHFs.

## HOW ARE WE HELPING?

**Access to toilets and improved water sources varies by region. In parts of India, over half the clients still practise open defecation.**

### 1.8 BILLION

people globally access drinking water contaminated by faeces.

### 59%

of the 1.1 billion people in the world who practise open defecation live in India

### 70%

of common illnesses in developing countries are preventable — lack of access to health services and knowledge mean many preventable illnesses continue to prevail.

**Over the last five years, CHFs have been trained as health leaders to deliver education within their communities and become social change agents.**

### 3,690 WOMEN

trained as health leaders

### 4.6M

people reached with health education

**The health program in India seeks to improve health outcomes through greater awareness and increased access and affordability of preventative health services.**

### Improved health knowledge

#### 98%

of community members have improved their knowledge of health by attending the sessions provided by the health leaders.

### Increased hospital births

#### 89%

of deliveries in the intervention villages have been in hospitals referred by the health leaders.

### Improved hygiene

#### 75%

of women and adolescent girls have learnt to use sanitary napkins from health training sessions.

### Healthier mothers and babies

#### 58%

of pregnant women have received and used advice from health leaders on pregnancy care, nutrition, antenatal check-ups, institutional delivery and colostrum feeding.



Seema Bharti has lived in the same village for over 30 years, where she lives with her two children, husband and his parents. Their home is not far from the well-known town of Kushinagar, the place where Buddha’s remains are kept. But beyond the pilgrims and temples, her community faces many health and social problems, and most are living below the poverty line.

Seema is very clear on the change she wants to see in her community: she believes in the power of education and the importance of health. Unfortunately, in her village health is a major problem. As with many communities near the River Ganges, their groundwater is contaminated with arsenic, which poisons people slowly but surely. Typhoid and tuberculosis are also major health issues. Each year, young children die from diarrhoea caused by contaminated water - since open defecation is so high, water hygiene is a significant problem.

When she had the opportunity to train as a health leader with CASHPOR and Healing Fields Foundation, she knew that it would be valuable to learn about how to prevent and treat basic health problems for her family and community. Through the CHF program Seema learnt preventive measures to avoid diseases. In her own home, she and her family started drinking treated water, and she instantly found an improvement in her young children’s health.

As part of her training as a health leader, she learned about existing government services and support that families could make the most of to live healthier lives. Through this, she learned that her community had been granted funding to build toilets for every household in the village. But Seema knew that she was one of a handful of people who had access to a toilet. When her voice was not heard in the Panchayat, she went with a couple of other women and camped outside the District Collector’s office till she was heard. Finally, he came outside and agreed to build toilets in the village. Now, everyone in Seema’s village has a toilet and she is proud to live in a community that is markedly cleaner, safer and healthier.

Of course, Seema plans to keep creating change for her community. She is now focused on getting a safe source of clean water for the village, so that her community members are no longer at risk of arsenic poisoning and typhoid. Her husband is helping her, and she is proud to consider herself a leader within the community, creating real change for her friends and family.

# SPREADING HEALTH AWARENESS

## ESAF ANAEMIA PREVENTION AND CONTROL PROGRAM

*Our health in our hands* goes the old saying which is most suited for poor households whose hard earned money is lost to medical expenses and a day's wages is lost due to illnesses. A research conducted to know the health status and needs of ESAF clients in 5 branches of Maharashtra and Chhattisgarh involving around 150 members was conducted. It was revealed that some of the health conditions like anemia, malnutrition among children, diarrhea etc can be avoided if the family had adequate know-how on its prevention.

ESAF has been playing a crucial role in the lives of the poor clients through provision of credit as well as credit plus activities. It is running health initiatives successfully which have benefitted low income women clients and their families.

ESAF organized Anaemia Prevention and Control program at Chhindwara branch in Madhya Pradesh where in the first phase of the program, 188 women beneficiaries from three remote villages, Sonpipari, Parasiya and Megheseoni, participated in the anaemia detection camp. These women do not have easy access or required know-how on the preventive aspects of low blood count. Approximately 70% women participants were identified with anaemia levels ranging from mild to moderate & severe. Immediate medical action was required for 30 odd clients who were referred to the nearby Primary Health Center (PHC). The selected members were given health sessions, especially on the intake of inexpensive iron rich foods, dangers associated with severe anaemia levels and on the preparation of some simple iron rich recipes that can be prepared regularly. They were regularly monitored and counselled through group visits. Local level tie-ups were made with PHC and Integrated Child Development Services (ICDS) centres so that iron tablets can be offered to the clients with severe anaemia on an urgent basis.

### Expected outcome:

- ❖ At least 50% women beneficiaries of Anemia Prevention and Control Program are able to improve upon their anemia status- (from severe anemia to moderate anemia).
- ❖ At least 90% women beneficiaries of Anemia Prevention and Control Program are able to improve their food eating habits to include iron rich foods.
- ❖ At least 50% women beneficiaries of Anemia Prevention and Control Program are able to take iron supplements to improve their Hb levels.
- ❖ At least 80% women beneficiaries of Anemia Prevention and Control Program report to be less lethargic, more energetic and improved productivity at their work.

### IMPACT

All the women understood the need to have adequate intake of food rich in iron. Especially during pregnancy the food intake should be frequent.

Except 2 women all the 13 women who were in the life-threatening stage of anemia (with Hb level as low as 4-5 gms) could cross the life-threatening stage to moderate anemia range.

