



S3IDF™

Annual Report

2014-2015

Dear Friends,

Today’s world is more interconnected than it has ever been; however, too many poor and disadvantaged communities in developing countries still remain largely disconnected from the mainstream economy and society. This disconnectedness limits individuals’ opportunities to pursue better lives for themselves and their families and negatively impacts the overall prosperity of the countries they live in. This reality makes it more important than ever to build inclusive market systems.

At S3IDF we work with market players to create innovative business models and financing structures, conduct capacity building trainings and knowledge transfer activities, and foster collaborations between financial institutions, technology providers, governments, entrepreneurs, and local organizations.

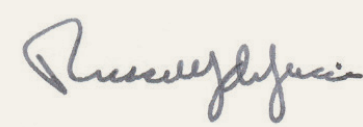
In FY 2014 – 2015, S3IDF continued to work directly with entrepreneurs like Krishna Ayyakanu, a waste picker from urban Bangalore who now owns and operates one of the city’s Dry Waste Collection Centres (DWCCs). Krishna is proud that he has been able to provide for his family and give his employees income and employment opportunities. Krishna’s story not only exemplifies the impact of market-based solutions on the lives of individuals and families but also illustrates how inclusive markets can be developed through innovative partnerships between governments, nonprofit organizations, and financing institutions.

S3IDF also became the host of the Clean Energy Access Network (CLEAN), a membership organization that brings together diverse stakeholders across India to improve energy access for the rural and urban poor. As a forum for information sharing and advocacy, S3IDF is honored to aid in the effort to raise widespread awareness of key issues and to inspire action in India while also serving as a model for other countries.

We also continued our efforts in FY 14-15 to build the capacity of development entities, practitioners, technology suppliers, and local banks by conducting capacity building training and knowledge transfer activities. Among such efforts was an assessment of the challenges and opportunities of using market-based approaches to expand access to clean energy in underserved communities in Cambodia.

My colleagues and I remain dedicated to the transformative power of market-based approaches and we thank all of our partners, contributors, and supporters that made this year and our progress possible.

Sincerely,



Russell J. deLucia
Principal Founder & Executive Director



About S3IDF

S3IDF is an international nonprofit organization that builds inclusive market systems to benefit poor and disadvantaged communities. We develop and implement inclusive business models and development strategies that leverage resources, integrate incentives, and mitigate risk.

S3IDF works directly with public and private entities in our projects and programs and through our advisory services.

Through our projects and programs, we support entrepreneurs to run businesses

that generate income while also providing their communities with basic services and employment opportunities. We take a “systems-level” approach to mobilize local bank financing, increase technology options, and deliver direct business support.

Through our advisory services, we build the knowledge and capacity of public and private entities to create and implement inclusive business models and development strategies.

Boards of Directors



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Executive Director
S3IDF

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Financial Director &
Senior Economist
S3IDF

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Former Owner
Billie Brenner, Ltd

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Featured Project

Dry Waste Collection Centres

“My aim has always been to make something out of my life but I had not had an opportunity, until now.”

