



SOCIAL INNOVATION FUNDS

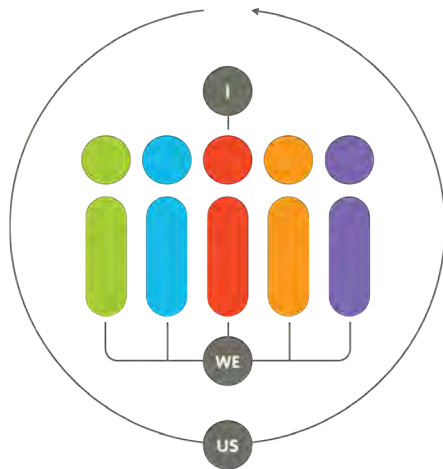


iDE is a community of investors

We're donors, farmers, board, and staff, all investing capital and time with the objective of generating social returns and income for smallholder families.

Social innovation funds allow donors to choose an area of interest, inviting deeper engagement as advisors, investors and stakeholders.

Contributions to these funds will be used on a program basis as outlined. iDE will charge appropriate management fees against these funds as they are received and used.



Management Structure

The funds will be managed and allocated by a fund committee composed of a dedicated Fund Manager, along with iDE's Director of Investor Relations and its CEO. The Fund Manager will be

responsible for processing applications from iDE programs around the globe for the use of the funds. Where applicable, the executive directors of iDE Canada and iDE UK will also be included in these committee processes.

Individuals, organizations, or groups that make a contribution of at least \$10K to the fund will receive an annual performance report on the use of the entire fund. Donor investors who contribute at least \$25K, depending on interest and expertise, may be invited to join an advisory panel related to the use of the fund.

Performance Management

Baseline metrics for all funds will be the key performance indicators for all iDE projects: **impact** (the average income gain per household), **scale** (the number of farmers we reach), and **cost effectiveness** (the ratio of aggregate income created relative to total budget expenditures). Additionally, each fund will have its own unique set of metrics to validate the investment.



BASE OF THE PYRAMID ENTERPRISE FUND



Scalability for Success

Every entrepreneur knows that a great idea does not guarantee success—it must be saleable and scalable. Replication and scale are critical impact drivers for iDE. Similarly, we know that in order to achieve maximum impact, our technologies must be effectively marketed on a large scale.

iDE has been involved in rural marketing for 29 years and has found that market-based distribution systems are far more effective than subsidies and giveaways. Establishing and invigorating these systems are the basis for sustainable transformative change and the key drivers for the BOP Enterprise Fund.

The BOP Enterprise Fund Will Support

- Base of the Pyramid sales and marketing activities, including help for country programs in developing effective Product, Price, Promotion & Place” tactics
- Development of sustainable supply chains involving manufacturers, wholesalers and retailers
- Development of expertise in supply chain management including forecasting, scheduling, inventory programs, quality programs and incentives
- Replication of the IDE Cambodia’s award-winning Farm Business Advisors Program in other countries
- Development of Community Market Facilitators (business associates) models for Africa country programs

- Training of sales force on technology and agricultural inputs
- Development of effective promotional programs

Performance Metrics

This will be a performance based fund, meaning that after an initial allocation by the fund to a project, subsequent disbursements will be contingent on achievement of agreed performance milestones.

Metrics include number of products sold, impact and reach of promotional campaigns, and growth in supply chain capacity.

The initial target size for this fund is **\$1 million** annually.

The rest of the middle-class world

1st level of prosperity: \$2-3/day households
The subsistence, hand-to-mouth, \$1/day group

iDE's projects are designed to help families at the bottom of the pyramid achieve income increases which, while small by the standards of the developed world, allowing them to move up to the 1st level of prosperity.



WOMEN'S IMPACT FUND



Unleashing the Potential of Women Farmers

Women produce 60-80 percent of the food in many developing countries and are responsible for half of the world's food production, yet their key role as food producers and providers and their critical contribution to household food security is consistently undervalued. Studies by the Food and Agricultural Organization confirm that although women are the mainstay of small-scale agriculture, farm labor force and day-to-day family subsistence, they have more difficulties than men in gaining access to resources such as land, credit and productivity enhancing inputs and services.

Given equal access to resources and control over outputs, women farmers are as productive as male farmers, yet they are even more likely to use their increased income to pay for children's food, education and health care.

The Women's Impact Fund Supports:

- Voice of Customer Studies (VOC), which determine customer's needs and preferences from the perspective of female farmers
- Technology development aimed at women customers
- Product marketing with a particular focus on women
- Support of local women's micro-lending groups
- Development of iDE staff recruitment and training programs to encourage women to pursue leading program roles in country programs

Performance Metrics

This fund's performance will be evaluated on

- Recruitment of female staff for both professional and field roles
- Voice of Customer studies undertaken with data broken out by gender
- Adoption and use rates of technologies by female clients
- Evidence on use of income earned by female clients

The initial target size for this fund is **\$1 million** annually.

Case Study: Entrepreneurial Success for All

In Nepal, iDE identified a group of 20 women in the Dalit ("untouchable") community who could earn increased income by growing spices. iDE helped the women form a farmers group, provided them with training on growing and marketing their crops, and facilitated an agreement with a local trader. The women earned a net profit of \$550 from their first harvest, which they reinvested in land and seeds. The success of the group has been an inspiration to many others in the neglected Dalit community.



