



HAND IN HAND
INTERNATIONAL



**HAND IN HAND
INTERNATIONAL
ANNUAL REPORT 2016-17**



Look at poverty differently and you'll see grassroots entrepreneurs, full of energy and ideas. We help turn their skills and potential into jobs. They find a way out of poverty.

Hand in Hand launched in 2003 in rural Tamil Nadu, India. Since then we've mobilised 2 million members in 11 countries, almost all of them women. Together, with our support and their hard work and ingenuity, we aim to create 3.7 million jobs by 2021, transforming 13.7 million lives for the better.

Let's get to work.

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The figures in this report are for the Hand in Hand network as a whole for the period from April 1 2016 to March 31 2017. Fundraising (page 7) and financial (page 17) figures cover Hand in Hand International only. Hand in Hand is a network of legally independent organisations and, as such, does not have consolidated financial accounts. Based in London, Hand in Hand International is one of three support and fundraising operations in the network.

Cover photo: Mariam | Self-Help Group member | Chintal district, Balkh Province, Afghanistan

A WORD FROM OUR CHAIR



BRUCE GRANT,
CHAIRMAN

Given the same opportunities as you and me, the women in this report would not be farmers and brick-makers – they would be managing directors and CEOs.

I see that in their ingenuity, like when Benedetta from Kenya turned trash into treasure, monetising the rubbish that littered the streets (page 8). I see it in their grit, like when Sarasa from India shouldered her way into the local construction industry, saving her family from homelessness (page 15). I see it, frankly, in their ambition, like when Najia from Afghanistan walked into her first Self-Help Group meeting with nothing – and hired the whole lot a year later (page 13).

When so many millions of smart, hardworking women go wanting, there can be no doubt that circumstance, not ability, is the determining factor. That's worth keeping in mind as we consider the scale of our mission.

In the next decade alone, the global economy will need to create 600 million jobs to keep up with demand. That's half the number of formal jobs in existence today – wildly beyond the scope of current employers. If they want to escape poverty, the so-called 'bottom billion' will need to

overcome their circumstances. And Hand in Hand will be there to help them, contributing one last ingredient to that potent mixture of ingenuity, grit and ambition: knowledge.

In 2016–'17, Hand in Hand's business and skills training nurtured and grew more than 400,000 jobs – adding 16 percent to our overall total (page 9). Some 245,000 new members joined our ranks. Long-term strategic investments in monitoring and evaluation began to bear fruit, resulting in more and better evidence than ever before (page 10). And the world took notice, conferring upon Hand in Hand International some of our sector's most prestigious awards (page 7).

I see every day that our members are up to the job of overcoming poverty. Join us over the following pages, and you will see it too.

Bruce Grant
Chair, Hand in Hand International



Self-Help Group member and daughter | Mpanga region, Rwanda

YEAR IN REVIEW

Hand in Hand sharpened our focus on women, youth and the environment in 2016–'17. In the UK, we picked up our first two awards.

Women's empowerment

Nowhere in our network are the barriers to women's empowerment greater than in Afghanistan, a country where only 16 percent of women work outside the home. This year, as one major programme concluded in the country, another continued to progress, and a third was launched anew. Women were at the centre of each.

November saw the successful conclusion of our three-year European Union-funded project in Samangan Province – and with it, record-high rates of female participation (see page 12).

Next door in Sar-e-Pol Province, the story was much the same. With an overall budget of US \$3.2 million – including US \$2.2 million in UK aid from the British people – our three-year project in Sar-e-Pol launched in 2015, and remains the biggest in Hand in Hand Afghanistan's history. Some 8,916 businesses and 10,927 jobs have already been created – 94 percent and 82 percent of our overall target, respectively – with a full year still left to go. Seventy-four percent of jobs are held by women versus a target of 70 percent.

In Balkh Province, we broke new ground with first-time partner CAFOD, the Catholic Agency for Overseas Development. Joint-funded by both partners and delivered by Hand in Hand, the two-year project aims to create 600 jobs, maintaining our female participation rate of 70 percent.

Environment

This time last year, Hand in Hand teamed up with the IKEA Foundation to help thousands of women and young people in rural Kenya work towards a brighter, more environmentally friendly future.

The four-year, US \$3.6 million project aimed to help 43,200 impoverished mothers and young people thrive as eco-entrepreneurs – adopting farming techniques such as crop diversification that can stand up to climate change, or running green businesses that, unlike farming, don't need rain to stay running. A subsequent gift from the Swiss Re Foundation brought our target to 45,600.

