





Dear Friends,

Over a decade ago, S<sup>3</sup>IDF was created to fill a gap left by conventional development approaches that tried, but often failed, to provide sustainable basic services to underserved individuals and communities. Today, we are as committed as ever to our mission of reducing poverty in developing countries by supporting small-scale enterprises that meet basic infrastructure needs and provide opportunities for economic advancement.

FY 2012 - 2013 was an eventful year filled with new projects and partnerships as well as further opportunities for disseminating our Social Merchant Bank Approach® (SMBA).

Highlights from our work in India include the creation of the SELCO Incubation Centre, co-founded by SELCO and S<sup>3</sup>IDF, which focuses on nurturing sustainable energy entrepreneurs and our efforts, with the SELCO Foundation, on expanding lighting and other energy-dependent services through Integrated Energy Centers. These community-focused businesses provide a variety of pay-per-use services to residents that range from lighting to mobile charging to purified drinking water.

Under an International Water Management Institute (IWMI) initiative, S<sup>3</sup>IDF, with Biome Environmental Solutions, also began research and feasibility studies on resource recovery and reuse business models that are currently part of or that could be integrated with existing sanitation value chains. This work, as it enters new stages, will focus on opportunities to benefit entrepreneurs and their small-scale enterprises.

Furthermore, S<sup>3</sup>IDF worked on mission-consistent consulting projects with bilateral and multilateral development entities, including with the Asian Development Bank (ADB) in Nepal and United States Agency for International Development (USAID) in India – to facilitate financing for small-scale renewable energy technologies for traditionally underserved populations.

We appreciate your ongoing interest and support of our mission and look forward to bringing you more exciting updates in the coming year.

Sincerely,

Russell J. deLucia  
Principal Founder & Executive Director



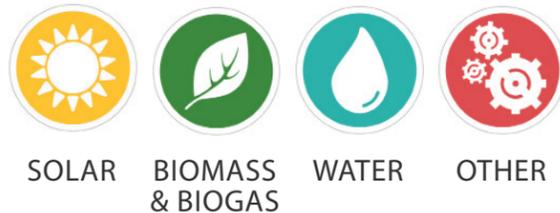
Give the poor a light and it will only serve to illuminate their poverty, but connect it to income-generating activities, and the light will provide a brighter future.

-Nikhil Desai, S<sup>3</sup>IDF Board Advisor

S<sup>3</sup>IDF reduces poverty in developing countries by supporting small-scale enterprises that meet basic infrastructure needs and provide opportunities for economic advancement.

## OUR APPROACH

S<sup>3</sup>IDF uses its Social Merchant Bank Approach® (SMBA) to provide entrepreneurs with three bundled services: leveraged co-financing, technology access and knowledge, and business development support. Philanthropic and development capital are leveraged to mitigate risks and encourage local financial institutions to lend to the traditionally unbankable. By tailoring the approach to local conditions and markets, S<sup>3</sup>IDF enables the poor access to employment, asset-creation and ownership opportunities, and basic services. Our diverse project portfolio includes:



## MISSION OBJECTIVES

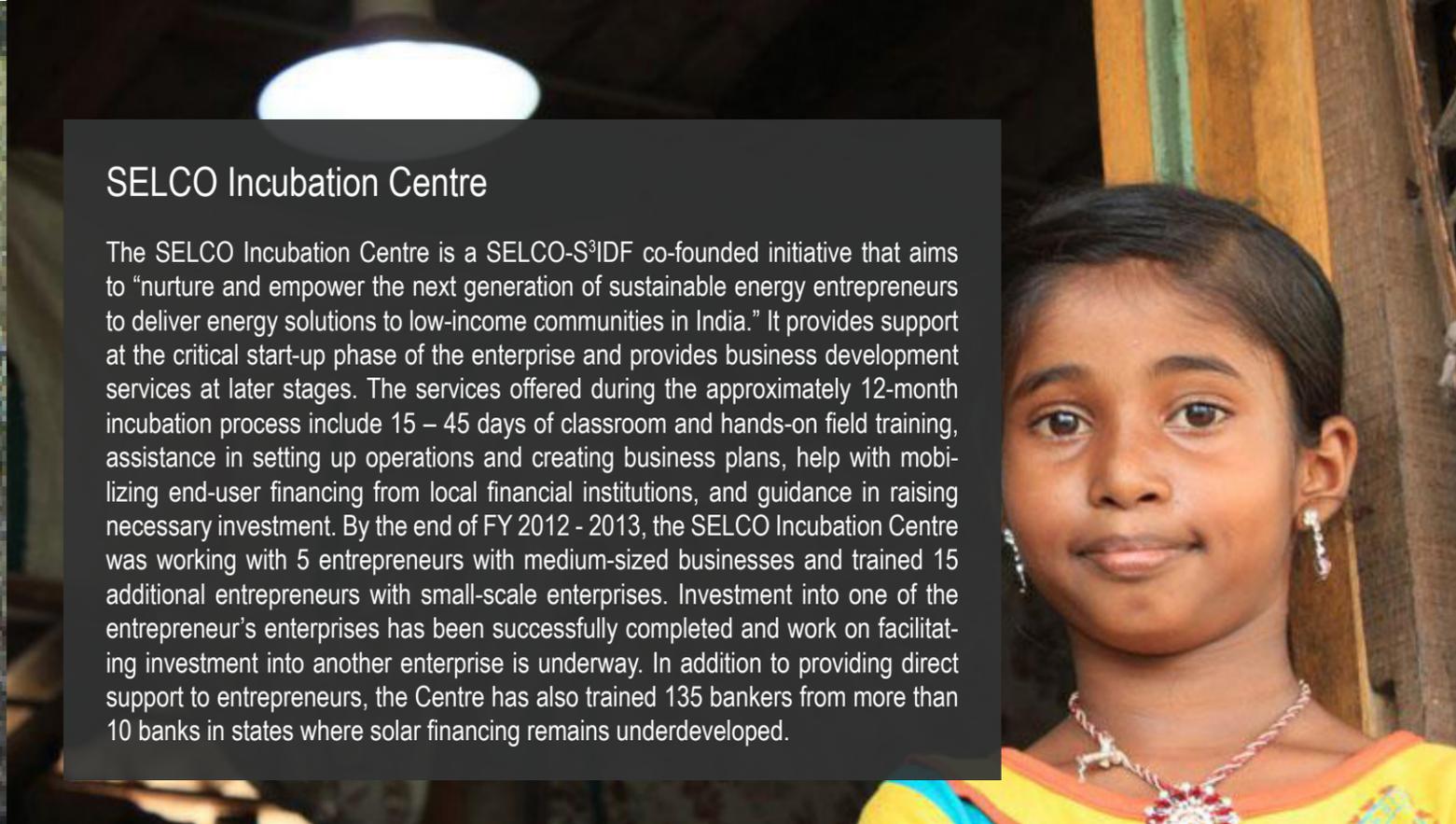
S<sup>3</sup>IDF pursues two mission objectives to affect change on both local and global levels:

- 1) Positively impact the poor and the environment by employing the SMBA in India
- 2) Achieve broader and greater impact within poor communities around the globe by challenging current development practices and mindsets as well as enabling other development entities to effectively apply the SMBA.





