

S³IDF

Small Scale Sustainable
Infrastructure Development Fund

www.s3idf.org

Annual Report
2007 - 2008





Our Mission

To provide infrastructure and related services by facilitating finance, business development and technical services for poverty alleviation.

Our Model

We facilitate creation of micro-enterprises and related investment that provide infrastructure services such as energy, water, sanitation, transport and telecommunications necessary for poverty alleviation using our “Social Merchant Bank” model. The approach involves:

- Environmental and financial sustainability
- Innovative “gap-filling” financing to induce participation of local financial institutions
- Partnering and linkages approach
- Highly replicable business models

S³IDF is a non-profit company registered in India, since 2003, under section 25 of the Indian Companies Act 1956. S³IDF is registered as 12A (a) under India Tax Act which helps Indian donors claim tax exemption under section 80G.

Dear Friends,

At the outset, I would like to acknowledge our great loss of our beloved friend, fellow S³IDF founder and senior adviser Professor Ramesh Bhatia. S³IDF will miss him in many ways but more so we will miss him sorely as a friend and collaborator. He would, we think, be proud of S³IDF's continuing progress, now unfortunately without his presence.

In 2007, S³IDF received significant validation of its model on a global scale. On June 15 in Basel, Switzerland, I accepted, on behalf of S³IDF, the first World Clean Energy Award in the NGO and Initiatives category for its lighting solutions for poor households and communities in South India. In addition to an important external validation of our pro-poor, pro-environment Social Merchant Bank model, the Award recognizes our accomplishments in mainstreaming the use of renewable energy and energy conservation technologies.

This year, we increased our overall operational efficiencies and also made additions to our portfolio including new types of projects like "The Last Mile." This project addresses infrastructure technology, supply chain shortcomings, and issues relating to especially low income communities with focus on improving access to the electricity grid in an energy efficient and inclusive manner reaching all members in a community of multiple

villages with more than 1000 households. Additionally it provides the framework for multiple components (e.g. improving rural electricity infrastructure, providing connections at affordable costs, promoting end-use efficiency and energy conservation & bundling the delivery of other services etc).

We continue to face challenges. We are achieving significant results in implementing our Mission. The Board of Directors and I want to acknowledge the tremendous efforts of the India staff and their growing experience. It is their efforts that are to be credited with the growth of S³IDF's portfolio and pipeline and the exercising of lessons learned.

Sincerely



Russell J. deLucia
Founder & Chairman
S³IDF, India



Our Projects

S³IDF is producing a stream of financially self-sustaining micro-enterprises that can supply infrastructure services to poor people in ways that tap into existing sources of small-scale finance. It also supports other enterprises whose role is critical to these infrastructure services such as the small-scale suppliers of technology and know-how. By ensuring the creation of such locally owned small/micro-enterprises run by poor/ marginalized/ disabled people, women, NGOs, SHGs etc., S³IDF helps start fundable business ventures in poor communities that benefit the poor both as consumers and owners/operators.

The projects in S³IDF's portfolio operate under following categories:

- Lighting including Lighting for Productive Uses
- Productive Use/ Livelihood & Transportation
- Very Small Household Energy/Infrastructure Device
- Biomass Energy
- Information & Communication Technology
- Enterprise Support Transactions [for Supply Chain Players]
- Modern Energy & Fuels supply



Improved cooking oven for processing arecanut for Obala Reddy an arecanut farmer at Kabbala village, Channagiri taluk, Shimoga district

Highlights of the year are:

Last Mile Franchise

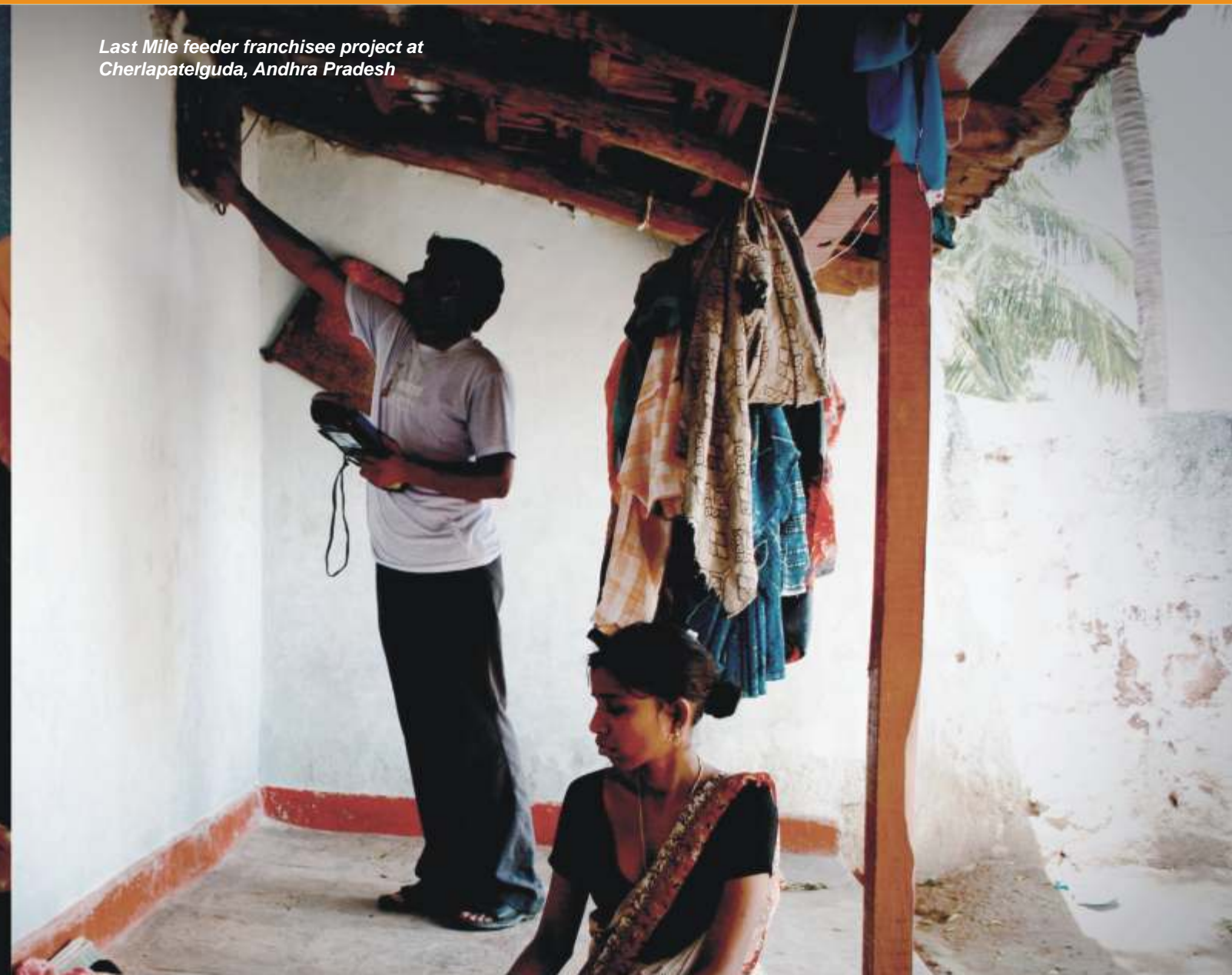
The Last Mile project is a collaborative effort between S³IDF and Administrative Staff College of India (ASCI) in Hyderabad to provide greater access to grid electricity to the rural poor. This is achieved by making the distribution company (DISCOM) to set up a "last mile" franchise, along with a local partner to provide the 'last mile' electricity services - while ensuring quality, reliability and also offer other bundled services. The franchisee is improving efficiency with the following responsibilities:

- Regularizing connections for all households
- Resolving any outstanding related problems through a people's court that will meet regularly
- Timely billing and collection
- Earthing requirements of the households

As part of the bundled services, the franchisee is introducing energy efficient devices where feasible. For example the incandescent bulbs in the households are being replaced by CFLs, provision of potable water, sales of pressure cookers etc. The project is currently operational in Cherlapatelguda, Turkaguda, Kappapadu & Khanapur villages of Rangareddi district in Andhra Pradesh. Over 1300 households have been directly benefited from this project.