One year in and our mission is more urgent than ever: prolonged drought has put 2.6 million Kenyans at risk of starvation, prompting the government to declare a national state of emergency. Food aid will not help Kenyans get through the next drought, but greener farming and businesses will. We've mobilised 10,476 members so far, with plans to increase our intake by 11,600 next year.

Youth

The 'ticking time bomb' of youth unemployment in Kenya is another reason we must look to the future. Funded by the IKEA Foundation and Swedish Postcode Lottery, Hand in Hand's after-school Entrepreneurship Clubs aim to raise the status of self-employment among 10- to 16-year-olds, paving the way for a career in entrepreneurship. It's an uphill battle in Kenya, where employment with government and big companies is still seen as vastly more desirable. One year in, some 3,000 students have graduated from the program, completing income-generating group projects to help offset their school fees. The clubs aim to reach 11,800 students by 2020.

Partnerships

Ten-and-a-half-million. That's the number of Savings Group members mobilised worldwide by NGOs like Hand in Hand. Our experience partnering with CARE in Rwanda (page 10) proves Hand in Hand's training could help grow their incomes by 75 percent to pay for school, food and better places to live. But first, we'll need to reach them.

In December, we held our biggest event ever to help spread the word, a seminar at the London School of Economics. The event brought together experts from the worlds of finance and international development, featuring speakers from CARE International UK, Credit Suisse, the Savings Bank Foundation for International Cooperation and Hand in Hand.

In March, our campaign went global. That's when Hand in Hand International was approved to join SEEP, the world's leading network of NGOs working in markets and financial inclusion. We'll begin to meet them in 2017–'18.

Awards

Hand in Hand International won our first award in 2016–'17 – then promptly won our second.

The first, a National Fundraising Award for Best Fundraising Newcomer, came in November. The award was conferred by the UK Institute of Fundraising to our Major Donor and Corporate Fundraising Officer. Four months later, our Chair in Afghanistan was named Outstanding Individual at the Bond Awards, organised by the UK's 400-strong membership body for international NGOs.

The wins garnered considerable media coverage in outlets as diverse as *Devex*, the UK's *Daily Mail* and *Reuters*, helping Hand in Hand reach a potential audience of 100 million at minimal cost.

Funding our ambitions

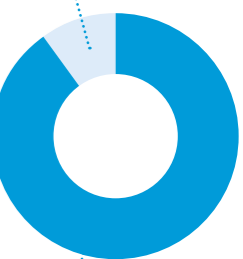
Hand in Hand International raised US \$7.5 million in 2016–'17 – 4 percent more than in 2015–'16. As in previous years, donations came chiefly from governments, corporate donors, foundations and major philanthropists.

Our largest single grant came from the IKEA Foundation. First-time donors included S&P Global and The Lotus Group.

Keeping costs low

Hand in Hand International is committed to keeping our overheads low. Our fundraising to expenditure ratio is 9.9 percent.

Fundraising costs: 9.9%



In-country programmes: 90.1%



MEET BENEDETTA

Benedetta Kalondu walked home in the dying light, feet aching from another day in the fields, and fed her sons their usual bowl of maize. When dinner was over she reached into her bag and pulled out some junk she'd picked up off the street on her way home, hoping it could be put it to use.

Her bag was looking worn. In fact, it was nearly in tatters. She would need a new one, Benedetta (pictured above) realised. But buying a new one was out of the question. That's when it hit her: she could use the waste she'd picked up - a bit of twine here, some tin foil there - to weave a new one from scratch.

Benedetta didn't yet think to sell her upcycled bags. That revelation came later when she joined Hand in Hand. But looking back now, she says, that was the night when everything changed.

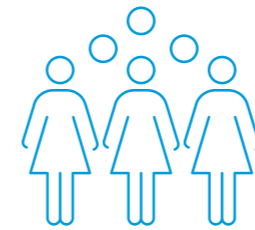
Benedetta joined Hand in Hand a year later and quickly realised she hadn't just learned how to make trash useful - she'd learned how to monetise it. Today her income is US \$80 a month and she employs two of her neighbours.

If one thing has grown more than her income, she says, it's her sense of community. Along with the rest of her Self-Help Group members, Benedetta pays into a group welfare fund that covers members' hospital bills in case someone gets ill. The group also pays final exam fees for every group member's children.