## PROJECT HIGHLIGHTS



### SELCO Incubation Centre

The SELCO Incubation Centre is a SELCO-S<sup>3</sup>IDF co-founded initiative that aims to “nurture and empower the next generation of sustainable energy entrepreneurs to deliver energy solutions to low-income communities in India.” It provides support at the critical start-up phase of the enterprise and provides business development services at later stages. The services offered during the approximately 12-month incubation process include 15 – 45 days of classroom and hands-on field training, assistance in setting up operations and creating business plans, help with mobilizing end-user financing from local financial institutions, and guidance in raising necessary investment. By the end of FY 2012 - 2013, the SELCO Incubation Centre was working with 5 entrepreneurs with medium-sized businesses and trained 15 additional entrepreneurs with small-scale enterprises. Investment into one of the entrepreneur’s enterprises has been successfully completed and work on facilitating investment into another enterprise is underway. In addition to providing direct support to entrepreneurs, the Centre has also trained 135 bankers from more than 10 banks in states where solar financing remains underdeveloped.



### Partnership to Advance Clean Energy - Deployment (PACE-D)

The “Deployment” component of the U.S.-India Partnership to Advance Clean Energy (PACE-D) is intended to “support India’s accelerated transition to a high performing, low emissions and energy secure economy by tackling multiple clean energy deployment opportunities.” S<sup>3</sup>IDF is leading Task 6, Microfinance Support Program, which seeks to support market penetration of sustainable/clean energy services for the underserved, particularly women.

S<sup>3</sup>IDF recently completed its first year of this multiyear initiative and its work will include policy analysis and an evaluation of the Indian microfinance sector, technical capacity building and awareness-raising trainings and workshops for stakeholders, partnership facilitation between financial institutions that do micro and meso financing and renewable energy suppliers, and design of a revolving fund with the potential for small-scale project implementation. A major theme throughout the work is fostering much greater participation of financial institutions in the provision of basic energy services as well as linkages to income generation via a range of pro-poor business models.



### Electrifying Villages and Schools in India: Part II

Funded by the Applied Materials Foundation, the Electrifying Villages and Schools in India: Part II project is a joint S<sup>3</sup>IDF-SELCO effort started in January 2013, continuing through to December 31, 2013. The project aims to address gaps in end-user financing that curtail the ability of low-income and marginalized households to access lighting and energy solutions and also targets alternative and under-funded schools by creating co-financing agreements for solar-powered lighting and digital educational equipment. To date, 691 customized solar home lighting systems have been installed in underserved households throughout the states of Karnataka and Tamil Nadu in southern India, surpassing the midterm target of 600 households. The current impact translates into an estimated 3,455 direct beneficiaries. Plans for bringing lighting and digital educational equipment to 10 schools are now in advanced stages of development and, once carried out, will benefit more than 500 students by the end of 2013.



## Integrated Energy Centres

Integrated Energy Centres (IECs) are solar-powered community centers that can supply a range of basic services often unavailable in underserved rural, urban, and peri-urban areas. By addressing fundamental energy needs and providing energy-dependent services, IECs positively impact the quality of life of their users and create livelihood opportunities for local entrepreneurs and other residents. IECs can be stand-alone structures or can be integrated into community spaces such as in libraries, education facilities, and health centers. To promote sustainability, IECs are tailored to fit the needs of each individual community and are structured so that the revenue covers IEC maintenance and operating costs. IECs are typically operated by local partners, operators, groups or entrepreneurs. S<sup>3</sup>IDF and SELCO, along with support from the Harry R. Halloran, Jr. Fund (a Donor Advised Fund that is part of The Philadelphia Foundation Special Assets Fund), trained 103 business associates, 60 service associates, and 11 IEC operators or entrepreneurs in addition to providing support for a number of IECs throughout Karnataka, India.



## International Water Management Institute - Resource Recovery & Reuse Project

S<sup>3</sup>IDF and Biome Environmental Solutions are working with the International Water Management Institute (IWMI) on a project “to improve livelihood opportunities, enhance food security, and contribute to cost recovery in the sanitation chain through resource recovery and reuse.” This resource recovery and reuse project (RRR) is one component of a larger multi-country initiative that is taking place in Bangalore, India; Lima, Peru; Hanoi, Vietnam; and Kampala, Uganda, and is focusing on resource recovery and reuse options. This initiative, which is led by World Health Organization, is supported by the Swiss Agency for Development, and is being undertaken in partnership with the International Centre for Water Management Services, the Department of Water and Sanitation in Developing Countries of the Swiss Federal Institute for Aquatic Science and Technology and the Swiss Tropical and Public Health Institute. S<sup>3</sup>IDF, Biome Environmental Solutions and other RRR project partners are currently conducting research and feasibility studies on RRR business models throughout the sanitation value chain in Bangalore.