### RGVN(NE) HEALTH CAMPS

RGVN(NE) organised many health camps providing appropriate and quality healthcare to those who did not have access to it, either due to quality health facility being unavailable in the region or cost of these services was unaffordable for them. RGVN(NE) in collaboration with Guwahati Neurological Research Centre (GNRC) Hospitals, Sankar Nethralaya, ASMI Foundation and Pratiksha Hospitals organised health camps in various locations to provide quality health care to the deprived people along with free medicines. They also facilitated Cataract operation of people with support from Sankardev Nethralaya which helped in the restoration of vision to old and deprived people.



This client from Chhindwara could successfully deliver a baby boy weighing 3 kgs. She had lost two children earlier during child birth due to anemia. Her severe condition of anemia resulted into complicated pregnancy but ever since she and her mother in law attended the sessions on Anemia Prevention and Control Program run by ESAF they were very particular to follow the diet taught to them. They also visited the Govt health worker to get the iron and folic tabs which she consumed regularly.

The result was the birth of a healthy child whom she along with her family thanked ESAF for the timely advice.

During the year 2016-2017 a total of 168 camps were held and 26901 people benefited from these camps. GNRC with their well-equipped medical facilities performed ECG and ultra sound and free medicines were distributed by RGVN(NE). Altogether, they have facilitated 108 cataract surgeries in association with their partners.

# EMPOWERING WOMEN

## SAMHITA LEGAL RIGHTS AWARENESS PROGRAM (LRAP)

The Legal Right Awareness and Education programme was launched in 2014-15 with an objective to educate and train micro finance (women) members on women specific laws (Protection of Women from Domestic Violence Act, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, Pre-Conception and Pre-Natal Diagnostic Techniques Act), rights and various entitlements available under government schemes. Started as a pilot in Bhopal the LRAP is currently being implemented in several districts in states of Madhya Pradesh and Chhattisgarh. In order to actively respond to the demand generated by the Legal Rights Awareness and Education programme, Samhita has further added components such as family counseling for dispute resolution, legal advise and legal aid to survivors of domestic violence. For better access to benefits and entitlements by the marginalized groups social protection camps have been carried out covering large number of men and women especially Beedi workers who constitute majority of the micro-finance members of Samhita in district of Sagar and Damoh.

### LRAP-Achievements so far

**Building Awareness on Rights and Entitlements:** Over 30,000 women belonging to the most marginalized communities such as SC, ST, OBC and Minorities have been trained on legal rights and entitlements. Among the women trained over 400 have been taken for exposure and visits to Gender Based Violence Services in Bhopal and Gwalior.

**Countering Violence Against Women:** 87 cases of domestic violence have been identified and dealt with by Samhita since May 2016 to date. 30 survivors are currently being supported through various interventions.

**Facilitating Access to Rights and Entitlements:** Close to 1500 members, majority Beedi workers and migrant families from neighbouring states have been covered under social protection camps held in 20 locations in Damoh, Sagar, and Bhopal and Gwalior.

**Community Mobilisation and Building Women' Leadership:** 41 collectives called Local Committees at the grass roots have been formed with a membership of 443 women who have undergone LRA training. Building community resistance against VAW and raising issues concerning lives of women and community at large is one of the agendas around which these local groups have been mobilised.

## SAMHITA'S LRAP IN ACTION

Savita, a member of Samhita microfinance, and among the first batches of trainees who attended Legal Rights Awareness training by Samhita in early 2015 in Bhopal is now a role-model for the victims of domestic violence from her community. The LRA trainings and active participation in subsequent activities under the LRA project Savita gained knowledge, information and courage to speak up against domestic violence and other discriminatory practices women of her community were being subjected to.

Emboldened with the formation of Local Committee which she herself was active member of Savita decided to mobilize women to help and support victims of domestic violence in her locality.

The first victim she actively supported and fought for was Sharda, her own sister, who was a victim of domestic violence for the past 12 years, from the day she got married. Sharda, in early 30s, got married to Sunil, a resident of Bhopal, the same locality where Savita also lived.

Savita convinced her sister to not keep quiet and seek support from community and enforcement agencies against the maltreatment and violence she was subjected to by her husband. Sunil, Sharda's husband used to beat her regularly for no reason known to her, and had thrown her out of the house several times. As used to be the regular practice, Sharda came to Savita's house on January 17, 2017 after brutally assaulted by her husband, Sunil. On January, 18, 2017 Savita informed Samhita team of the issue and requested them to guide and support in her battle. Savita said that Sharda will not go back to Sunil and has resolved to fight back. Also, Savita decided to take the matter to the Local Committee for creating community empathy and support for Sharda.

The Local Committee called Sunil and warned him of legal action if he maltreats Sharda in future. The Samhita team also had a meeting with Sunil explaining and warning of the consequences of legal action which was the only option left with Sharda if he did not mend his ways. With Savita on her side, and Local Committee members ensuring community support, Sharda was able to stand up against her husband's cruelty. She was ready to go for a legal recourse if Sunil did not agree to mend his ways.

After the first meeting with Local Committee members and Samhita team Sunil took Sharda back promising her a happy and good relationship between them. Samhita team has been seeking feedback from Sharda and Savita on Sunil. Sharda informed that he had not misbehaved with her so far and has also started giving money for household expenses. Savita feels emboldened by the positive support she receives, and wants to support many victims from her community.