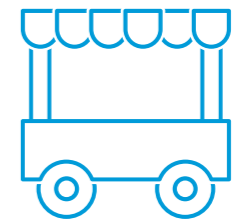
"My eldest son will finally complete school this year," says Benedetta, beaming.

BY THE NUMBERS

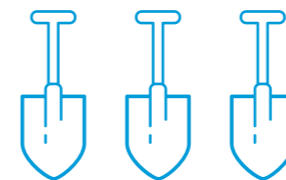
Taken together, Hand in Hand added almost a million members, businesses and jobs in 2016-'17. Milestones were reached in countries throughout the network.



Members
243,911 added
1,965,698 total



Businesses
202,885 added
1,945,602 total

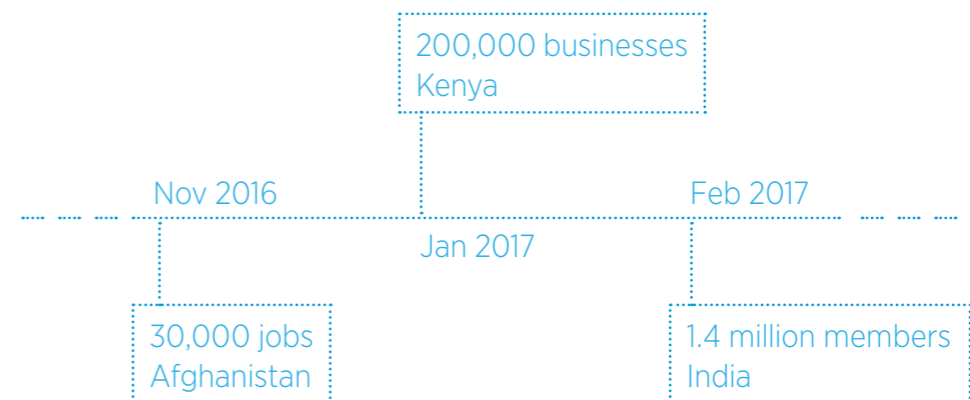


Jobs
400,319 added
2,911,851 total



Lives improved
1,179,971 added
10,816,516 total

MILESTONES REACHED



EVIDENCE

Our donors rightly demand figures backed by hard evidence. Our teams in the field need rock-solid data to do their best work. Internal monitoring systems are necessary for both but sufficient for neither. Only independent, third-party research can complete the monitoring and evaluation picture.

This year saw the publication of three such evaluations – each in a different country, each conducted at the conclusion of a major multi-year programme.

Rwanda

In 2013, Hand in Hand and CARE International joined forces around a common goal: to promote entrepreneurialism among 100,000 Savings Groups members in Rwanda, creating 80,000 sustainable jobs in three years. The US \$3.2 million project blended the best of both organisations' methodologies, combining CARE's experience mobilising savings groups with Hand in Hand's expertise training rural population to start their own businesses.

An independent review of the programme published this year confirmed what our experience in the field told us all along: the partnership was a success, exceeding targets in several major categories.

Learning

Formal financial services such as mobile banking and microfinance institutions should be "closely linked" to future programmes, helping members take a first step onto the credit ladder, said the report.

It also suggested developing strategies to help women overcome "initial resistance from their spouses" when joining Self-Help Groups. In response, we're rolling out detailed surveys to scrutinise the links between women's economic and social empowerment. The data we get back will help us find ways to overcome husbands' reluctance.

The programme was "especially successful [at creating] jobs and start-up of enterprises, [and] increasing enterprise profitability, asset accumulation and financial inclusion."



Members
Achieved: 129,816
Target: 100,000



Jobs
Achieved: 115,041
Target: 80,000



Monthly income
Average increase: 75%

Kenya

Hand in Hand Eastern Africa is a "centre of excellence". That's according to an independent review of our two-year, US \$2.3 million programme in Kenya funded by the Swedish International Development Cooperation Agency (Sida). The programme, which concluded in March 2016, aimed to create and enhance 28,000 jobs for rural entrepreneurs, provide access to microfinance, and promote green jobs and environmental resilience.

Instead, it created and enhanced 45,695 jobs, exceeding its target by 163 percent. Even more interesting was the shift from low-paying agricultural jobs to higher-paying service jobs over the course of the project.

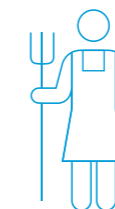
Learning

Access to microfinance again emerged as a key challenge. The report suggested working more closely with microfinance institutions to ease members' climb up the credit ladder. In response, we'll limit future members to one loan from Hand in Hand's own fund in order to incentivise their move to other providers.