## OTHER HIGHLIGHTS:

### SMBA Dissemination through Presentations & Workshops

#### 2012

JULY	The 9th Meeting of the Greater Mekong Subregion Working Group on Agriculture	Nanning, China
SEPTEMBER	European Council for an Energy Efficient Economy (ECEE) Industrial Summer Study	Arnhem, The Netherlands

#### 2013

MARCH	Discussion With Northeastern University MBA Candidates	Boston, MA
	Towards Universal Access: An Asian Perspective	Phnom Penh, Cambodia
	Presentation at Boston Green Academy	Boston, MA
	Northeastern Co-op Networking Expo	Boston, MA
JUNE	Asia Clean Energy Forum	Manila, Philippines

## SUPPORTERS & PARTNERS:

Thank you to all of our supporters, individual contributors, & partners!

<b>Supporters</b>	Applied Materials Foundation
	Asian Development Bank (ADB)
	blue moon fund
	Harry R. Halloran, Jr. Fund – Donor Advised Fund, The Philadelphia Foundation Special Assets Fund
	United States Agency for International Development (USAID)

<b>Partners</b>	Alternative Energy Promotion Center (AEPIC), Nepal
	Centre for Rural Technology in Nepal (CRT/N)
	Energy Access Practitioner Network
	Nexus Carbon for Development
	SELCO Foundation
	SELCO Solar Pvt. Ltd

## INDIA - FINANCIAL STATEMENTS: BALANCE SHEET

	2013 as of March 31	2012 as of March 31
<b>EQUITY &amp; LIABILITIES</b>		
Shareholders' Funds		
Share Capital	Rs. 3,71,04,320	Rs. 3,71,04,320
Reserves & Surplus	(Rs. 2,65,40,512)	(Rs. 2,91,91,577)
Current Liabilities		
Other Current Liabilities	Rs. 47,12,704	Rs. 8,81,413
<b>TOTAL</b>	<b>Rs. 1,52,76,512</b>	<b>Rs. 87,94,156</b>
<b>ASSETS</b>		
Non-Current Assets		
Fixed Assets		
Tangible Assets	Rs. 11,31,141	Rs. 8,62,705
Long-term Loans and Advances	-	Rs. 5,20,145
Other Non-Current Assets	Rs. 4,70,000	Rs. 2,00,000
Current Assets		
Cash and Cash Equivalents	Rs. 1,11,84,067	Rs. 38,39,642
Short-Term Loans and Advances	Rs. 21,97,305	Rs. 31,48,318
Other Current Assets	Rs. 2,94,000	Rs. 2,23,347
<b>TOTAL</b>	<b>Rs. 1,52,76,512</b>	<b>Rs. 87,94,156</b>

## INDIA - FINANCIAL STATEMENTS: INCOME AND EXPENDITURE ACCOUNT

	2013 as of March 31	2012 as of March 31
<b>REVENUE</b>		
Revenue from Operations	Rs. 1,40,42,300	Rs. 95,18,836
Other Income	Rs. 6,59,768	Rs. 5,22,169
<b>TOTAL REVENUE</b>	<b>Rs. 1,47,02,068</b>	<b>Rs. 1,00,41,005</b>
<b>EXPENSES</b>		
Cost of Materials	Rs. 10,34,884	-
Employee Benefit Expenses	Rs. 38,17,212	Rs. 47,52,669
Finance Costs	Rs. 9,184	Rs. 6,226
Depreciation and Amortization Expenses	Rs. 2,17,291	Rs. 1,75,172
Other Expenses	Rs. 69,72,432	Rs. 41,42,747
<b>TOTAL EXPENSES</b>	<b>Rs. 1,20,51,004</b>	<b>Rs. 90,76,814</b>
<b>EXCESS OF INCOME OVER EXPENSES BEFORE TAXES</b>	<b>Rs. 26,51,064</b>	<b>Rs. 9,64,190</b>
<b>TAX EXPENSES</b>		
Current Tax	-	-
Deferred Tax	-	-
<b>EXCESS OF INCOME OVER EXPENSES AFTER TAXES</b>	<b>Rs. 26,51,064</b>	<b>Rs. 9,64,190</b>