Computer Aided Technology for Traditional Embroidery Work

Eswaramba Mahila Society (EMS) is a registered women's self help group located in the BHEL township of Medak District, Andhra Pradesh. It specializes in embroidery work for traditional sarees and dresses, repetitive designs on fabrics, small mirrors inlaid in elaborate patterns, bead work etc. Besides garments, the product list also includes handbags, mobile phone covers, files, cushion covers etc. Established in 2002 by Mrs. Satyavathi, their group leader, the society grew in strength to 12 employees from poor/low income category and progressed well in 5 years. Because of increase in business and demand, EMS perceived to scale up its activities using computerized embroidery machine provided by a local technology supplier. S³IDF facilitated this purchase of computerized sewing machine in order to increase their quality of work and overall productivity. The business is expected to increase exponentially through the work of all 12 employees and part time activity of about 200 trainees thus ensuring increased income and work security.



Grinding Away Poverty

The flour milling business is widely prevalent in rural & urban areas, where grains such as wheat and rice are ground using a bulky traditional flour mill that requires three phase connection to run. However, in remote villages of Chitradurga and Shimoga, where there is either lack of three phase power supply or no access the traditional flour mills, the project makes available smaller flour mills called "Atta Master" through enterprises set up by poor women. S³IDF provided the necessary linkage to technology and facilitated financing from Punjab National Bank for these women entrepreneurs. This flour mill is cheaper, compact and requires only a single phase power supply to run, although with a lower capacity. Due to this, the investment amount is less and the infrastructure easy to install and run. Beneficiaries are the poor women as flourmill operators as well as the scores of customers who utilize these machines locally and need not travel distances to get their grinding work done.



Bhagyamma from Jaglur, Chitradurga district now owns an LPG connection

Access to Modern Fuels and Clean Energy

These projects enable LPG access to the poor households. New LPG connections are made available from time to time, as LPG supply is subsidized by the government. Because of its intermittent nature, households who do not have the immediate financing (a new connection would cost around INR 3000) lose out on getting the connections. S³IDF, through its partner NGO Chaitanya, identifies poor households who require the connection and get their name registered with the LPG supply agency. Once, the supply is available, S³IDF releases the finance making it possible for the households to get the connection. The main beneficiaries are the women and children of the household with saving of time and money to an extent when both direct and indirect benefits are taken. Savings for the housewives translate into better quality of living for their families. The time saved in collection of fuel wood is utilised for income generating activities thus adding to the economic benefit for the poor households. Besides, it replaces the current usage of kerosene and burning of traditional fuels responsible for Green House Gas (GHG) emissions.

Enabling Transport Medium

Transportation is a critical infrastructure, especially so in remote villages. Transportation facilities here are required for two primary purposes. One is to transport people from the smaller dispersed villages to the larger economically active villages and town centers for finding work (labor), reaching markets for selling and buying goods and for accessing services such as health. The other need is to transport goods into and out of the villages. However, there is a shortage of transportation vehicles serving smaller and remote villages because of the dispersed nature of the villages, low volumes from each of the villages, large investments for transportation vehicles and lack of financing for such investments. S³IDF enables transportation vehicle in order to transport milk and goods along specified routes. For example, S³IDF runs a goods transportation vehicle in Challakere and Molkalmuru taluks of Chitradurga District. Along these villages, there are 'milk routes' where milk is collected from various villages and delivered to the closest chilling station located in Shimoga District. The milk business required a good vehicle and disciplined transportation service, which is hard for poor entrepreneurs given the investment size for vehicles, poor quality of roads and the amount of risks involved. Thus no commercial transport players are operating in the region. S³IDF invests in transportation vehicle in order to fill such gaps.