"The effect of the project in reducing the number of people living below Ksh 3,000 (US \$30) has been phenomenal."



Members engaged in retail
7% to 23%



Members engaged in farming
67% to 48%



Members earning more than US \$100 per month
9% to 27%



Members earning less than US \$30 per month
56% to 15%

Afghanistan

Hand in Hand Afghanistan's programme in Samangan Province was "extremely useful to improving women's socioeconomic situation", receiving "overwhelmingly positive" reviews from beneficiaries, according to independent evaluators.

Launched in February 2014 with US \$1.16 million in funding from European Union, the programme aimed to create 5,400 small businesses and 8,100 jobs in 30 months. Perhaps most ambitiously, it targeted 70 percent female participation – significantly more than Afghanistan's female labour participation rate of 16 percent or the 35 percent target for aid programmes set by the Afghan government.

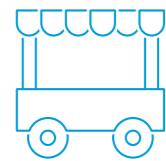
Those targets and most others, said the report, were "met or exceeded".

Learning

Based on interviews with members, the report's authors suggested our future projects in Afghanistan do more to consider women's low literacy rates – an astonishing 7 percent in rural areas – at every level of programme design.

Going forward, we'll require every Self-Help Group to have at least one member with a sufficient level of literacy to take charge of the group's accounting. Lessons in basic literacy and numeracy will also be provided to all interested members.

"[Hand in Hand] is extremely useful to improving women's socioeconomic situation."



Enterprises
Achieved: 5,518
Target: 5,400



Jobs
Achieved: 8,538
Target: 8,100



Female participation rate
Achieved: 76%
Target: 70%



MEET NAJIA

Outside of Afghanistan it can scarcely be imagined. As many as 80 percent of marriages are forced, millions of girls younger than 16. Strict curfews and constant male supervision shrink women's lives down to the size of their homes. And a horrifying 93 percent of rural women can't read or write.

Against this backdrop, a story like Najia's is about more than income. The mother of four from Nahri Shahi district arrived at Hand in Hand with nothing. Armed with only her wits and the skills she learned at her Self-Help Group, she built a company manufacturing and selling canned goods such as spaghetti from scratch.

Today Najia (pictured) earns US \$720 a month, more than four times the national average. But it's a newfound sense of empowerment that has

made her journey worthwhile. "My life has totally changed," she says. "I'm no longer dependent on my husband's income and I can easily purchase clothes and school materials and take my children to the doctor. I'm even saving for emergencies – and to expand my enterprise."

Starting out, Najia sold her food in neighbouring villages. Drawing on the lessons she'd learned about market linkages, she soon moved into Mazar-i Sharif, the biggest town in the region. Then came her biggest success yet: a deal supplying food to a large supermarket.

Today, Najia has 18 part-time staff. She hopes to hire them full-time soon. "We plan to establish a small food product manufacturing plant with modern labelling machines to compete with imported cans," she says.

LOOKING AHEAD

Next year ushers in a new strategic period for Hand in Hand. To help guide our efforts until it concludes in 2021, we've introduced a new series of targets – in essence, a new definition of success.

Covering four key areas, the targets take their lead from the United Nations Sustainable Development Goals, a group of indicators ratified by 193 countries designed to guide and assess worldwide development efforts to the year 2030. Rather than focusing only on numbers of jobs, we'll also be tracking the changes those jobs make in members' lives.



Jobs

Target: Create a cumulative total of 3.7 million jobs by the time our strategic period ends in March 2021.

We measure jobs using cloud-based management information systems designed to track members' progress in real time.

Household income

Target: Raise our members' household incomes by an average of 30 percent within 30 months.

Hand in Hand measures household income directly. To triangulate our findings, we also keep track of members' assets – cows, chickens and so on – and use the PPI scorecard, a global methodology supported by the Bill & Melinda Gates Foundation.

Food security

Target: Permanently eliminate moderate or severe food security among all of our members. By the time they finish our training, they should never go to bed hungry again.

Hand in Hand uses USAID's Food and Nutritional Technical Assistance (FANTA) methodology to measure food security among our members. Developed by the United States' national aid organisation, FANTA is the global standard.

Women's empowerment

Target: 80 percent of our female members gain a greater say in household spending decisions, while 30 percent gain a greater say in the community, within three years.

We use detailed surveys asking women themselves to report levels of participation at home and in the community.