# ESAF SMALL FINANCE BANK – INTRODUCING DIGITAL LITERACY PLATFORM

With the launch of the new small finance bank ESAF SFB has invested significant resources in diversifying and shifting our portfolio to a digital platform. Doing this, whilst keeping its existing business running, was a big challenge. They collaborated with Fin-Tech companies, HR consultants, media consultants and business strategy developers across different functions and layers. The digital agenda was led by the Managing Director himself rather than completely relying on the IT to take crucial decisions. It not only is a tool for improving business efficiency but also brings optimum customer satisfaction.

As the major clients of ESAF SFB are low income families spread in 10 states of India with low levels of literacy, they

have made robust plans to include them in the digital revolution space. They have already provided Aadhar linked debit card to their 8,50,000 customers who use these card for cash withdrawals at ESAF Small Finance Bank ATMs or any other ATMs of scheduled banks across the country. The clients also have access to services like SMS alert, net banking, missed call banking, mobile banking facility. As an effort to go paperless, they have switched to tab based collection and application sourcing. Instead of coming to branch for getting the loan, now the loans are directly transferred to the bank account of the customer which save them from losing their day's wages. For every 5 kms there will be a banking agent who shall be primarily the leader of SHG. They shall be provided with PoS /E card reader. They will

act as cash dispensing touch points for the remote parts of country. ESAF SFB is aware of the fact that their customers need adequate know-how to bring in an attitudinal shift in using the digital platforms without any prejudices. Hence they are simultaneously creating awareness through financial literacy sessions. They also have plans to collaborate with academic institutions to engage students who can go to the rural areas and educate the hard-to serve customers on using digital banking.

ESAF SFB believes that there is no 'one-size-fits all' formula. Organization's existing strengths and critical gaps that may become hurdles on road to transformation are addressed on time.



*A client of ESAF Small Finance Bank in a Kerala village displays her ATM card.*

# OUR RESPONSE: ARE WE MEETING CLIENTS' NEEDS?

Dia Vikas vision for transformation is one that is informed by the aspirations and voice of their clients. We engage with our clients at regular intervals to understand their changing needs and get feedback on the existing products services. Therefore, at the heart of our commitment to social performance is ensuring that our partners have a range of tools that enable them to truly listen to their clients. By listening our partners can then improve and tailor products that meet the needs of the families in poverty. To do this we support partners to embed best practises and tools in their daily operations so that listening is regular, systematic and places the client at the heart of the solution. We provide capacity building and technical assistance to our microfinance partners on using client feedback tools, such as those pictured in alongside figure.

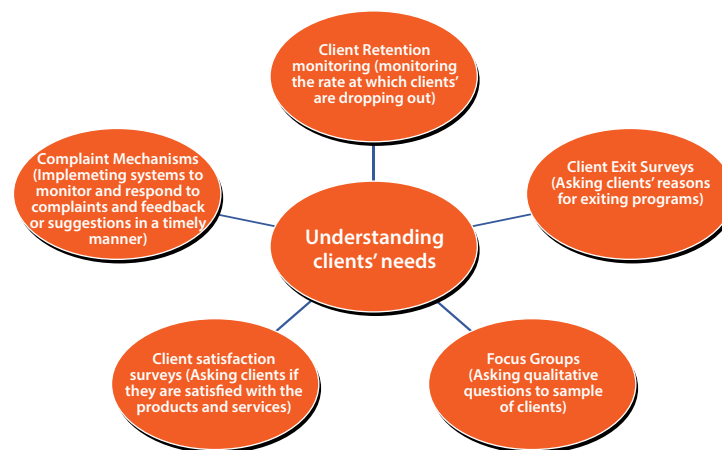
## CLIENT FEEDBACK- ONGOING MONITORING

At Dia Vikas, we actively monitor the client retention rates of our partners. Ongoing monitoring of client retention rates and exit reasons is essential for any organisation wanting to understand their clients' needs and levels of satisfaction; retaining clients is also essential to achieving sustainable growth. If retention rates are low, we work actively with our partners to better understand the causes.

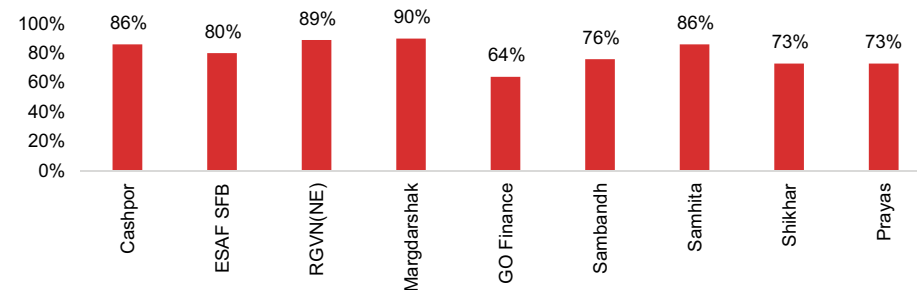
Another important tool being used to actively listen to clients is the client complaint mechanism. All our partners have internal monitoring systems that check complaints are resolved satisfactorily, use the information to improve organisational operations, products and communications with clients.

Alongside graph shows the percentage of resolved complaints in the first quarter of 2017. Through Dia's SPM program, a key focus of the area is the effective implementation of client complaint mechanisms at all of our partners.

