

S3IDF™

Annual Report

2015-2016

Dear Friends,

The 2015-2016 year has been one of many new opportunities, challenges and reflections. We continue to collaborate with entrepreneurs passionate about building businesses that not only benefit themselves and their families, but also support their communities through critical infrastructure services. The demonstrated successes of each of these entrepreneurs further forms the bedrock of a broader systems-level change, in which entities within the global system recognize the powerful potential of enabling the poor entrepreneur.

This year S3IDF developed new project models and replicated past project successes in our work with the women of the Sagar Nagar slum, who were previously unable to access the education and financing they required to sustain themselves and their families. With S3IDF's and the Mahesh Foundation's support the women of the community were able to learn and deploy valuable, marketable skills, stabilizing their previously volatile income, and providing more fully for themselves, their community and their customers. This project is exemplary of the type of program with which S3IDF engages, that not only provides impact on an individual level, but improves the lives of those in the individuals' communities while also providing a critical and needed service.

Our organization additionally played a crucial role in the creation and development of the Renewable Energy Entrepreneur Incubation Centre, which is dedicated to identifying and training renewable energy entrepreneurs who are unable to gain access to traditional incubation programs. The entrepreneurs supported through the Centre have been able to learn the skills and partnerships they require to start small renewable energy business, which provide needed services to their communities. The Incubation Centre is a unique tool designed for underserved entrepreneurs seeking support in the development of forward-looking enterprises.

S3IDF further remains dedicated to disseminating our approach more broadly to the international community through various trainings with different types of entities such as banks, other NGOs and philanthropic organizations.

My colleagues and I continue to value the transformative power of a market-based approach to mitigating poverty worldwide, and we thank each of our partners, contributors and supporters who made this year and our continued 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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Former Principal
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Featured Project

Livelihood Development

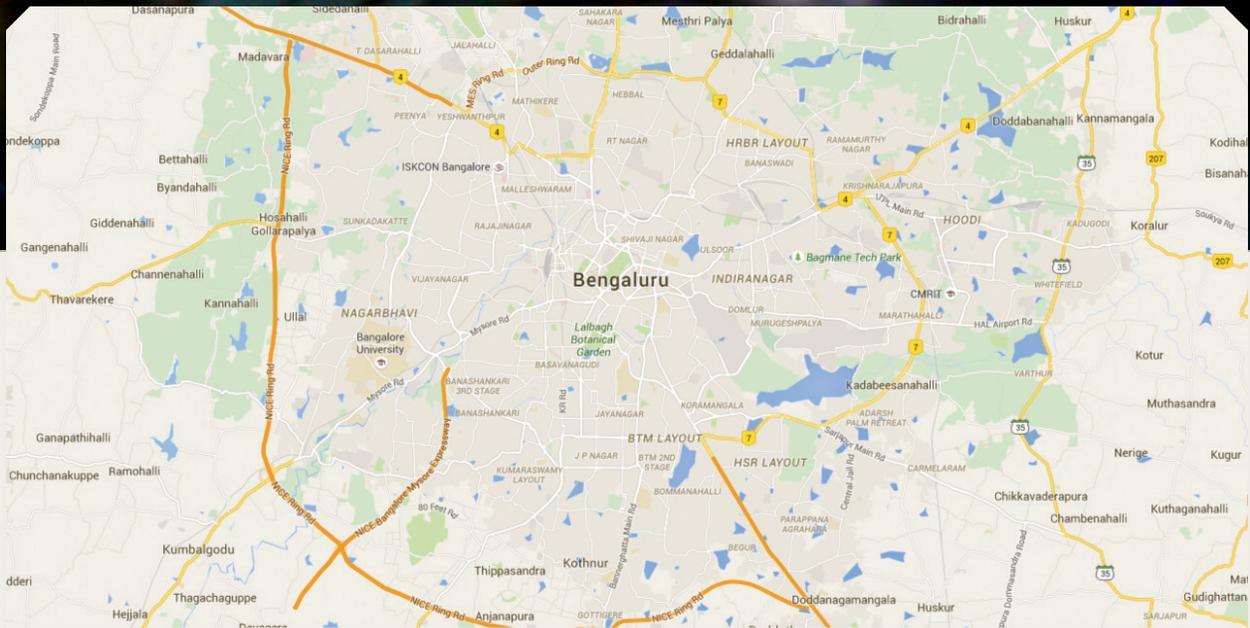
The women of the Sagar Nagar slum outside Kanbargi lacked access to reliable income, often forced to rely on money made through their own and their children's begging, making them highly vulnerable to socio-economic shocks. The slum they lived within additionally had no access to electricity, education nor basic health services, inhibiting their and their families' daily lives and economic potential. These challenges made Sagar Nagar slum the ideal location to build the Mahesh Foundation Aadhar Community Center, which provided the women and their families with access to basic services and income-generating activities.