Krishna Ayyakanu, DWCC Entrepreneur

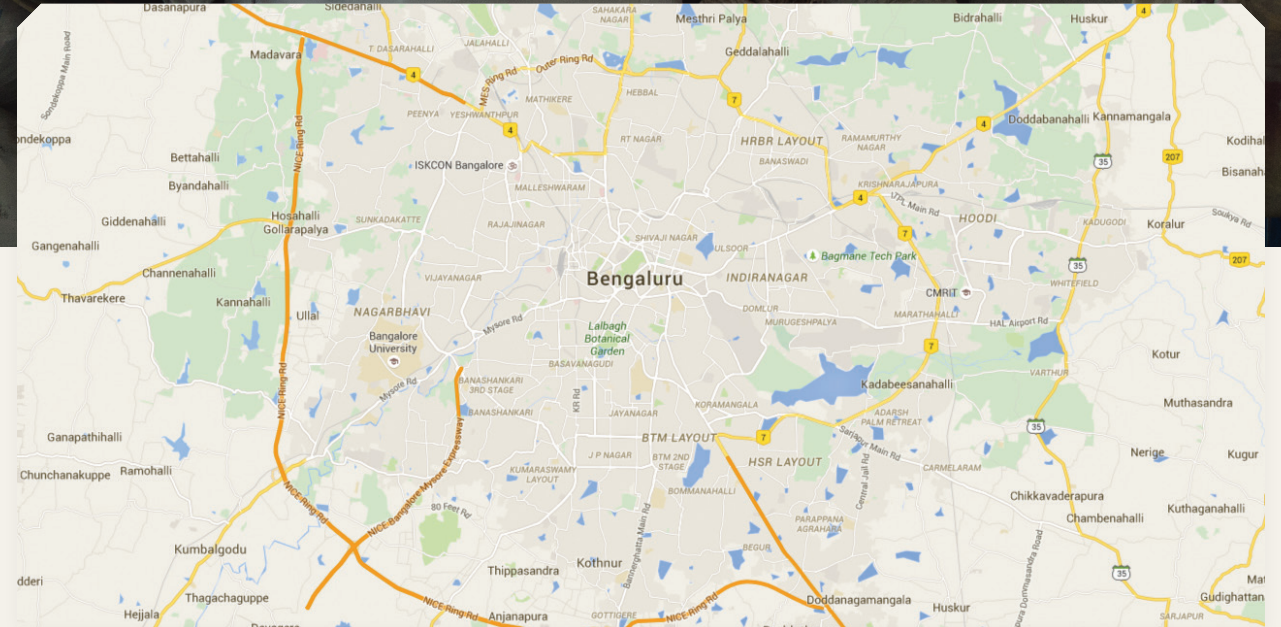
Krishna Ayyakanu began working as a waste picker at the age of 9 to help support his family after this father passed away and his mother was left to care for his family of seven. As one of the estimated 20,000 informal sector of waste pickers and scrap dealers in Bangalore, Krishna was frequently questioned and hassled by police and the municipality until Hasirudala, one of S3IDF's partners, helped Krishna obtain an official identity card and safety equipment and other support. S3IDF, in partnership with Hasirudala and another organization, Waste Wise Trust, helped Krishna gain the skills necessary to be successful as dry waste collection centre (DWCC) owner and operator. DWCCs are decentralized dry waste sorting facilities that help to divert recyclable materials from landfills. In addition,

S3IDF facilitated a Rs. 40,000 (\$540) working capital loan through Rang De so that Krishna could cover critical operational costs, enabling him to break the cycle of selling his sorted waste at below market rates in exchange for cash advances from his buyers.

Each day Krishna collects dry waste, including paper, plastic and glass, from over 3,000 homes and small businesses. The waste is then sorted and packaged in a ventilated concrete structure. The sorted dry waste is then sold to scrap dealers and other specialized recyclers. He divides the profit between his seven employees and is proud that he has been able to provide for his family and give his employees income and employment opportunities. Krishna now dreams of opening a recycling factory with 50 employees.

“My family and the families of people working here are all doing well.”

Krishna Ayyakanu, DWCC Entrepreneur



Did You Know?

- Bangalore, India produces an estimated 3,000 – 4,000 tons of waste each day, of which DWCCs divert an estimated 600-800 tons from landfills.
- The Bangalore city corporation, Bruhat Bengaluru Mahanagara Palike, plans to set up DWCCs in all 198 wards of Bangalore to initiate source segregation and decentralized waste management. About 140 DWCCs are currently operating.
- S3IDF and its partners have facilitated financing for 4 rounds of DWCC entrepreneurs through Rang De.

