Small Scale Sustainable Infrastructure Development Fund

A Social Merchant Bank
Organization Profile

- Non-profit section 25 company
- S³IDF India - Project development, deal structuring & project implementation
- S³IDF-US affiliate – Intellectual leadership & some Fundraising
- Offices at Bangalore, Hyderabad & Cambridge in US
- Dr. Russel de Lucia, Founder Director
- Dr. Harish Hande, MD – SELCO, S³IDF India Chairman
Problems S$^3$IDF addressing

- Over 400 million people in India, earning less than $2 a day with no access to clean energy, water, sanitation, transport etc

- Little focus & support for small-scale cost-effective projects and solutions

- Lack of access to Finance – projects considered non-bankable under business as usual practices

- Technology know-how lacking

- Business Development services for grassroots entrepreneurs not available
S³IDF Mission

To facilitate small-scale, pro-poor infrastructure SMEs investments with technical & financial assistance through ‘Social Merchant Bank’ approach

S³IDF provides

- Innovative and gap-filling finance
- Project structuring services
- Business Development Assistance

Most importantly S³IDF enables participation by local Financial Institutions
Social Merchant Bank

- **Environmental and financial sustainability**
  Projects *always* pro-poor & environmentally responsible

- **Innovative “gap-filling” financing menu**
  Debt, equity or partial guarantee
  Induce participation of local banks/ FIs

- **Partnering and linkage approaches**
  Communities, NGOs, Banks, Technology suppliers

- **Highly replicable business models**
  Lesson dissemination to induce participation of “big players”
Project Categories

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

- Project portfolio: 170 investments, 100+ in pipeline
- Over 55,000 direct & indirect beneficiaries
- About 500 part-time/ full-time employment opp
- Partners: 39 banks, 29 tech suppliers & 13 NGOs
- Operational in 31 districts of South India
- First World Clean Energy Award, 2007
- Top Innovation Award, 2008
Project Impacts

- Financially sustainable models
- Income generation / augmentation
- Employment generation
- Increased savings / productivity
- Improved quality of life
- Promoting green/ efficient technologies – solar, LED
- Positive Health & Environment Benefits
- Changed mindsets of FIs
- Small-scale finance available for pro-poor projects
Financing Menu

The goal is to enable participation of local Financial Institutions in our projects.

- Partial Risk Guarantees
- Margin Money Financing
- Bridge Support / Gap-filling Financing
- Banking Correspondence model
- BOOT model
- Direct Financing
S³IDF role in business development, technology linkage and financial assistance for the entrepreneurs

- Transportation of batteries
- Entrepreneur at solar charging station
- Reliable and better lighting for hawkers

Hawkers’ Light Points
S³IDF provided support to a local business installing biogas plants and biogas-based generators through working capital assistance and developing business plan.
S³IDF has provided bridge finance for commissioning pico hydro systems to poor families - that have no access to power nor ability for upfront payments - thus ensuring that Government subsidy schemes actually reach the poor.
S$^3$I DF promoting household biogas installations by providing access to micro-credits and Government subsidy. Also developing a new marketing plan to promote biogas generation and related activities as an enterprise.
S$^3$IDF 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.
S$^3$IDF through banking correspondence model has enabled loans to women Self-Help Groups (SHGs) for livelihood opportunities.
Specialized computer based sewing machine at use

Solar lights for silk cocoon rearing

Community Kitchens

Computer Training in Schools

LED lights for poor households

Many More..
Lessons learnt

- **Partial Guarantees, Bank Loans etc.**
  - Banker complacency
  - More defaulting entrepreneurs/beneficiaries nearing loan term closure
  - Regular checks on bank repayments
  - Plan for corporate guarantees, Indemnity from entrepreneur etc.

- **Direct Financing**
  - Reduces the time and efforts needed in arranging finance from local banks
  - Poor are also collateral poor, so no security! – be willing to write off loans
  - Need strong partners for repayment collection who also share a good relationship with end beneficiaries

- **Entrepreneur related**
  - Lack of Business plan and sales plan
  - Poor account maintenance leading to lack of idea on money flow and poor money management
  - Poor idea on risk and money appetite – lack of understanding on working capital requirement
  - Needs training on the technology, accounting, cash flow and management
  - Need to be involved in social issues of the entrepreneur
  - Babying entrepreneur to be avoided – they need to come up with their own plan and only appropriate guidance to be provided
Small Scale Sustainable Infrastructure Development Fund
# 700, 15th Cross,
24th Main, J P Nagar, 2nd Phase,
Bangalore, India 560 078
Tel: +91-80 65902558
Fax: +91 -80 26594880

www.s3idf.org