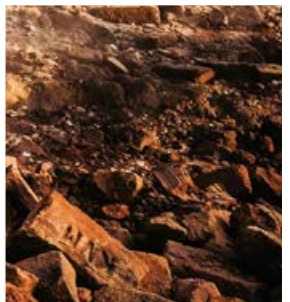
Tanzania

In 2016–'17, Hand in Hand registered in Tanzania and developed our expansion plan. By the end of 2017–'18, we'll have recruited local staff and started mobilising members.

Five districts in the northern regions of Arusha and Kilimanjaro have been identified by an external study for our first phase of expansion. By Tanzanian standards, the districts are both densely populated (more than 150 people per

square kilometre, increasing our efficiency) and highly literate (76 percent and higher). They're also deeply impoverished, with as many as 50 percent of people living below the poverty line. These three factors – combined with diminishing rainfall, which underscores the need for diverse sources of income – make them ideal for our intervention.

We aim to create 200,000 jobs in Tanzania within six years.



MEET SARASA

“I just want my children to have an easier life than I did,” says Sarasa Bai (pictured) matter-of-factly. It's midday in Kanchipuram, and behind the young mother of two a mountain of red clay bricks is baking under the south Indian sun.

Two years ago, Sarasa's life came tumbling down around her after her parents-in-law sacked her from their brick-making business and threw her out of the family home, reducing her family's prospects to rubble. Desperate, she and her husband applied to the local bank for a loan. They were rejected outright: no history, no collateral, no credit.

It was then, at Sarasa's lowest moment, that a neighbour told her about Hand in Hand. She joined up immediately and made her case for an emergency loan.

“If it hadn't been for the loan from the savings group, at one point we would have had to choose between our brick-making business and our home,” she says.

Today, using the skills she learned from her Hand in Hand trainer, Sarasa's business makes a monthly profit of US \$464 – enough to pay rent, feed her family a balanced diet, and send her children to school.

OUR LEADERSHIP

Hand in Hand International’s Board of Trustees counts experts from the worlds of finance, industry, law, climate change and international development. Half our Trustees are women.



Bruce Grant
Chairman
Founder and Chairman, Applied Value LLC



Percy Barnevik
Co-founder and Honorary Chair
Chairman, AstraZeneca, ABB, Sandvik,
Investor and Skanska



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Stephanie Whittier
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Co-head of Foundation and Endowment Services,
Morgan Stanley

FINANCIAL OVERVIEW

Network-wide, Hand in Hand raised in excess of US \$14 million. These financial statements are limited to our UK operation, Hand in Hand International, for the year ending 31 March 2017. As a family of independent legal organisations, the Hand in Hand network does not have consolidated group accounts. Audited statements for other individual Hand in Hand organisations can be found on their respective websites, or requested at info@hihinternational.org.

Statement of financial activities (incorporating an income and expenditure account) for the year ending 31 March 2017

	Restricted US\$	Unrestricted US\$	Designated US\$	2017 Total	Restricted US\$	Unrestricted US\$	Designated US\$	2016 Total
Incoming resources								
Donations and grants	4,510,753	3,022,551	-	7,533,304	2,768,100	4,367,488	97,710	7,233,298
Interest	-	2,539	-	2,539	-	360	-	360
Total Income	4,510,753	3,025,090	-	7,535,843	2,768,100	4,367,848	97,710	7,233,658
Outgoing expenditure								
Fundraising costs	-	742,873	-	742,873	-	709,812	-	709,812
Funding our network								
Supporting people in Afghanistan	1,046,349	492,108	-	1,538,457	1,212,887	566,373	-	1,779,260
Supporting people in India	-	-	-	-	714,994	428,694	-	1,143,688
Supporting people in Kenya	1,872,890	961,036	294,101	3,128,027	878,601	1,706,875	-	2,585,476
Supporting people in Rwanda	-	212,715	-	212,715	-	630,801	-	630,801
Supporting people in Southern Africa	-	-	-	-	-	48,273	-	48,273
Total Expenditure	2,919,239	2,408,732	294,101	5,622,072	2,806,482	4,090,828	-	6,897,310
Net income for the year	1,591,514	616,358	(294,101)	1,913,771	(38,382)	277,020	97,710	336,348
Funds at 1 April 2016	-	721,408	2,739,438	3,460,846	38,382	444,388	2,641,728	3,124,498
Funds at 31 March 2017	1,591,514	1,337,766	2,445,337	5,374,617	-	721,408	2,739,438	3,460,846

All of the above results are derived from continuing activities. There were no recognised gains or losses other than those stated above. The formal accounts were reported in £ values but are shown here in US \$ at a conversion rate of 1.3028.