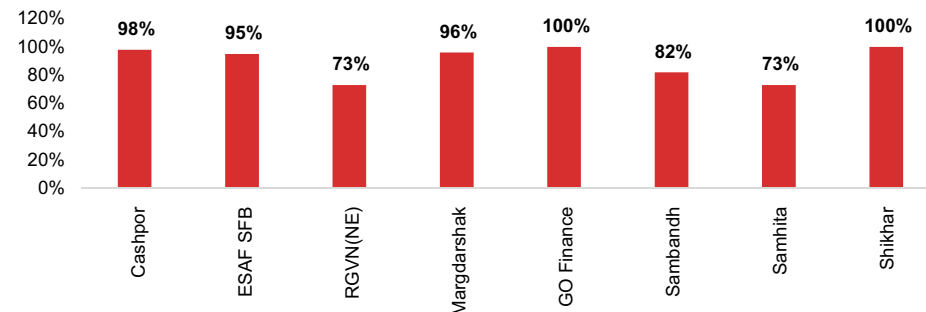
One of our partners' Sambandh is implementing an automated customer grievance redressal mechanism. Sambandh has set up a centralised ticketing system wherein a ticket is generated after receiving any communication from the client via the toll-free number or via emails. The ticket so raised appears in the dashboard of the administrator of the client grievance redressal team. The admin assigns an owner/ person responsible to the ticket who receives the details of the complaint by an email. The turnaround time for resolution of the complaint is monitored real time by the administrator. The analysis of the complaints is done by the social performance management champion and presented to the management every quarter. This automated system of handling complaints enables Sambandh to reduce the turnaround time in the resolution of complaints.



Client retention rate (March 2016-17)



Percentage of resolved complaints (March 2017 quarter)



# THE IMPACT: ARE WE TRANSFORMING CLIENTS' LIVES?

It is very important for us to ascertain that our mission is being accomplished and what we can do better to achieve it. For this we need a common definition of transformation and a common framework to measure it that recognises that poverty is complex and that transformation take time and requires changes in many aspects of a clients' life.

Most of our partners are using the progress out of poverty index (PPI) to measure and track the change the income level of clients over time. Our partner Cashpor, uses the Cashpor Housing Index(CHI) also to measure the income level of the client along with the Progress out of Poverty Index. Cashpor also conducts

a level of living survey which pertains to changes in the living standard of the clients. In this survey they ask their clients questions pertaining to asset values (agricultural land and livestock).

Cashpor conducted an impact assessment survey to determine the change in the CHI score, PPI score and level of living of their clients. A total of 3942 clients were surveyed for impact assessment.

- ❖ A higher CHI score than that recorded at the time of survey shows an improvement in the housing conditions of the client. In the survey it was found that 33% of the clients improved their house in some form. Also, 42% of the clients

saw an increase in the CHI score and 13% of clients saw a decrease in their CHI score.

- ❖ There are 59% of clients who improved their PPI in comparison to PPI which was recorded at the time of joining. For 36% of clients PPI were decreased & 4% of clients there was no change in PPI score since joining Cashpor.
- ❖ Around 5% of the clients reported an increase in the agricultural land since joining Cashpor.
- ❖ Around 26% of the clients reported an increase in their livestock value since joining Cashpor.
- ❖ Around 92% of clients reported that there was no food unavailability during the year.



*Suman Devi Cashpor client*

# EXAMPLES OF SOCIAL PERFORMANCE MANAGEMENT DASHBOARDS

## MARGDARSHAK SPM REPORT

	Achievement as of March 2017	Target 2017
<b>Client Targeting and Outreach</b>		
<b>% of female clients</b>		
Group loan	100%	
Enterprise loan	–	
% of rural clients	76%	–
% of clients from targeted minorities borrowers (religious minorities)	25%	–
% of clients estimated to be below the 1.88\$ per day as per the PPI	65%	50%
% of clients without previous access to formal financial services (prior to joining Margdarshak)	23%	20%
% of women clients who are engaged as primary producers / service providers	12%	10%
No. of clients who have undergone vocational training; no. of clients who have undergone business development services	256	
Vocational Training	–	2500
Business Development Services	256	
% of clients covered under the financial literacy programme	40%	25%
Client Retention Rate	91%	80%
<b>Bringing Changes in Clients' Lives</b>		
% of school age female children going to school	11%	Deferred
% of clients who have access to a toilet (own or community shared)	84%	Deferred
% of clients with access to their own drinking water	74%	Deferred
% clients moving to LPG or electricity as primary source of cooking from previous year	–	–
<b>Employee Welfare</b>		
Staff Retention Rate		
Organisation Retention Rate	74%	65%
>12 month	92%	90%
% of staff exit interview conducted	99%	100%
No. of days of external training conducted till date (for employees from scales 1-8)	34%	80%
No. of days of internal training conducted till date (for employees from scales 9-16)	95%	100%
% on-time performance appraisal conducted for all employees	99%	100%

## ESAF MARCH 2017

### Client Profile vs Target

	Existing	Target
No. of branches	284	–
No. of branches in backward district	82	140
Rural clients	87%	85%
Urban clients	13%	15%
SC/ST	19%	35%
OBC	56%	50%
People with Disability	0%	2%
% of new clients in Poverty [\$3.10]	26%	30%
% of existing clients in Poverty [\$3.10]	23%	20%
% of clients who live in Own House	95%	98%
% of client having access to Own Toilet	82%	95%
% of clients having access to own drinking water source	70%	85%

