

# Corporate Social Responsibility: A Catalytic, Innovative Finance Model

To consolidate our efforts towards community development, we established the **IIFLW CSR Foundation** ("Foundation") to design and execute CSR programmes on behalf of the IIFL WAM group entities. The Foundation, implements sustainable and holistic solutions that address critical developmental challenges, deliver exponential social impact, and inspire wider change. In the past year, our flagship initiatives impacted the lives of 48,597 beneficiaries, and we endeavour to multiply that in the upcoming years.

At IIFL Wealth & Asset Management, (IIFL WAM) we strongly believe in inclusive growth and equitable development. We focus on empowering socio-economic progress of underserved communities. We believe in doing what's right. For our stakeholders. For the planet. And for society at large. We are committed to reduce inequality by enabling access to opportunities for marginalised communities - communities that have not been given an opportunity and for those whom such opportunities are unattainable due to monetary or other constraints.

As leaders in the financial sector, we believe in leveraging our core competencies and expertise beyond providing mere funds as part of our responsibility to society. We re-imagined traditional grant-giving and evolved a more catalytic approach with CSR funds deployed to generate a higher social return by unlocking further capital, recycling funds, and a strong focus on outcomes. We vetted and co-curated interventions that use **innovative or blended finance approaches** to maximize impact and enable a multiplier effect to every contribution.



## Collaboration and collective impact - Promoting financial inclusion and access to finance

Even before the COVID-19 crisis, India experienced slower economic growth and rising unemployment – problems that were dramatically accelerated by the pandemic and the ensuing lockdown. The pandemic severely affected the health and livelihoods of millions of Indians. Inequality significantly increased because incomes and savings were almost completely depleted at the bottom of the distribution; bringing more families into poverty. Vulnerable groups and communities were exposed to the economic fallout of the pandemic – lacking credit, savings, or access to measures for support. The multifaceted gaps and challenges of the public healthcare system were also brought to light during this time with Indians struggling to find access to quality and affordable healthcare. From an education standpoint too, millions of children especially from underserved communities were severely impacted. Failure to act will compound the long-term effects of increased poverty traps.

Our focus is to build resilience in marginalised and underserved communities. While we support interventions in livelihoods, healthcare, education, environment and financial inclusion, given our financial domain knowledge and core competencies, we prioritise **financial inclusion as a lever to rebuild livelihoods** of individuals and micro or nano entrepreneurs who struggle to get access to finance.

Another guiding philosophy is to deliver **holistic solutions** - build skills and capacities, overlaid with financial literacy & inclusion. We strive to deliver a paradigm shift in the way micro entrepreneurs and informal workforce participate and progress by creating the necessary bridges between informal & unorganized sector and formal sources of credit. We hope to nudge vulnerable and marginalized communities towards formal lending/banking channels by:

- ▶ Enabling access to affordable capital for the underserved perceived as high risk,
- ▶ Ensuring formality in income for daily wage earners,
- ▶ Ensuring credit history and positive perception on their creditworthiness and in process unlocking long-term financial access,

- ▶ Improving their financial acumen. Encourage a culture of savings,
- ▶ Reducing debt traps of informal lending.

Financial inclusion plays a pivotal role in reducing poverty and is a recognized enabler in achieving at least seven of the UN's Sustainable Development Goals (SDGs). Developing sustainable and holistic livelihood solutions require the collaborative efforts of both public and private sectors as also civic society, so as to ensure that vulnerable communities are set on a path to prosperity.

### Re-imagining traditional grant-giving

The need for innovation in funding is more critical now than ever before to maximise the impact on the ground. We need to think outside the box to stretch our philanthropic contributions further. Today, in the social sector, one often writes a cheque and hopes that outcomes are achieved.

As experts in wealth and asset management, we rose to the challenge and re-imagined traditional grant-giving to adopt a more strategic, impactful, and **outcome-focused model** that generates higher social return. We prioritize grants in **innovative or blended finance** approaches to drive efficiency and effectiveness in funding and deliver exponential impact. Our approach ensures better control over outcomes and increases leverage of grants— by unlocking further capital, recycling funds, and ensuring a strong focus on outcomes. This delivers a multiplier effect in impact and builds sustainable and scalable interventions to uplift livelihoods of underserved.

As complexities in the development sector continue to grow, it is critical to identify unique and innovative solutions that address these multifaceted challenges. We believe there is immense potential in the role that CSR can play in the development ecosystem. While conventionally, CSR has been a grant-based model, we believe that CSR can be elevated to play a more influential role.

The social impact generated through CSR can be made more efficient and catalytic through **outcome-based funding and blended finance**. Outcome-based funding refers to structuring of scalable and effective solutions with a higher focus on results and outcomes. Blended finance leverages philanthropic funds to unlock commercial capital for the project, which enables solutions to be more mainstream and sustainable

in the longer run. While there are different approaches and multiple avenues under these approaches, the goal is to deliver better outcomes and amplify impact for underserved communities through increased leverage of funds deployed for CSR programmes.

Through our CSR programmes, we will promote CSR-compliant solutions that seek to achieve one or more of the following:

- ▶ Pay-for-outcome programmes (results-based financing) which have a strategic focus directed towards maximization of outcomes and impact instead of a focus on inputs ensuring higher accountability on the implementing organisation,
- ▶ Multiply impact by unlocking private or commercial capital that supplement CSR funds in areas that are typically underserved or underfunded resulting in a higher inflow of capital to aid social development projects,
- ▶ Amplify leverage of CSR funds through recycling or revolving of funds thus enabling higher social return through an increase in the number of beneficiaries impacted.

