The Small-Scale Sustainable Infrastructure Development Fund – S3IDF fostering pro-environment small-scale sustainable infrastructure services for the poor – energy, water, transport, communications and related investments – needed for poverty alleviation and overall economic advancement

S3IDF

Enterprise Approach for Access of Infrastructure to the Poor

– A Social Merchant Bank –
linking and integrating technical, financial, and business support for infrastructure enterprise development

S3IDF-India – Bangalore, India – a Section 25 not-for-profit company with Section 80G tax exemption
S3IDF-US – Cambridge, MA, USA – a public charity under Section 501(c)(3) of U.S. tax code
S\textsuperscript{3}IDF, Social Merchant Bank Model

Project Examples

Question and Answers
The Need

More than one billion people worldwide lack access to infrastructure services necessary for poverty alleviation:

- modern energy
- potable water
- sanitation
- transport
- information & communication
- other infrastructure services

Tens of millions of these people are in S3IDF’s current marketshed in southern India

Image Source: http://www.kamat.com/kalranga/deccan/map.htm
Solution: A New Approach

Social Merchant Bank approach – specializing in financing and business development services

- Create Enterprises
- Provide technology/know-how
- Provide BDS
- Provision of direct debt & equity
- Arrange Bank linkage
- Affordable financial structuring
- Constant M&E

*S3IDF arranged financing for a local NGO to create an enterprise that provides telephone equipment to small stores on lease-towards-purchase basis*

Locally Owned & Operated Micro/Small/Medium Infrastructure Enterprises that are pro-poor, financially viable, replicable & environmentally responsible
Solution: Social Merchant Bank Model

- S$^3$IDF produces a stream of fundable small scale for-profit utilities.

- Businesses creating must be environmentally and socially responsible

- The owner/operator must have some capital at risk (even ‘sweat equity’)

- Poor benefit as owner/operators and end-users

- Enterprise should be sustainable and replicable

- Bank linkage and BDS; no grants provided

Efficient ovens in silk reeling units
Using the **Social Merchant Bank Approach**

*We are*...

- Impacting 30,000+ lives mostly of people living on $2/day or less.

- Creating employment for 450+ people and reducing poverty.

- Building a project portfolio (now 120+) and pipeline (now 80+)

*Studying with the assistance of LED based lights.*
Hawkers’ Light Points

In light point projects, such as this one, S³IDF arranged the business development, technology and financial assistance to help the entrepreneurs increase their income, generate employment and provide cost savings and improved lighting for street hawkers.
Reliable and cost effective lighting services for poor households

S$^3$IDF’s assistance with alternative lighting solutions and financial structuring allowed poor households to access better and safer lighting.

The Bank Manager visiting households which was financed for CFL lanterns because of unreliable grid

LED lighting for poor households in the absence of grid

Different types of CFL and LED lanterns and lights
Energy efficient cooking services for Poor Households

Fuelwood collected typically by women and children

Health hazards (from smoke and soot) from fuelwood cooking

Energy saving pressure cookers reducing the consumption of LPG and kerosene in rural households

LPG Cookshop – a ‘common kitchen’ providing poor women with clean, convenient cooking made affordable by a pay-for-use operation.
Productive end use single phase flour mill machines for poor entrepreneurs and small enterprises

The compact, easy to use single phase flour mill machine being advertised through the local media by the technology supplier

S3IDF’s partnering with the local technology supplier and financial structuring with the local financial institution enabled small enterprises and entrepreneurs to run the flour milling business in their premises.
S³IDF provides direct debt (with possible future linkages with a local bank) to increase the SHG’s productivity by helping save 75% of time and increasing the turnover three-folds.
SME development – Areca plate and cup manufacturing

S^3^IDF facilitates the business development, technology, financial and market assistance to help create Areca product manufacturing SMEs.
Enterprise support for efficient and smokeless clay stoves manufacture entrepreneur