### Client Profile vs Target

	Existing	Target
% of clients employed	76%	90%
% of clients self-employed (women owned enterprises)	15%	35%
% of clients involved in household enterprises (jointly run by family members)	27%	35%
% of start-up business exclusively after ESAF loans	13%	30%
% of clients who received at least one non-financial training (financial literacy, skill development)	43%	70%
No. of clients reached with Client Education and Empowerment Program	493764	
% of clients who have invested in buying livestock from the loans of ESAF	24%	35%
% of clients who have invested in buying land/building/machinery from the loans of ESAF	11%	35%
% of clients who have invested in buying silver/gold from the loans of ESAF	13%	

### Client Transformation Study among 5 year old clients of ESAF

	Results
Improvement in the overall standard of living of clients	87%
Clients having no other insurance other than ESAF (Member welfare)	74%
Increased ability for better accessibility to hospitals	54%
Increase in income of the ESAF clients	65%
Improvement in decision making power of the clients	88%
Reduction in the debt of the clients	81%
Increase in the saving of the clients	56%
Increased work participation among ESAF clients	73%

## SAMHITA APRIL 2016 - MARCH 2017

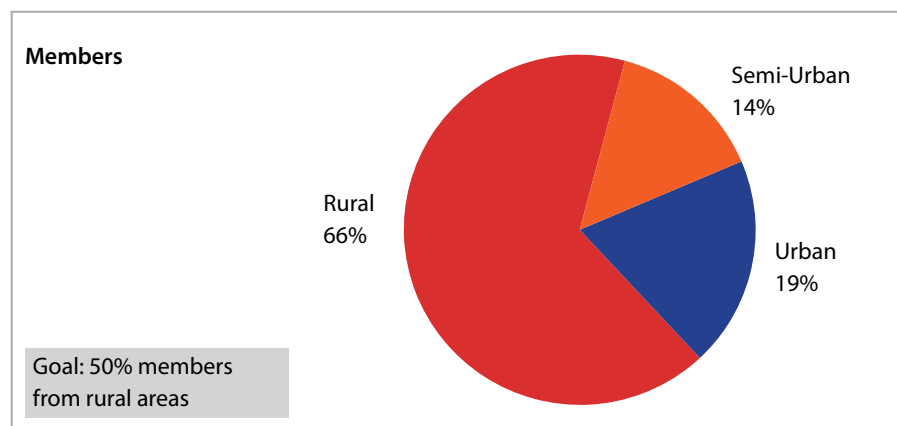
### Board Dashboard

Particulars		Goal	Current
<b>Members:</b>	Dropout Rate	<10%	36%
<b>Human Resources:</b>	% of Women Employees	≥ 20%	15%
	Staff Retention Rate	≥ 75%	82%
<b>Non-Financial Services:</b>			–
% of Members Receiving Fin-Lit Training		100%	100%
% of Members Using Services of Pension		25%	–
<b>New Initiatives:</b>			
# of new financial products introduced		2	0
# of new non financial service introduced		2	0

### Board Dashboard

Particulars		National Indicators	Goal	Current
<b>Member Income Levels:</b>	Rural	< \$ 1.25	36%	30%
		< \$ 1.88	72%	72%
		< \$ 2.50	87%	88%
	Urban	< \$ 1.25	19%	25%
		< \$ 1.88	42%	50%
		< \$ 2.50	60%	82%
New members with no access to formal sources of credit			≥ 50%	

### Board Dashboard – Geographical Outreach



### Board Dashboard

Particulars		Goal	Current
<b>Financial:</b>	Return on Assests (ROA)	≥ 2.5%	0.42%
	Operational Self Sustainability (OSS)	> 105%	103.5%
	Portfolio At Risk (PAR)	< 0.50%	11.29%
<b>Members:</b>	Member Awareness Level	> 90%	0
	Member Satisfaction Level	> 90%	0
<b>Human Resources:</b>	Staff Awareness <sup>9</sup> (> 80%)	100%	0
	Staff Satisfaction	> 90%	0

<sup>9</sup> Based on an internal written test scores of operational staff.

### Grievance Redressal

Particulars	Total No. of calls	No. of Calls Received Q4- 2017	Resolved	Pending
Members	416	110	379	37
Employees	4	–	4	–
SHWP	–	–	–	–

### Grievance Redressal - Member

Call Type	No. of calls Received	Resolved	Pending
Information	37	37	–
Routine	325	304	21
Critical	54	38	16
<b>Total</b>	<b>416</b>	<b>379</b>	<b>37</b>



# CONTINUOUS IMPROVEMENT NOW...

Our research and social data provides evidence to answer questions about

**The Need:** Are we really reaching people living in poverty with our services?

**The Response:** Are we meeting our clients' needs?

**The Impact:** Are we transforming lives?

As we have seen, Dia Vikas and its partners are committed to reaching people in poverty and providing solutions tailored to their needs and most importantly transforming their lives. We've also seen that poverty is complex and deep rooted, that transformation takes time and that our clients need ongoing support as they lift themselves out of poverty.

Since we have introduced the CERISE Opportunity SPI4 reporting tool, we have been able to more effectively monitor social performance across our network of partners. Ten out of twelve of our partners are reporting social data based on the SPI4 reporting tool. In a survey conducted by Opportunity International it was found that four out of five of SPI4 users found the tool useful for analysing and reporting data. Not only this, we worked with CERISE to introduce social performance benchmarking reports.

## ...AND INTO THE FUTURE

Looking forward, Dia Vikas will continue to work with our partners to embed a systematic approach to using data that improves client outcomes. Key focus areas will be promoting a culture of using data to respond to client needs as described throughout this report, and the use of technology and tools for efficiently collecting and reporting data. This will enable partners to effectively innovate to meet changing and varying needs across the communities they serve.