**We will innovate to optimize giving and invite like-minded philanthropists to collaborate with us and deliver collective impact.**



# Snapshots of our impact in action

We vetted and co-curated catalytic, CSR compliant interventions (outcome based funding and blended finance) to maximize impact and enable a multiplier effect to every contribution. For more information on our initiatives, refer to Business Responsibility and Sustainability Report.



1

Outcome Based, Pay-for-Success, Co-Pay paradigm in partnership with PARFI (Pan-IIT Alumni Reach for India Foundation) to provide best-in-class training and pan-India placement to 1,027 underprivileged youth from Jharkhand.

## Key highlights

- ▶ ~99% of youth from marginalised and vulnerable sections of Society: 29% female candidates
- ▶ Up to 4X increase in earnings of the youth - CTC range offered from ₹11,350 to ₹18,400 per month
- ▶ ~5000 people including family members impacted
- ▶ Improved leverage through co-funding (40% funding by Government and 20% through student loans) which enabled 2.5X students to get trained and placed



2

A smart financing solution (zero-interest revolving grant) in partnership with Collective Good Foundation and Industree Foundation to provide cash flow and access to working capital for 1,250 vulnerable women artisans from Tirunelveli, Nagapattinam and Madurai districts of Tamil Nadu who lacked creditworthiness and financial footprint to afford loans from mainstream providers. Capacity building training, access to raw materials and market linkages were also provided.

## Key highlights

- ▶ Skill training and livelihood support
- ▶ Average amount of raw material worth and working capital advance - ₹8000 (revolving grant)
- ▶ 18,538 units of products (baskets and wall hangings) and 1,147,214 meters of twisted banana bark rope manufactured from raw banana bark





3

Financial literacy program coupled with positive communication nudges and incentives for on-time repayment of loans and good credit behaviour to ~1500 nano and micro entrepreneurs across Uttar Pradesh, Haryana and Rajasthan in partnership with Collective Good Foundation and Arth.

### Key highlights

- ▶ Trainings on financial literacy to 1,522 participants (746 microentrepreneurs and 776 banking correspondents) leading to improved borrowing behaviour among the women entrepreneurs
- ▶ Financial inclusion and access to commercial capital to the unbanked - average incentive range ~ ₹4000
- ▶ 80.8% of beneficiaries repaid on time and received an incentive



4

Programme in partnership with Raah Foundation to create wealth at the bottom of the pyramid by providing livelihood enhancement skill training, financial inclusion, and requisite capacity building to tribal communities in Palghar district, Maharashtra.

### Key highlights

- ▶ Up-skilling and capacity building of 368 rural micro-entrepreneurs from tribal communities in the areas of financial services, compact farming, tailoring, farm nursery and vermicompost
- ▶ Income enhancement and financial inclusion for underserved communities

5

**Fintech start-ups**

- Entitled
- Upaz
- Micro-equity fund
- Fundfina

**Investment Committee included experts from IIFLWAM and CIIE.CO**

 <small>Pavan Manghnani Strategy &amp; Investor Relations</small>	 <small>Saumya Lashkari Director - IIFLW CSR Foundation</small>	 <small>Sanjay Wadhwa CFO - IIFLWAM</small>
 <small>Priyanka Chopra COO and Managing Partner Seed Investing, Bharat Fund, CIIE.CO</small>	 <small>Saras Agarwal Principal, Bharat Fund</small>	 <small>Sandeep Koujalgi SVP - Programs, CIIE.CO</small>

Fintech Incubator in partnership with India's leading inclusive fintech incubation platform at IIM-A called CIIE.CO: Provides transformational support to four inclusive lending startups serving Low- & Middle-Income segments.

### Key highlights

- ▶ Capital infusion to enable startups to validate and scale innovative inclusive lending models - ~16,000 loans cumulating ~₹10.6 Crs disbursed to Low- & Middle-Income segment beneficiaries through the four start-ups
- ▶ Identify challenges and aid start-ups, address their challenges through mentoring and training sessions, ecosystem connects, fund raising





6

Vaccination programme over 9 months in partnership with United Way Bengaluru to vaccinate 26,316 micro-entrepreneurs in Bengaluru from marginalized backgrounds like daily wage workers and hawkers.



7

A 10-year carbon sequestration project with Grow-Trees for plantation and maintenance of 46,500 saplings across 20 hectares in the periphery of Dalma Wildlife Sanctuary, Jharkhand. Apart from sequestering ~3845 tCO<sub>2</sub>, through the course of the project, mitigation of land degradation and improvement in soil quality will also be achieved. The project also enhances livelihoods of tribal communities who depend on forest resources to supplement their income.



8



### Education projects

The education portfolio aims to improve learning outcomes (STEM and early grade literacy) in underprivileged school children across in three states - Maharashtra, Haryana, and Karnataka.

### Key highlights

- ▶ **STEM Shakti programme in partnership with Learning Links Foundation:** Promote innovation mindset and 21st-century skills by upgrading and increasing access to quality learning. Setup of Tinkering Hubs/Labs for hands-on learning, upgrade teaching-learning and curriculum development. ~8,000 grade 6-12 students, 250 teachers, 40 government or low-income schools
- ▶ **STEM programme in partnership with Swami Vivekananda Youth Movement:** Provide tech-enabled solutions and experiential classroom session to increase learning outcomes. 1500+ grade 3-10 students, 10 govt schools, 2 centres
- ▶ **Early Grade Literacy programme in partnership with Language & Learning Foundation:** Improve early language learning through enhanced community and parental engagement. ~10,000 grade 1,2,3 children, 124 government primary schools