S3IDF collaborated with the Mahesh Foundation to develop and pilot a

livelihood skills training unit for women at the community center, to help them become economically independent. The livelihood training taught and employed women to make school bags, which the women were able to sell at a profit to partners like the Rotary Club and Syndicate Bank.

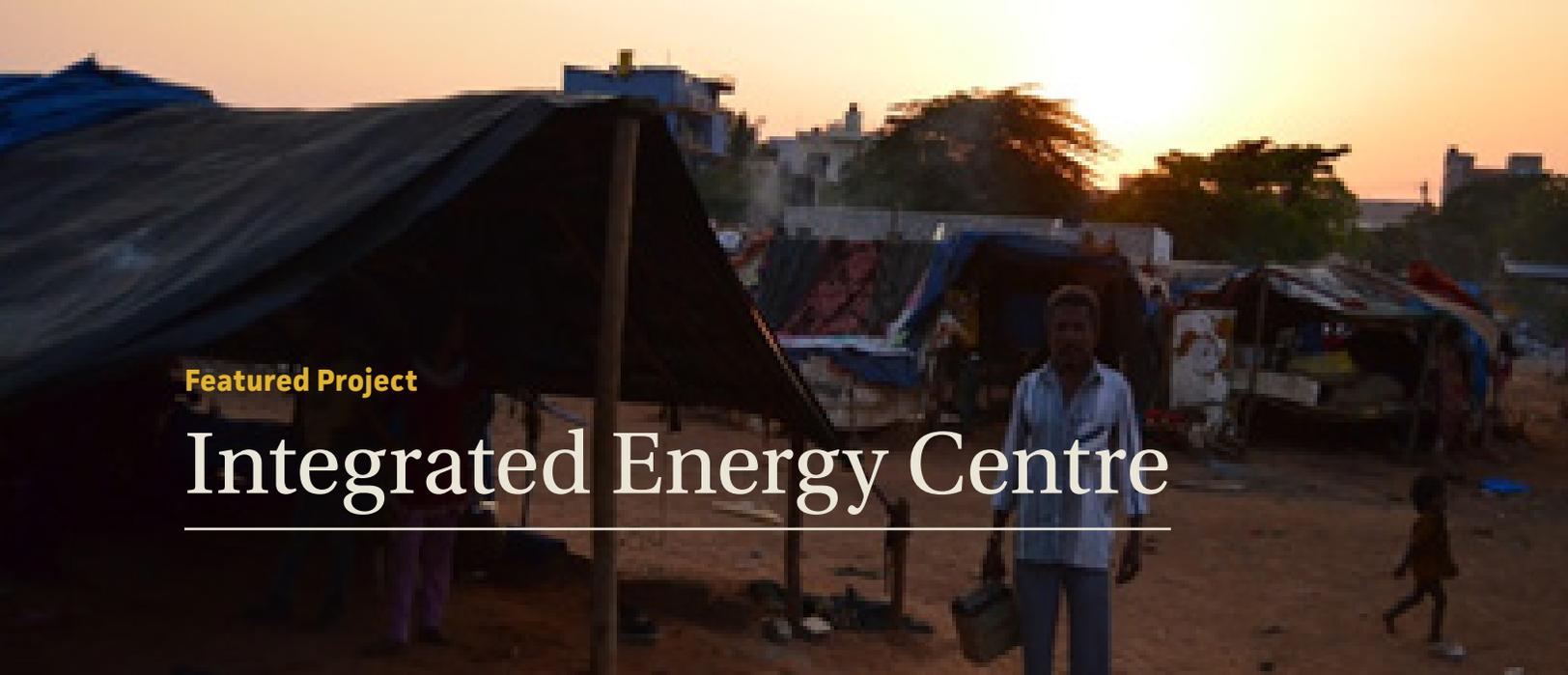
The revenue from the sales of the thousands of bags was re-invested into the women's enterprise, further supporting their business. As a direct result of the training and support provided by S3IDF and Mahesh Foundation, the women are able to make a stable income, have access to basic infrastructure services, send their children to school and sustainably provide for themselves and their families.





Did You Know?