## US - FINANCIAL STATEMENTS: STATEMENT OF POSITION

ASSETS	2013 as of June 30	2012 as of June 30
<b>CURRENT ASSETS</b>		
Cash	\$922,181	\$1,000,990
Contracts Receivable	\$148,210	\$10,610
Prepaid Expenses	\$2,304	-
<b>Total Current Assets</b>	<b>\$1,072,695</b>	<b>\$1,011,600</b>
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipemtent	\$2,622	\$2,622
Less: Accumulated Depreciation	(\$2,185)	(\$1,311)
<b>Total Property and Equipment</b>	<b>\$437</b>	<b>\$1,311</b>
<b>TOTAL ASSETS</b>	<b>\$1,073,132</b>	<b>\$1,012,911</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$24,322	\$17,529
Payroll Liabilities	\$58,277	-
Loan Payable	-	\$10,000
<b>Total Current Liabilities</b>	<b>\$82,599</b>	<b>\$27,529</b>
<b>NET ASSETS</b>		
Unrestricted Net Assets	\$990,533	\$885,382
Board designated for Operations of S <sup>3</sup> IDF-India	-	\$100,000
<b>Total Net Assets</b>	<b>\$990,533</b>	<b>\$985,382</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,073,132</b>	<b>\$1,012,911</b>

## US - FINANCIAL STATEMENTS: CONSOLIDATED STATEMENT OF ACTIVITIES

	2013 as of June 30		2012 as of June	
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions and Grants	\$65,103	\$230,000	\$295,103	\$117,660
Released from Restriction	\$230,000	(\$230,000)	-	-
Contracts	\$183,210	-	\$183,210	\$15,958
Interest Income	\$3,707	-	\$3,707	\$2,272
In-Kind Salaries and Consultants	\$167,477	-	\$167,477	\$202,231
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$649,497</b>		<b>\$649,497</b>	<b>\$338,121</b>
<b>EXPENSES</b>				
Program Services				
Projects	\$278,904	-	\$278,904	\$106,412
Dissemination	\$230,095	-	\$230,095	\$157,921
<i>Total Program Services</i>	<i>\$508,999</i>	<i>-</i>	<i>\$508,999</i>	<i>\$264,333</i>
General and Administrative	\$107,817	-	\$107,817	\$72,999
Fundraising	\$27,530	-	\$27,530	\$50,857
<b>TOTAL EXPENSES</b>	<b>\$644,346</b>	<b>-</b>	<b>\$644,346</b>	<b>\$388,189</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$5,151</b>	<b>-</b>	<b>\$5,151</b>	<b>(\$50,068)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$985,382</b>	<b>-</b>	<b>\$985,382</b>	<b>\$1,035,450</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$990,533</b>	<b>-</b>	<b>\$990,533</b>	<b>\$985,382</b>



## SMALL-SCALE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FUND

### In the US:

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Bangalore – 560078

S<sup>3</sup>IDF US is a registered public charity under section 501(c)(3) of the Internal Revenue Service code.

S<sup>3</sup>IDF is a non-profit company registered in India under section 25 of the Indian Companies Act 1956. S<sup>3</sup>IDF is registered as 12A (a) under India Tax Act which helps Indian donors claim tax exemption under section 80G.

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