Sneha water purification centre run by women in Mondigowrelly village, Yacharam Mandal, Ranga Reddi district, Andhra Pradesh

Donors and Partners

We like to express our sincere gratitude and acknowledge the generous support of our various donors through the years. The major donors for the current year are:

- ▶ Blue Moon Fund
- ▶ EDF Energy
- ▶ Global Village Energy Partnership International (GVEP/I)
- ▶ KSK Energy Ventures (India)
- ▶ Marclad Foundation
- ▶ Renewable Energy and Energy Efficiency Partnership (REEEP)
- ▶ Shell Foundation
- ▶ TPW Energy Collaborative via the Tides Foundation
- ▶ USAID- Global Development Alliance Program

We fostered successful partnership with 35 banks that have financed project transactions (including branches of 10 different banks), 26 technology suppliers and 12 NGOs in about 30 districts of South India.

S³IDF receives World Clean Energy Award

Dr. deLucia received the first World Clean Energy Awards on behalf of S³IDF in Basel Switzerland on June 15th 2007. The Awards honour innovative projects that move clean energy from scientific and experimental applications, into integrated, broad-based use. This prestigious, international award recognizes S³IDF's accomplishments in mainstreaming the use of renewable energy and energy conservation technologies, and is just another step in our continuing goal of providing access to cleaner energy sources and promoting economic development. Most importantly it is an independent, external validation of our pro-poor social merchant bank model from both an accomplished panel of international jurors and from World Watch Institute, our nominating institution.



Mrs Satyavati, leader of Eshwarambha Self-Help-Group with computer embroidery machine in Medak District, Andhra Pradesh

Financial Statements

Small Scale Sustainable Infrastructure Development Fund
(A Company Incorporated under section 25 of the Companies Act)
#813, 12th B Cross, 23rd Main, 2nd Phase JP Nagar, Bangalore - 560078

BALANCE SHEET AS ON 31ST MARCH, 2008

PARTICULARS	Schedule	AS ON 31/3/2008	AS ON 31/3/2007
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	24,404,552.00	12,088,211.00
		24,404,552.00	12,088,211.00
APPLICATION OF FUNDS			
Fixed Assets	B		
Gross Block		2,305,061.00	964,841.00
Less: Depreciation		348,971.00	175,785.00
Net Block		1,956,090.00	789,056.00
Work In Progress		102,000.00	
Investments	C	1,397,676.00	2,097,676.00
Current Assets, Loans & Advances	D	10,996,235.00	3,131,594.00
Less Current Liabilities & Provisions	E	315,810.00	229,796.00
Net Current Assets		10,680,425.00	2,901,798.00
Excess of Expenditure over Income	F	10,268,361.00	6,299,681.00
		24,404,552.00	12,088,211.00

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31ST MARCH,2008

PARTICULARS	Schedule	AS ON 31/3/2009	AS ON 31/3/2008
INCOME	G	2,133,504.00	788,557.00
		2,133,504.00	788,557.00
EXPENDITURE	H	6,102,184.00	3,882,828.00
		6,102,184.00	3,882,828.00
Excess of Expenditure over Income		(3,968,680.00)	(3,094,271.00)
Excess of Expenditure over Income		(3,968,680.00)	(3,094,271.00)
Opening Balance		(6,299,681.00)	(3,205,410.00)
Balance Carried to Balance sheet		(10,268,361.00)	(6,299,681.00)
Significant Accounting Policies & Notes to Accounts	I		

Above is a summary extract from audited accounts 2007-2008. Full report can be made available on request.

India: Bangalore

Small Scale Sustainable
Infrastructure Development Fund (S³IDF)
#813, 12th B Cross, 23rd Main,
2nd Phase JP Nagar,
Bangalore - 560078
Tele: +91 - 80 - 65902558
Tel/ Fax: +91 - 80 - 26594880
Email: info@s3idf.org
Web: www.s3idf.org

India: Hyderabad Regional Office

c/o Administrative Staff College of India (ASCI)
Bella Vista, Hyderabad - 500082
Andhra Pradesh
Tele: +91- 40 - 66534277
Fax: +91- 40 - 66534356

India: Dharwad Regional Office

Guttal Compound, Kabbur Road,
Malmaddi, Dharwad 580 007
Tele: +91- 836 - 2444327

In the USA

The Small Scale Sustainable
Infrastructure Development Fund, Inc.
The Carriage House, 5 Hastings Square
Cambridge, MA 02139 - 4724
Tele : +1 617-576-0652
Email: s3idf@s3idf.org