Balance sheet as at 31 March 2017

	2017 US\$	2016 US\$
Fixed Assets		
Tangible Assets	75,962	16,861
Current Assets		
Loans due in more than one year	1,384,733	1,168,962
Debtors	305,585	273,437
Cash at bank/in hand	3,689,334	2,100,096
	5,379,652	3,542,495
Creditors: Amounts due within one year	38,534	61,139
Net current assets	5,341,118	3,481,356
	5,417,080	3,498,217
Creditors: amounts due in more than one year	42,463	37,371
Net assets	5,374,617	3,460,846
Funds		
Restricted funds	1,591,514	-
Unrestricted funds		
Designated funds	2,445,337	2,739,438
General funds	1,337,766	721,408
Total funds	5,374,617	3,460,846

Notes to the financial statements

We have examined the summarised financial statements for the year ended March 31 2017 set out on this pages 17 and 18.

Respective responsibilities of the Trustees and the auditor

The Trustees are responsible for preparing the summarized annual statements in accordance with applicable United Kingdom law and the recommendations of the Charities SORP. Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full annual financial statements and the Trustees' Annual Report. We conducted our work in accordance with Practice Note 11 issued by the Auditing Practices Board.

Opinion

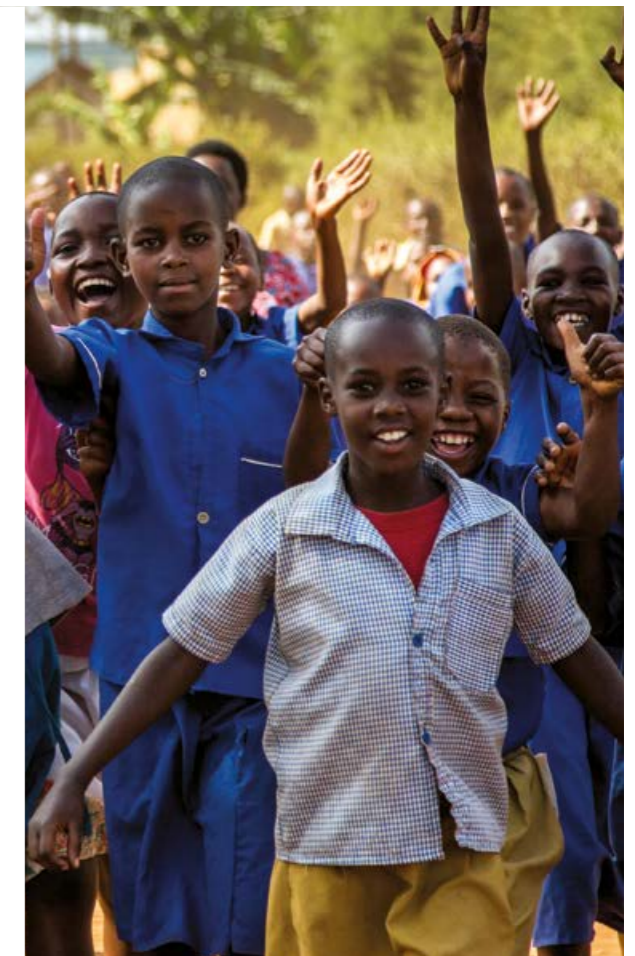
In our opinion the summarized financial statements are consistent with the full annual financial statements, presented in pounds sterling, and the Trustees Annual Report of Hand in Hand International for the year ended 31 March 2017.

Neil Finlayson, Kingston Smith
Devonshire House
60 Goswell Road
London, EC1M 7AD
June 2017

Approved by the Trustees on 9 June 2017. The formal accounts were reported in £ values but are shown here in US \$ at a conversion rate of 1.3028.



Schoolchildren | Bugesera district, Rwanda



THANK YOU

None of our work is possible without the generous support of our donors. We would like to thank the following institutions and companies for their especially significant contributions in 2016–'17.

- Catholic Agency for Overseas Development (CAFOD)
- European Union Delegation to Afghanistan
- Google UK
- Gunvor Group
- IKEA Foundation
- Johnson & Johnson Corporate Citizenship Trust
- S&P Global
- Swedish International Development Cooperation Agency (Sida)
- Swiss Re Foundation
- UK Department for International Development (DFID)

We would also like to thank our Patrons and Trustees for their expertise and contributions.

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