These reports help our partners to compare themselves with other similar financial providers in the industry, promoting improved practises using the Universal Standards of Social Performance Management. Our partners have efficiently used these reports in their Social Performance Management reporting to the board equipping them with a tool to measure their social performance against their industry peers and the world over.

During the year, we conducted external SPI4 assessments for our partners Sambandh and Go Finance. As a part of the assessment, we have devised a roadmap for both of our partners to help them establish a more robust social performance management framework within the organisation, aligned to their social mission. During the year, we have provided technical assistance to Sambandh in monitoring and reporting SPM in their internal audit practices. We have also suggested an action plan for implementation of SPM framework for Go Finance which will be implemented in a calibrated way in the next financial year.

Two of our partners – namely ESAF SFB and RGVN(NE) – have migrated to a new banking software as per the guidelines for management information systems for small finance banks. Margdarshak, Shikhar and Sambandh have also migrated to a

While this requires a long-term commitment of time and effort, harnessing the power of social data is ultimately the key to understanding the needs of the clients and truly transforming their families' lives. Collection, reporting and analysis of social data will provide greater insights into our effectiveness and aggregated impact. We look to support programs and initiatives with the aim of making them self sustainable. Cashpor's education centers is once such example of a self-sustainable initiative.

new software for their Management Information Systems (MIS) to better address their information and reporting requirements. It is a sign that our partners are using technological leverage to match the scale of their operations. We believe the quality of their data will improve with technological upgradation of their MIS. It will in turn help them to efficiently store and analyse client data and provide useful and regular board reports on their financial and social performance.

We believe that responsible financial practises and an effective social performance management framework which engages with the client and develops products and services based on their needs goes a long way in retaining the client in a changing market and regulatory environment. In our experience, some of our partners were able to emerge out of the demonitisation crises easily because of their relationship with the client. Social Performance Management goes a long way in helping build this relationship with the client.

Dia Vikas acknowledges the contribution of many stakeholders to our SPM efforts. We work closely with our parent organisation, Opportunity International Australia, which promotes SPM across a global network of microfinance partners.

We believe that social performance management will help our partners differentiate themselves from the other microfinance players in the market and help them combat the increasing competition in the market.

CERISE



# BOARD OF DIRECTORS



**Saneesh Singh**  
*Managing Director*

Saneesh has over 26 years of experience in the fields of development, banking, and finance, financial inclusion, MSME lending and social and impact investments. He leads Opportunity International's initiatives in India. Saneesh has been engaged in institution building, mentoring and governance of major microfinance institutions (MFIs) and has wide exposure to innovative community finance arrangements & social impact investments in India and abroad. He is a member of Inclusive Finance India Group of Advisors and has been associated as committee member with various national level MSME technical institutes, industry associations, business incubators and management training institutions. He also serves on key committees and industry forums associated with social performance, responsible finance and impact investments.

Saneesh has earlier worked in senior managerial capacities at Small Industries Development Bank of India (SIDBI) and was part of the core team that initiated its highly successful microfinance program. He was also involved in significant initiatives relating to institutional development, capacity building, technology upgradation, livelihood financing and financial inclusion. He successfully implemented prestigious bilateral projects with UKAid, IFAD, World Bank, GIZ and Swiss Aid during his SIDBI stint. He also played a key role in startup support and growth of Bandhan, the leading Indian MFI which is now a Universal Bank.

Saneesh holds Master's Degree in Social Work as well as in Systems Analysis and Design and is an Associate of the Indian Institute of Bankers. He is a British Chevening (Banking and Finance) Scholar from London School of Economics and Political Science and has specialized in Private Equity Investments from Indian School of Business, as also in Strategic Leadership in Inclusive Finance from Harvard Business School. He currently serves on the boards of several leading Urban and Rural Micro Finance Institutions, including a Small Finance Bank.



**Chris Murdoch**

Chris joined Opportunity International Australia in 2006. He is the Global Chief Strategist, responsible for global program strategy development, innovation and insight functions. Chris is also Asia Programs Director and Chairman of Dia Vikas Capital Pvt Ltd. He oversees the design and management of our programs in India, the Philippines, Indonesia and China. Prior to joining Opportunity, Chris was an Associate Partner of PricewaterhouseCoopers' Global Business Services and led the Australia and New Zealand business consulting services domain.



**Robert Dunn**  
*Member of Risk Management & Audit Committee*

Robert Dunn has been a Director of Dia Vikas Capital since 2008 and was the Chairman from that time until May 2017. He has been the Chief Executive Officer and Director of Opportunity International Australia since 2008, having joined Opportunity in November 2006 as the Chief Financial Officer. In 2017 Robert became the Global Executive Director of Opportunity International Global. He serves on the Boards of the Port Authority of New South Wales and Logosdor Limited. Prior to joining Opportunity, Robert was the Finance Director with Patrick Corporation for 14 years. He is a member of the Australian Institute of Company Directors and of Chartered Accountants Australia and New Zealand.



**Marc Brij**  
*Chairman of Risk Management Committee, Audit Committee,  
Assets and Liability Management Committee*

Marc Brij represents Cordaid on the Dia Vikas Board. Marc is partner, 'risk management and finance' at Accent Organisatie Advies. Prior to joining Accent, Marc managed Cordaid's Financial Services (CSF) Fund supervising over Euro 75 million of investments in over 100 MFIs and MFI funds/ MIVs across three continents. Marc is also a board member of various microfinance investment vehicles. Before joining Cordaid, Marc worked for 20 years in ABN AMRO, predominantly in risk management in emerging markets, strategic advisory/performance management to the ABN AMRO Managing Board and as Chief Operating Officer for the risk management function.