- Over 300,000 children are involved in begging in India, limiting their opportunity to attend school and live healthy full lives
- More than two out of five women living in slums are marginal workers, who do not have steady employment throughout the year
- Economists estimate that if female employment were brought on par with male employment in India, the nation's GDP would expand by up to 27%



Featured Project

Integrated Energy Centre

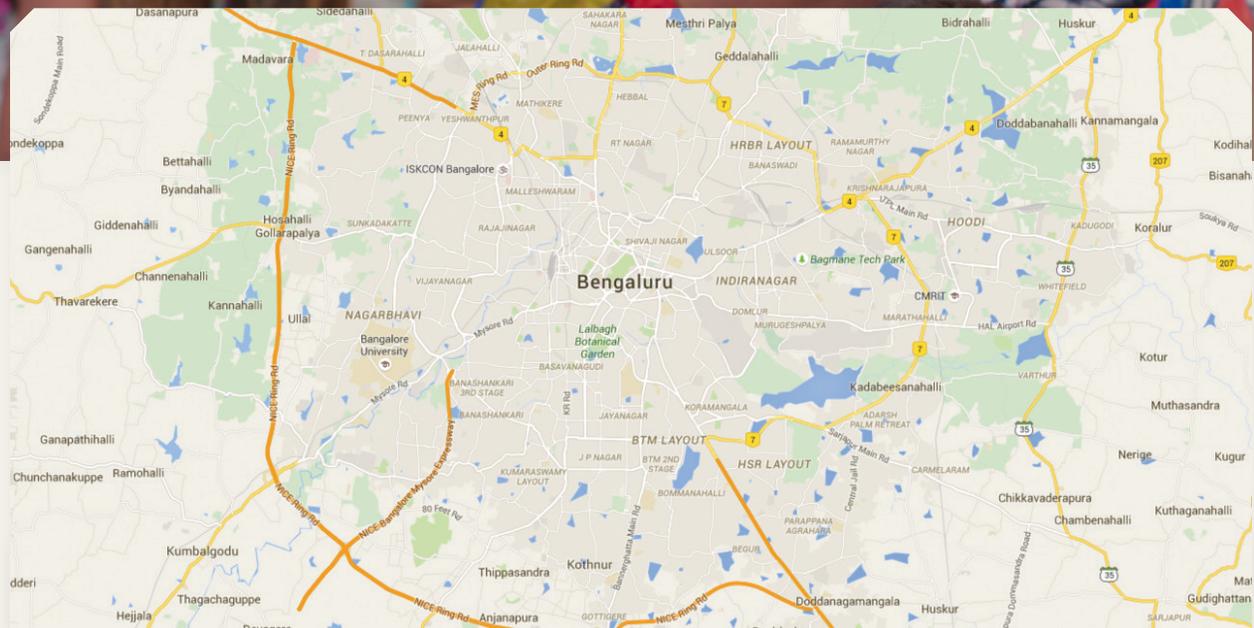
Syed worked as a helper in a government school, but he could not support his wife and four daughters on that salary alone. He approached S3IDF for help in becoming a successful entrepreneur, so he could continue working at the school, while also earning additional income.

S3IDF assisted him in creating an Integrated Energy Centre (IEC), which provides home lighting for over 30 migrant slum dweller households. Before Syed's IEC business, the migrant families in the slum he serves burned kerosene for light, which is more expensive than the IEC option, and has many associated ill-health effects and a high risk of spillage and fires. Now, the residents are able to rent reliable lighting, Syed is able to provide more fully for his family, and he

hopes to be able to expand the services offered by his IEC to improve livelihood opportunities, and the health of the community.

Syed is one of many of our entrepreneurs operating an Integrated Energy Centre with the support of S3IDF and SELCO. Typically our IECs provide a range of services for many families within the community, which have the dual impacts of alleviating poverty for the entrepreneur, as well as providing critical infrastructure services to an underserved community. With greater access to lower-cost, healthier electricity, families can expand their own productive use time, and become able to work and study during previously dark night hours.





Did You Know?

- 60-80 families in informal settlements typically benefit from an IEC in Bangalore
- IECs are able to provide a number of services such as: battery rental for in-home lighting, mobile phone charging, purified drinking water, ISKCON and educational television, and refrigeration
- There are 618 informal settlements in Bangalore, housing over 7,600,00 people