Featured Project

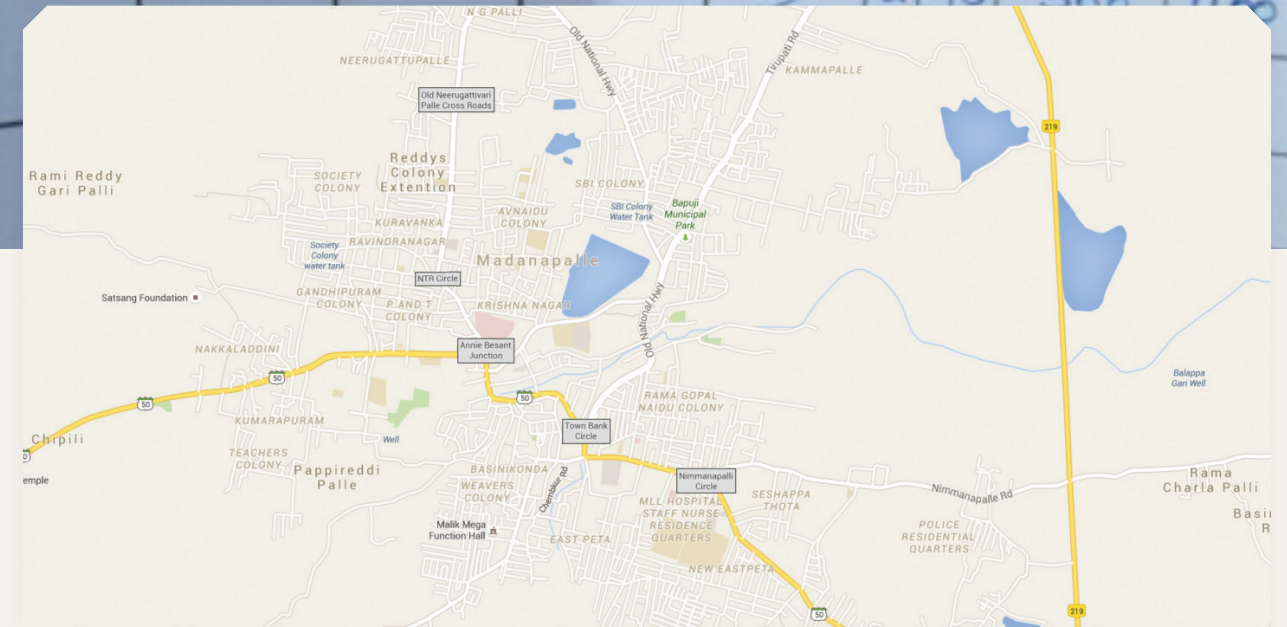
Fluoride-Removing Water Filters

As a longtime resident of Andhra Pradesh, Ravi Babu understands the dangers associated with drinking water with high levels of naturally occurring fluoride, especially for people living in rural areas, like him, where there are few, if any, alternatives to the heavily contaminated groundwater. S3IDF and several partners, including Outreach, had already been investigating the fluoride contamination issue and began working with Ravi Babu to devise an enterprise-centric solution.

S3IDF helped Ravi Babu develop a business model that promotes the use of affordable household activated alumina filters, which remove fluoride from water. His business also includes payment

plans for his customers as well as maintenance contracts to ensure that the activated alumina is regularly reactivated and that the filters perform optimally.

Although Ravi Babu sustained multiple leg fractures in a motorcycle accident just months into operating his business, he has remained committed and has been able to make up for lost time. He regularly visits his customers to collect payments, reactivate the activated alumina in the water filters, and conduct basic water tests to guarantee that the quality of drinking water produced from his filters meets standards. Ravi Babu takes pride in showing his customers that the water tests routinely result in 0.00ppm for fluoride.



Did You Know?

- High concentrations of naturally occurring fluoride in groundwater is a serious issue in many parts of India, including in Andhra Pradesh, where groundwater is a primary source of drinking water.
- In India, 60 million people are at risk of developing fluorosis, a condition that damages the teeth and bones and can lead to long-term health problems.
- S3IDF is a member of the Fluoride Knowledge and Action Network, a member-driven network that serves as a knowledge repository, a forum for sharing experiences, a supporter of field initiatives, and an advocacy group.

Featured Project

Integrated Energy Centres (IECs)

“My income has increased and now I don’t worry about clothes and food. I am earning a living this way.”

Shivabasamma, Integrated Energy Centre (IEC) Operator

Shivabasamma lives in an informal urban settlement with her family in Vasant Nagar, Bangalore. Originally from Gulberga in northern Karnataka, they migrated to the city with the hope for a better life and stable employment. Shivabasamma started running a small shop in her community that sells snacks, tea, candles, soap, and other critical items.