### **Scott Norling**

Scott is the Promoter and Managing Director of 4B Serve a company specializing in media communication. He serves as the International Consultant Asia Director of Joyce Meyer Ministries. He is a coalition builder, educator and pastor who has lived in India for over 30 years, serving the people of India through social service programs across the nation. Over the years he has built a number of churches, schools and developed infrastructure in small village communities including roads, sewers and hospitals.



### **Harry Turner**

Harry Turner is the Founder and Managing Director of TRNR LTD – a startup business incubator and consulting firm based in Oxford in the UK. Investments and clients to date include: i) co-founding The Wheelhouse Group Ltd, a start-up shared office space provider focused on building community amongst the start-ups and freelancers in the UK; ii) Non-Executive Director, consultant and investor in 3D Lifeprints, a start-up 3D printing company operating in the medical sector in the UK; iii) Senior Advisor to The Impact Marketplace, a US based start-up social impact fund leveraging tax deductible money in Donor Advised Funds to make social impact investments; iv) Investor in Isity Global, a Singapore based energy efficiency company recently acquired by Kollakorn Corporation Ltd – an ASX listed Company; v) Co-Founder and Senior Advisor to Openwell LLP – a social impact consultancy firm, and vi) Interim Head of Credit for Oikocredit International – €1B social impact investment fund. Prior roles include the Global Chief Operating Officer of Opportunity International, responsible for microfinance program support of regulated and nonprofit programs in 27 countries and Division Director at Macquarie Bank where he grew and led a virtual, global, shared services group, managing a team of 1,000 people.

## **KEY EMPLOYEES**



### **Montgomery Sen** *Chief Financial Officer*

Montgomery (Monty) holds a postgraduate degree in Business Administration and has over 20 years of experience in Banking, Finance and Capital Markets. His strength lies in analytical, quantitative, strategic and planning skills. His expertise in people management, audit, change management and conflict resolution is an added advantage to Dia Vikas. Monty has been with Dia Vikas since inception/ start up stage and was member of the founding Board. Prior to joining Dia Vikas Monty has worked with Morgan Stanley, Standard Chartered and ABN Amro.



### **Manas Kumar Bid** *General Manager*

Manas holds a postgraduate degree in Rural Management from Xavier Institute of Social Service, Ranchi. He has over 19 years of experience in the microfinance sector, including with CARE India's microfinance program in Tamil Nadu and West Bengal. His areas of expertise include sourcing and screening suitable equity investment opportunities in India, perform due diligence, analysing financial statements, risk assessments and equity valuations and monitoring equity investment portfolio. He is also proficient in capacity building need assessment of MFIs, training design and delivery, development of resource materials etc. He also represents Dia on the board of few Dia investees.



### **Saurabh Baroi** *General Manager*

Saurabh holds a postgraduate degree in Rural Management and has over 19 years of experience in Microfinance. Prior to his current engagement with Dia he has worked with both international and national organisations like CARE India, Access Development Services and CAPART. Saurabh represents Dia in the boards of many Microfinance Investee Companies. Saurabh is primarily engaged in identifying suitable investment opportunities, institutional assessments, negotiate equity and debt transactions, research business risks and opportunities, analysis of financial statements, monitoring of investee organisations, valuations, mentoring and capacity building of MFI personnel and partnership management with the Investee Companies.

# OUR SUPPORTERS AND TECHNICAL PARTNERS

Dia Vikas has a strategic relationship with Cordaid, which has taken an equity stake in the organization. **Cordaid** shares our social investment objectives.

Dia Vikas collaborates with **MicroSave**, a leading development consultancy in the microfinance sector, to deliver a range of technical assistance to our partners. MicroSave works alongside our partners to develop client-responsive approaches for the provision of market-led financial services.

Dia Vikas works closely with **MCRIL** which provides technical support for the Social Performance Management implementation of our SPM program Dia Vikas is a founding member along with the World Bank, International Finance Corporation (IFC), Small Industries Development Bank of India (SIDBI) and Department for International Development (DFID) among other organisations of the **Responsible Finance Forum (RFF)** which facilitates adoption, adherence and strengthening of responsible finance.

Dia Vikas has been an ecosystem player and has partnered with leaders in the responsible finance and impact investment communities viz: SIDBI, International Finance Corporation (IFC), DFID, Poorest State Inclusive Growth Programme (PSIG), Samridhi Fund, MUDRA, Responsible Finance Forum (RFF), Pension Fund Regulatory and Development Authority (PFRDA), SMART Campaign and Grameen Foundation etc.

## ENGAGEMENT WITH THE IMPACT ECOSYSTEM

Dia Vikas is a founding member of the **Impact Investors Council (IIC)**. Dia Vikas is playing a lead role in formulating the council's goals particularly pertaining to its impact measurement and assessment framework.

## MEMBER OF SOCIAL PERFORMANCE TASK FORCE

Dia Vikas is a member of **Social Performance Task Force (SPTF)**. The SPTF promotes social performance management (SPM): The systems that organizations use to achieve their stated social goals and put customers at the centre of strategy and operations. SPM practices including defining and monitoring social goals, developing client-centric products and services, treating clients and employees responsibly, and balancing social and financial performance.