Featured Project

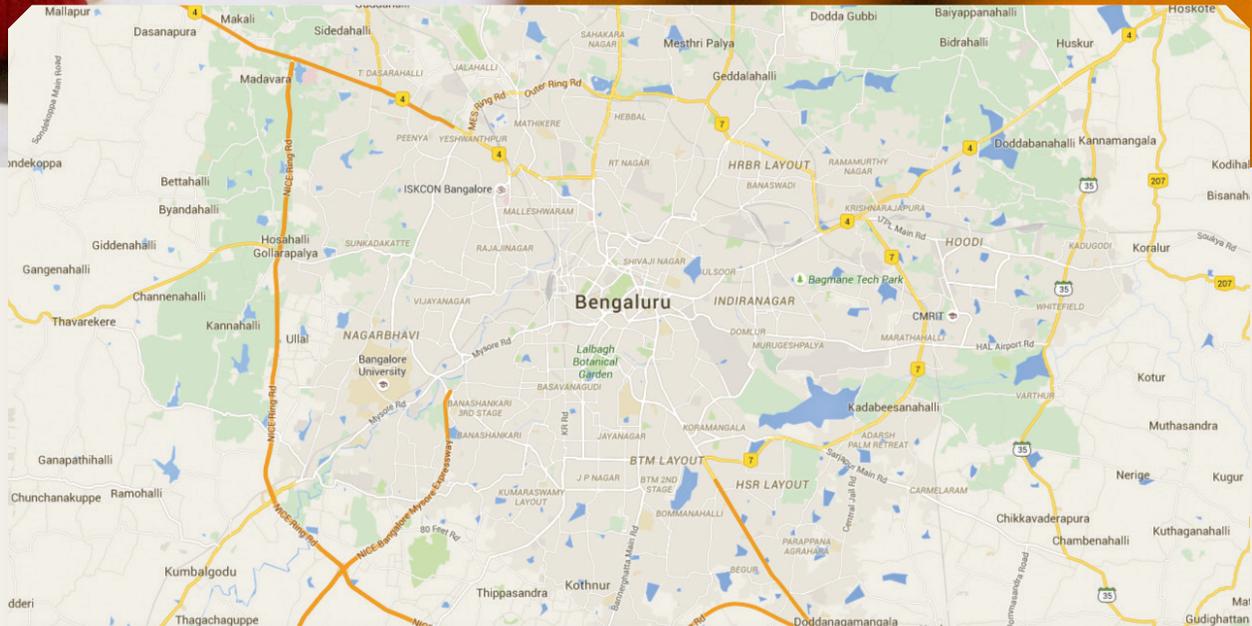
Scaling Up Rural Energy Access

Inability to access electricity and the technology associated with electricity access inhibits individuals' ability to scale up their productive use time, which could increase their incomes and provide their families with greater economic stability. Through two distinct initiatives S3IDF drove projects that specifically addressed energy poverty in rural communities on multiple levels to further support poverty alleviation.

On one front S3IDF collaborated with SELCO to utilize GIZ grant support targeting rural energy entrepreneurs for extended training and business mentorship. Our work resulted in the identification of more than 25 promising rural energy entrepreneurs who could participate in the program, as well as the creation of a training curriculum respecting the unique languages and contexts of the entrepreneurs.

Further support was given to select entrepreneurs to help them develop business plans and become ready for investments from banks with whom S3IDF additionally fostered relationships and implemented internal training programs.

On another front, S3IDF, in partnership with Bhagini Nivedita Gramin Vigyan Niketan (BNGVN), addressed energy poverty in Nadurbar District of Maharashtra through providing lighting to 3,000 households to generate livelihood opportunities in Maharashtra with the support of The Climate Change Organization. We further identified a local technology partner who could provide optimal service and maintenance for the community, and established a Solar Light Revolving Fund as a mechanism to enable the local community organization to lend to individuals within the community for additional electrification.



Did You Know?

- At least 300 million of India's 1.25 billion people live without access to electricity
- India is the third-largest emitter of carbon dioxide and other greenhouse gases in the world
- S3IDF has facilitated new technology asset ownership for 9,951 individuals

Renewable Energy Entrepreneur Incubation Centre



With support from the DOEN Foundation, S3IDF and SELCO India established a Renewable Energy Entrepreneur Incubation Centre to identify, incubate and support clean energy entrepreneurs in maintaining local energy businesses. Specifically, the Centre intended to:

- Train 25 potential/existing small to medium entrepreneurs each year
- Work with 10 partners – NGOs and financial institutions each year in underdeveloped Indian states
- Explore both solar and alternative

decentralized energy services, such as cook stoves and biomass power plants

In addition to addressing the above goals, the Centre created three process manuals, which could be used to further support the entrepreneurs in Sales & Marketing, Installation & Servicing, and End-User Financing in three languages. S3IDF and SELCO are now in the process of establishing a Risk Guarantee Fund for small entrepreneurs and an Energy Access Fund for medium-sized entrepreneurs to further support their development and growth.

