
Small Scale Sustainable Infrastructure Development Fund

A Social Merchant Bank



S³IDF

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 S³IDF 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



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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



Hawkers' Light Points

S³IDF role in business development, technology linkage and financial assistance for the entrepreneurs



Entrepreneur at solar charging station



Transportation of batteries

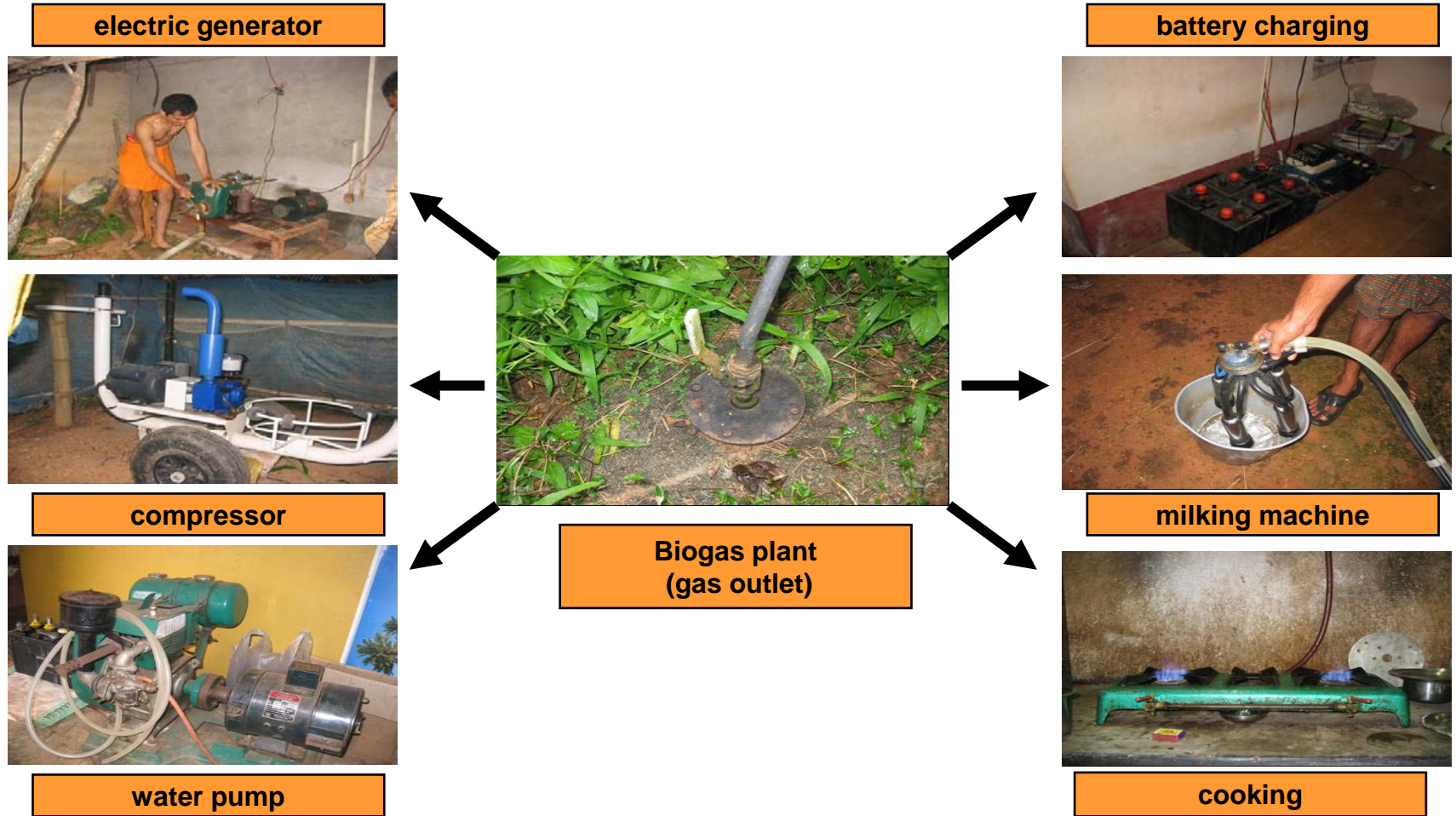


Reliable and better lighting for hawkers

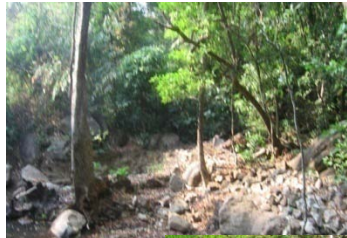


Biogas & Productive End-uses

S³IDF provided support to a local business installing biogas plants and biogas-based generators through working capital assistance and developing business plan.



Pico Hydro Projects



Stream



Pen stock



Generator House



Generating Unit

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.



Power used for various household purposes

Biogas Enterprise

S³IDF 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



Biogas for cooking

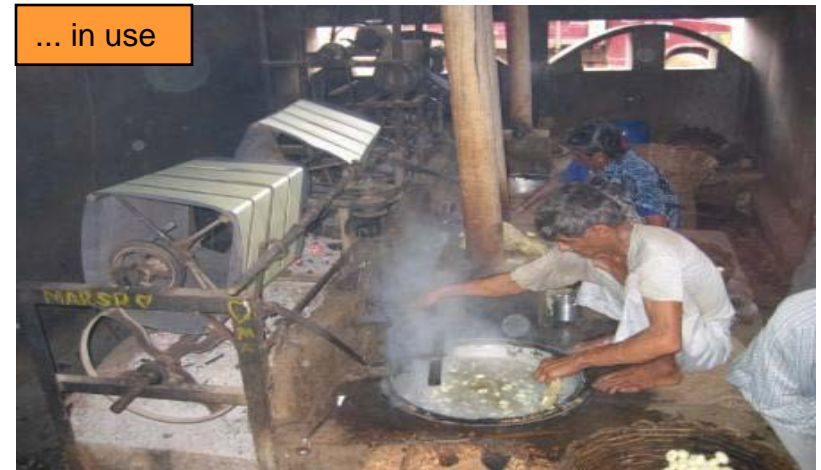


Household biogas unit

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Silk Reeling Ovens

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



SHG owned Water Purification Unit

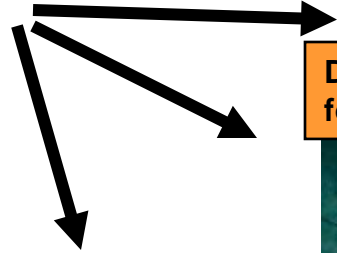


RO water purification unit

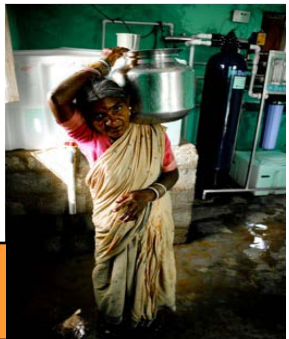


SHG women running the unit

S³IDF through banking correspondence model has enabled loans to women Self-Help Groups (SHGs) for livelihood opportunities.



Drinking water available for SHG members...



.. and other villagers



Many More..



Specialized computer based sewing machine at use



Computer Training in Schools



Solar lights for silk cocoon rearing



Community Kitchens



LED lights for poor households

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

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