Shivabasamma’s shop has since become an integrated energy centre (IEC). IECs are renewable energy-powered community centers that supply a range of basic services and activities. S3IDF, in partnership with Selco Foundation, provided Shivabasamma the business training needed to operate the IEC effectively. Her shop is now equipped with solar panels that charge batteries to power lighting. Every evening people from the community rent charged batteries and the next morning they return them so that Shivabasamma

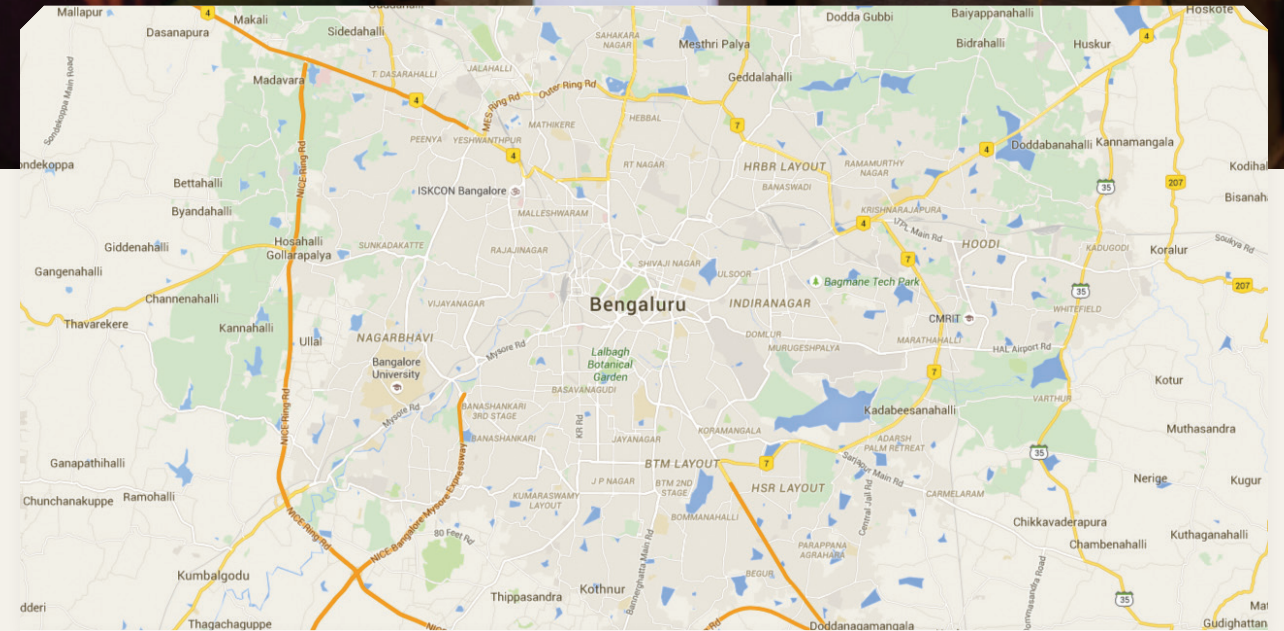
can recharge them for the next night.

Residents are pleased with the lighting due to the low cost and high efficiency - each battery has enough power to light community residents’ tents in the evenings, enabling children to study in the evenings and do better in school and making it possible for women to cook and clean without being bothered by rodents and pests.

Shivabasamma’s income and reputation in the community have risen as a result of her IEC. S3IDF and Selco Foundation are now working to transition Shivabasamma from an IEC operator into an entrepreneur and are helping to arrange financing so that she can purchase the equipment, allowing her more opportunities to expand the services she offers and also enabling her to own the technology and equipment, increasing her assets.

“What we are now working with Selco Foundation to do is to get [entrepreneurs] financing solutions [and to] do capacity building...so that these solutions [from IECs] will help them improve their standards of living...and move into better housing, better social conditions, better access to services.”

Avinash Krishnamurthy, Chief Operating Officer



Did You Know?

- IECs in informal urban settlements in Bangalore typically serve 60 – 100 families.
- IECs provide a range of services, including battery rental for in-home lighting, mobile phone charging, purified drinking water, community and educational television, and refrigeration.
- There are 597 informal settlements in urban Bangalore, representing approximately 22% of the total city population.

Clean Energy Access Network (CLEAN)



The Clean Energy Access Network (CLEAN) was formed in 2014 to support and grow the decentralized clean energy sector in India in order to improve energy access for the rural and urban poor. S3IDF is honored to serve as the host of CLEAN for the next several years. Over time, it is envisaged that CLEAN will also become a model for stakeholders in the international decentralized clean energy sector. CLEAN will help off-grid energy entrepreneurs to overcome sectoral challenges by:

- Developing robust information channels between practitioners and investors to facilitate greater fund flow into the sector.