*Vimala Devi, Sambandh client*

# FINANCIAL HIGHLIGHTS

## FIGURES IN RUPEES

STATEMENT OF PROFIT AND LOSS	Consolidated		Standalone	
	Mar-17	Mar-16	Mar-17	Mar-16
For the year ended				
Income	159,492,120	127,571,826	159,492,120	127,571,826
Employee benefit expenses	26,410,367	27,098,220	26,410,367	27,098,220
Provision against loans and expenses	-	38,856,293	-	41,273,761
Depreciation	1,082,289	1,351,124	1,082,289	1,351,124
Legal and professional #	5,842,824	10,231,133	5,842,824	10,231,133
Travelling and accommodation	5,945,384	6,099,721	5,945,384	6,099,721
Communication	988,159	1,120,666	988,159	1,120,666
Office maintenance	1,089,509	1,216,215	1,089,509	1,216,215
Other expenses	2,630,545	15,048,674	2,630,546	15,048,674
<b>Total operating expenses</b>	<b>43,989,077</b>	<b>101,022,046</b>	<b>43,989,078</b>	<b>103,439,514</b>
<b>Profit/(loss) before share in associates, interest and tax</b>	<b>115,503,043</b>	<b>26,549,780</b>	<b>115,503,042</b>	<b>24,132,312</b>
Share in associates	124,510,179	101,342,123	-	-
<b>Profit/(loss) before interest and tax</b>	<b>240,013,222</b>	<b>127,891,903</b>	<b>115,503,042</b>	<b>24,132,312</b>
Finance cost	74,312,105	56,133,006	74,312,105	56,133,006
<b>Profit/(loss) before tax</b>	<b>165,701,117</b>	<b>71,758,897</b>	<b>41,190,937</b>	<b>-32,000,694</b>
Tax	22,810,006	-	22,810,006	-
<b>Profit/(loss) after tax</b>	<b>142,891,111</b>	<b>71,758,897</b>	<b>18,380,931</b>	<b>-32,000,694</b>

BALANCE SHEETS	Consolidated		Standalone	
	Mar-17	Mar-16	Mar-17	Mar-16
As at				
Share capital	118,325,820	148,264,210	118,325,820	148,264,210
Other reserves and surplus	2,049,248,407	1,907,138,818	1,544,614,999	1,527,015,588
<b>Shareholders' Funds</b>	<b>2,167,574,227</b>	<b>2,055,403,028</b>	<b>1,662,940,819</b>	<b>1,675,279,798</b>
Compulsory convertible debentures	596,354,916	556,735,236	596,354,916	556,735,236
Other non-current liabilities and provisions	181,344,294	285,537,412	190,347,208	294,540,325
<b>Non-current liabilities</b>	<b>777,699,210</b>	<b>842,272,648</b>	<b>786,702,124</b>	<b>851,275,561</b>
<b>Current liabilities and provisions</b>	<b>22,672,215</b>	<b>26,253,204</b>	<b>22,672,214</b>	<b>26,253,204</b>
<b>Total Equity and Liabilities</b>	<b>2,967,945,652</b>	<b>2,923,928,880</b>	<b>2,472,315,157</b>	<b>2,552,808,563</b>
Fixed assets	25,865,760	26,562,460	25,865,759	26,562,460
Investments	1,729,286,098	1,604,775,919	1,233,655,600	1,233,655,600
Loans and advances	357,184,234	338,183,904	357,184,238	338,183,904
Other non-current assets	-	85,750,000	0	85,750,000
<b>Non-current assets</b>	<b>2,112,336,092</b>	<b>2,055,272,283</b>	<b>1,616,705,597</b>	<b>1,684,151,964</b>
Cash and bank balances	669,174,155	619,552,931	669,174,155	619,552,931
Loans and advances	165,964,623	232,069,640	165,964,623	232,069,640
Other current assets	20,470,782	17,034,026	20,470,782	17,034,028
<b>Current assets</b>	<b>855,609,560</b>	<b>868,656,597</b>	<b>855,609,560</b>	<b>868,656,599</b>
<b>Total Assets</b>	<b>2,967,945,652</b>	<b>2,923,928,880</b>	<b>2,472,315,157</b>	<b>2,552,808,563</b>



## STRENGTHENING FAMILIES AND BUILDING STRONGER COMMUNITIES

Helen Mary, lives in Thuckalia, near Kanyakumari with her husband and son. Her husband earns a living by selling fish. As their house is near the sea-shore, there is damage to their house over a period of time by the floods. A good water-resistant paint was an answer to their problem and hence Helen was very keen to keep her small house safe and comfortable. She wanted to use the best water-resistant paint and also put an asbestos sheet on the top of her house which can prevent rain water from entering inside. A loan of INR 50,000 from ESAF gave her relief as she immediately painted her house and also put the asbestos roofing before the onset of monsoon.



## PROVIDING ACCESS TO CLEAN AND SAFE SOURCES OF ENERGY

Sunanda Thakur who lives in Nagpur district in Maharashtra has been a client of ESAF for over five years. She owns a roadside cart in which she sells snacks in the evening. Earlier she prepared the primary ingredients for the snacks at home using the LPG cylinder as a cooking source. On an average, her LPG lasted only for 20 days when she used it for domestic and business purposes. Now, she uses energy efficient cooking stove which she has bought from ESAF using a clean energy loan. Her LPG now lasts for 40 days as it is primarily used for domestic purpose and not for business purpose. The cooking stove is easy and safe to use in her small kitchen also.





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*years of kindling hope*





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