Climate Resilient Development through Enterprise Incubation



With Swiss Agency for Development and Cooperation (SDC) support, S3IDF and SELCO Incubation Centre expanded our influence to enable greater systems level and ecosystem impact to specifically address:

- Managing the Unavoidable: climate resilient development through adapting to climate change impacts
- Avoiding the Unmanageable: support of low-carbon paths to development

This programmatic expansion supported more than 5 large-scale entrepreneurs, 15 medium entrepreneurs, 100 small entrepreneurs and trained over 200

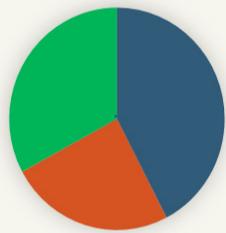
technicians. It further resulted in 25,000 tons of carbon saved, impacting more than 300,000 lives in 8 different states of India.

Our efforts were concentrated on balancing the social and commercial objectives of each entity involved in the program. We leveraged previously un-tapped capital, customized rural credit, and structured investments to match the appropriate financial services to the renewable energy entrepreneurs. We further scaled our hands-on business development support for the entrepreneurs and provided personnel training to more fully address the entrepreneurs' business needs.

Financials

SUPPORT & REVENUE

USA

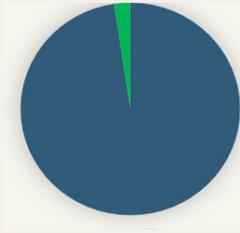


- 42 % Contributions and Grants
- 32 % In-Kind Salaries and Consultants
- 25 % Contracts
- <1 % Released from Restriction and Interest Income

\$666,926

total support and revenue

INDIA



- 98 % Revenue from Operations (Donations, Grants, Contracts)
- 2 % Other income

₹ 36,202,426

total support and revenue

EXPENSES (USA)



Program services

\$602,114

our work on the ground



Supporting services

\$132,526

management and general



Supporting services

\$87,663

fundraising



Efficiency

- 73% program expenses
- 16% management and general
- 11% fundraising

\$822,303 total expenses

\$831,314 ending net asset balance

EXPENSES (INDIA)

Our levered funding ratio for FY 2015-2016:

1:2.61*

*local currency equivalent

Leveraged Funding

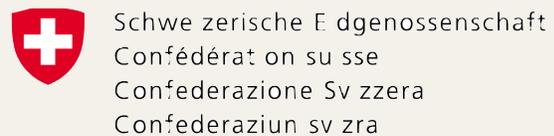
S3IDF leverages donations and the development and philanthropic funding we receive to mobilizes capital from local banks, entrepreneurs, and other on-the-ground sources. For the FY2015-16, our leveraged funding ratio was 2.61, meaning that for every 1 rupee S3IDF invested small-scale businesses, 2.61 rupees were invested from other sources.

- Average enterprise investment size for FY 2015-16: ₹669,000
- Average loan from financial institutions for FY 2015-16: ₹1,000,000
- Average S3IDF Loan Guarantee for FY 2015-16: ₹400,000

₹36,568,590 total expenses

₹15,306,032 ending net asset balance

Lead Funders



US Financials

Statement of Activities

	For the Year Ended June 30, 2016			Year Ended June 30, 2015
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Contributions and Grants	\$93,176	\$189,500	\$282,676	\$339,392
Released from Restriction	\$52,673	(\$52,673)	-	-
Contracts	-	-	\$164,926	\$66,125
Interest Income	-	-	\$131	\$244
In-Kind Salaries and Consultants	-	-	\$219,193	\$244,358
Total Support and Revenue:	\$145,849	\$136,827	\$666,926	\$650,119
Expenses				
Program Services				
Projects	\$384,060	-	\$384,060	\$287,922
Dissemination	\$218,054	-	\$218,054	\$188,347
Total Program Services:	\$602,114		\$602,114	\$476,269
General and Administrative	\$132,526	-	\$132,526	\$112,867
Fundraising	\$87,663	-	\$87,663	\$53,515
Total Expenses:	\$822,303	-	\$822,303	\$642,652
Change in Net Assets	(\$292,204)	136,827	(\$155,377)	\$7,467
Net Assets - Beginning of Year	\$986,691	-	\$986,691	\$97,924
Net Assets - End of Year	\$694,487	\$136,827	\$831,314	\$986,691



Office Addresses

In the US:

The Carriage House
5 Hastings Square Cambridge, MA 02139 - 4724
Phone: +1 617 576 0652

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

In India:

No.690, 15th cross, 100 ft Ring Road, J P Nagar 2nd
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.