- Involving members to create a long-term policy engagement plan for all levels of government.
- Developing technology standards and certification for products and services in the sector.
- Developing guidelines for training and capacity building from the entrepreneurial to technical levels.

More information can be found at thecleannetwork.org

Assessing Market-Based Approaches in Cambodia



Approximately 80% of Cambodians are estimated to live in rural areas with limited access to clean and affordable water and energy. Building large-scale water treatment systems and extending centralized electrical grids is often cost prohibitive and impractical in rural and remote locations, which opens up opportunities for small-scale, clean and affordable technologies to address needs.

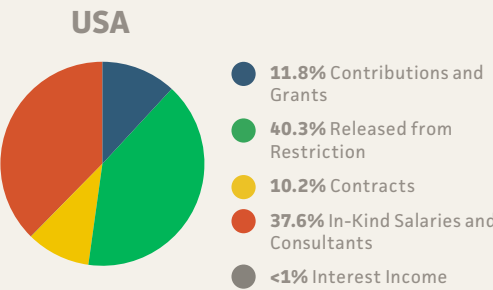
With financial and logistical support from Nexus Carbon for Development and its Grants for Innovation (G4I) program, S3IDF assessed the steps required to successfully transfer and apply our enterprise-centric approach in

Cambodia to help address the need for scalable approaches that fill the gap for pro-poor energy solutions in the country. We analyzed challenges and opportunities, worked to develop interest among Cambodia’s financial and development communities, and evaluated of the overall potential of indicative investments and project and program structures.

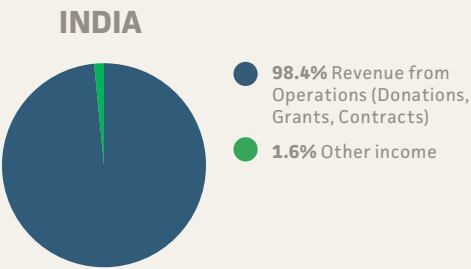
Full report is available on S3IDF’s website.

Financials

SUPPORT & REVENUE

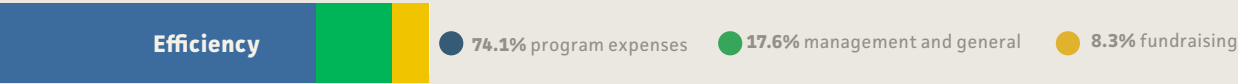
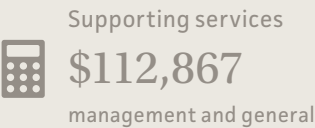


\$650,119
total support and revenue



₹28,839,456
total support and revenue

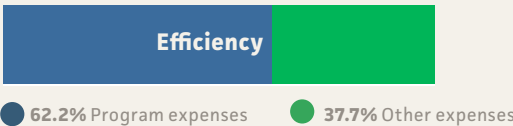
EXPENSES (USA)



\$642,652 total expenses

\$986,691 ending net asset balance

EXPENSES (INDIA)



₹28,464,308 total expenses

₹40,809,487 ending net asset balance

Leveraged Funding

S3IDF leverages donations and the development and philanthropic funding we receive to mobilizes capital from local banks, entrepreneurs, and other on-the-ground sources. At the end of FY 15, our leveraged funding ratio was 2.79, meaning that for every 1 rupee S3IDF invested small-scale businesses, 2.79 rupees were invested from other sources.

- Average enterprise investment size: ₹297,970
- Average loan from financial institutions: ₹175,996
- Average S3IDF Loan Guarantee: ₹78,935

Lead Funders



THE °CLIMATE GROUP





Office Addresses

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S3IDF is a registered public charity under section 501(c)(3) of the Internal Revenue Service code.

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Phase, Bangalore 560078
Phone: +91 (080) 26594880

S3IDF is a registered non-profit company with charity status under Section 8 of the Companies Act, 2013 (Section 25 company under the old Companies Act, 1956) and is registered under Section 12A and 80G of the Income Tax Act.