DISRUPTIVE INNOVATION FUND



What is Disruptive Innovation?

Disruptive Innovation is a technology innovation, affordability initiative or value addition that disrupts the status quo for the betterment of all. With small farmers comprising 70 percent of the world's 2 billion poor people, business as usual is not enough. Fresh, creative thinking on product and process design is required to transform rural livelihoods.

iDE works with farmers to identify and develop low-cost technology solutions that increase productivity and generate cash income. We establish local, small-scale enterprises to manufacture, distribute, install and maintain those technologies at a fair market price.

The Disruptive Innovation Fund Supports:

- Refining existing irrigation products (e.g., treadle and rope pumps, drip and sprinkler systems) to improve cost, performance, availability and serviceability
- Developing new products including those using renewable energy (solar or wind)
- Sourcing suitable diesel and electric pumps
- Developing other components of irrigation solutions including header/storage bags and low-cost water drilling
- Developing new agricultural and post-harvest processing technologies
- Designing and developing other livelihood technologies, including water and sanitation technologies
- Supporting supply chain development and hybrid value chains

with for-profit suppliers

- Expanding relationships with educational programs like Stanford EDEA, MIT's Poverty Lab, Colorado State University's GSSE program and Univ. of Denver's Master's in Development Practice program
- Funding personnel costs, prototyping, and annual seminars and conferences with technical staff
- Collaboration with IDE affiliates in India and Myanmar
- Funding for interns and volunteers interested in the innovation/design space

Performance Metrics

All innovation investments will be driven by a rapid increase in demand and adoption of productive water or livelihood technologies. Reports will outline:

- New innovations identified for technical and market acceptance
- Progress against target goals for scheduled projects
- Initial market acceptance using Voice of Customer techniques
- Technology sales

The initial target size for this fund is **\$1 million**.



RURAL FINANCE FUND



Small Loans, Big Impact

Innovative irrigation techniques can dramatically increase farmers' productivity and income, but many farmers are not able to capture the market opportunities available, because they don't have the \$100 to \$500 they need to invest in such technologies.

Furthermore, microfinance organizations are often reluctant to see smallholder farmers, among others in the agricultural value chain, as worthy loan clients.

Yet smallholder agriculture is an excellent domain for lending, especially when combined with irrigation technologies, as the payback potential from these investments is very high. Thus the purpose of the Rural Finance Fund is to provide the agricultural credit needed by farmers—in particular, for irrigation technology acquisition. It will also support supply chain developments by financing inventories required to support seasonal sales activities.

The Rural Finance Fund Will Support

- Identifying effective iDE microfinance products and bringing them to scale
- Creating partnerships with rural banks and microfinance organizations to lend or transfer working capital for onward lending to eligible clients
- Financing purchases of iDE irrigation equipment by smallholder farmers
- Possible lending and business support to manufacturers, wholesalers and retailers in the supply chain

- Creating additional capacity and organizational competence for managing rural agricultural financing

Fund Operations

IDE will expect that all loans are written at market rates of interest for such lending. It is expected that all transaction and operating costs for loans written will be recovered within the agreed interest rates with the intention of operating these funds on a sustainable basis.

Performance Metrics

- Creating additional capacity and organizational competence for managing rural agricultural financing
- Number and size of loans issued
- Typical interest rates charged to clients
- Successful repayment history
- Numbers of irrigation technologies purchased with microfinance support
- Annual turns/rotations experienced by funds whether held by IDE or placed with a local microfinance partner

The initial target size for this fund is **\$5 million** (revolving; sufficient to write 20,000 loans at \$250 annually)



CORE LEADERSHIP FUND



Leadership, Vision, Inspiration

The effectiveness of iDE's programs is driven by the quality of the people engaged. This fund recognizes that iDE succeeds only when it has a strong leadership group. The senior leadership group, spanning the United States, Canada and Europe, coordinates strategic and programmatic directions, provides thought leadership at seminars and conferences and ensures accountability in achieving iDE's mission. Likewise, the international iDE board provides vision, networks and inspiration. This fund unleashes the potential of iDE's key human resources to further unleash a cascade of potential with program participants.

The Core Leadership Fund Will Support

- Costs related to conducting annual senior management seminars, and period seminars for finance or iQ personnel
- Costs related to attendance and presentation at international conferences and seminars (e.g., World Water Week, World Food Prize, the Clinton Global Initiative, etc.)
- Thought leadership activities including the preparation of papers and presentations demonstrating iDE's unique approach to innovation, product development, marketing, and performance measurement
- Management of a world class iQ system, which provides for evidence-based practice, increased program efficiency and effectiveness, and the development of personnel and program performance management methods supporting a results-based orientation

- Development of a global information network
- Development of education experiences in country program locations for board members in order to achieve more informed governance
- Employment costs for the senior leadership team including the CEO, CFO and other members of the VP Group

Performance Metrics

- Training and development seminars conducted for management and board
- Completion of specific iQ surveys and studies related to program effectiveness
- Number of presentations made at seminars and conferences

The initial target size for this fund is **\$1 million** annually.