Through S³IDF, the entrepreneur could invest in a shed and garner enough working capital to increase his production and install the stoves.
S³IDF enterprise support to a local business installing biogas plants and biogas-based generators provided working capital and assistance developing a business plan.
S3IDF provided support to install the ovens by structuring financing to develop the market for the ovens and access subsidies provided by the Department of Sericulture.
Projects in portfolio/pipeline

- Creating supply chain of infrastructure products (water purifiers, lanterns/inverter, coin phone, mobile currency, stitching machine, flour mill etc.) in rural areas by identifying and supporting entrepreneurs

- Transportation in rural areas

- Warehouse for small farmers

- Potable water supply in rural areas

- Bio-fuel for power generation
Contacts

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For more information on the S3IDF visit [http://www.s3idf.org](http://www.s3idf.org)
Additional slides to be used only for Q&A
3. Project Cycle

The Project Cycle & S3IDF Need for Grant Funds

Pre-investment phases (Studies, Surveys, Feasibility Analysis & Arranging Co-financing)
- Timelines after entry to Category A: generally minimum 5-8 months; some projects more than 1 year due to complexities and/or partner constraints.

- Implementation/Construction Phase
  - Timelines: few months to year+ depends on complexity.

- Operation Phase
  - Timelines: M&E for at least 2-3 years. For some projects atleast till the debt/equity are paid

- Financial Closure
  - Implementation begins
  - Implementation ends
  - Operation Starts
  - Project Operates Financially

- Some cost share with partners, cost can not be absorbed by the project (because of small size and pro-poor characteristics).
- These costs must be supported by grant funds.
- Some of the costs are applicable to broader project replicability.
- Current pipeline
  - 60+ projects in Category A (detailed pre-investment studies).
  - 40+ projects in Category B (preliminary concept)

- Project capital (implementation, construction) and operations costs are covered.
- Project operates in a financially viable fashion including loan, guarantee fee, etc. payments to S3IDF revolving fund.
- Some monitoring done as part of financing procedures by both S3IDF and co-financing bank in both this and operations phase (until debt, etc. repaid).
- Technical support, SME capacity building must be covered in part/whole by grant funds.
- Revolving fund must initially be capitalized by soft or grant fund, but then it operates on sustainable basis.

- Post-implementation Monitoring & Evaluation and Lessons Dissemination critical to replication by S3IDF (and others) and critical to S3IDF’s broader mission of getting big development entities to do similar projects.
- These costs must be supported by grant funds.
- Now (Feb ’08) M&E well underway as 115+ projects including 16 enterprise support agreements are in place (implementation or operations).

Milestones

- Implementation Monitoring & Evaluation and Support
- Post Implementation Monitoring & Evaluation Lessons, Dissemination
The Small-Scale Sustainable Infrastructure Development Fund, Inc

**The Connected/Good Access World**
- Universe of Widespread Networks
- Infrastructure Services – Physical and Organizational Networks.
- And access to Know-how, technology financing and their supply chains

**The Unconnected/non-Access World**
- Universe of little or no Infrastructure Services – Physical and Organizational Networks
- Little or no access to Know-how, technology financing and their supply chains

**The Universe in Which S3IDF Operates**

Policy and Regulatory Background: May or May Not Be a Level Playing Field
In partnership with ASCI, S3IDF is implementing a unique business model using franchisees for providing better electricity services to the villagers in Cherlapatelguda feeder. Over time, the franchisee will provide other value-added services to the community such as access to finance, potable drinking water, and information services.
Solar lighting for silk cocoon rearing centre

S3IDF provides technology and financial linkages (partial guarantee with the local bank for loans taken by the farmers)

Solar panels atop the cocoon rearing centre

Silkworms placed in the 'Chandrika' where they form cocoons

Solar lights being used to assist in feeding the worms

Silk being reeled at a reeling center from the cocoons in the basket at extreme right (although not part of this project)
Enterprise support for an Areca nut boiling stoves and ASTRA cooking stoves enterprise

S\textsuperscript{3}IDF organizational and financial support to SAT has enabled small farmers to avail arecanut boiling stoves.