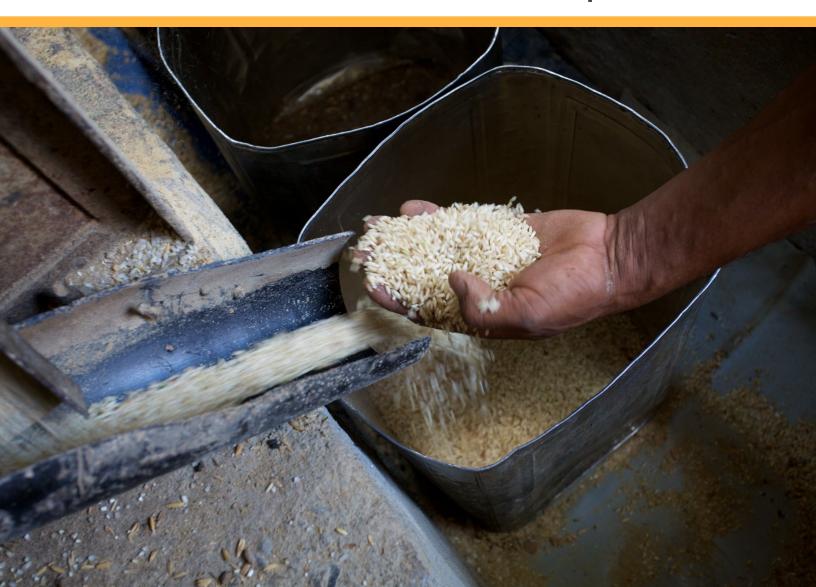


US Annual Report 2010 - 2011





Our Approach

We facilitate the creation of micro-, small-, and medium-sized enterprises (MSMEs) that provide infrastructure services such as energy, water, sanitation, transport and telecommunications as well as related investments (e.g. agro-processing and energy-efficient devices) necessary for poverty alleviation by using our Social Merchant Bank ApproachSM (SMBA).

The central features of the SMBA include:

- Explicitly pro-poor and pro-environment project focus
- Leverage of philanthropic & development funds to bring local commercial financing to to viable but "non-bankable" deals by "gap-filling" credit conditioning (e.g. partial guarantees), debt and/or equity
- Financial sustainability at the project and portfolio levels
- Partnering and linkage approaches throughout the supply-chain
- ▶ Highly replicable across geographies and technologies

ಸದ, ಉತ್ತಮ ಗುಣಮಟ್ಟದ ಸಾಧನಗಳು ರಿಂದ 10 ಕಿ.ವ್ಯಾ ವರೆಗಿನ ವಿದ್ಯುಜ್ಞನಕಗಳ ಲಭ್ಯ 5 ಕಿ.ವ್ಹಾ ವರೆಗಿನ ವಿದ್ಯುತ್ ಘಟಕಗಳ ಸ್ಥಾಪನೆಗೆ ಕೇಂದ್ರ ಸರ್ಕಾರದ MNES ವತಿಯಿಂದ ಒಟ್ಟು ವೆಚ್ಚದ ಶೇ.75 ರಷ್ಟು ಧನ ಸಹಾಯ ದೊರೆಯಲಿದೆ. Dear Friends, ಯಲಚೇನಹಳ್ಳಿ, ಕನಕಮರ ಮೈನ್ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 062 ಇ–ಮೈಲ್ : prakrutihydro@gmail.com Fiscal year 2010 - 2011 was another year of progress for S³IDF with new investment deals added to our Indian portfolio and with significant progress made in our efforts to change traditional development mindsets with the dissemination of our Social Merchant Bank ApproachSM (SMBA) to new countries. Our Indian project portfolio now has 183 projects that benefit the poor as enterprise owners, operators and/or consumers. The projects completed in 2010 - 2011 ranged from solar lighting to cooking and heating solutions to water provision. We also started our ADB supported contract for an ADB project in Nepal, which will bring our unique SMBA financing, business development, and technological support to the Government of Nepal's Improved Water Mill Programme. This ADB project is based largely on prior work we undertook with USAID support. In addition, with the support of USAID, S³IDF examined applying the Social Merchant Bank Approach in Sri Lanka, Bangladesh and Pakistan. This successful investigation led to an in-depth focus into the opportunities in Sri Lanka that culminated in a comprehensive report that details the markets, partners and technologies for a full-scale SMBA application. We look to build on our successes in 2010 - 2011 in the coming year. Sincerely, **Principal Founder & Executive Director**



Our Initiatives

S³IDF is producing a stream of financially self-sustaining viable MSMEs that can supply infrastructure services to poor people in ways that tap into existing sources of small-scale finance. It also supports other enterprises that are critical to these infrastructure services such as small-scale suppliers of technology and know-how. The locally-owned MSMEs that S³IDF helps to create or strengthen are intended to benefit the poor as owners, operators, and/or consumers.

S³IDF, with assistance from organizational supporters and project partners, also works to disseminate our Social Merchant Bank ApproachSM (SMBA) to new countries and additional regions in India. The SMBA is designed to be widely applicable across both geographies and technologies and has the potential to alleviate poverty on a large scale across the globe.

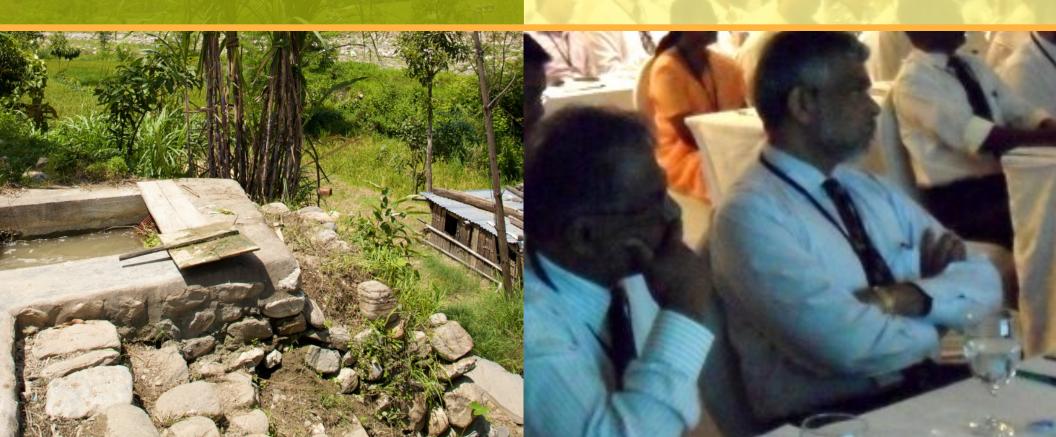
Highlights:

ADB Sponsored Project in Nepal

Russell travelled to Nepal in August 2010 to kick-off our ADB-financed effort in support of an ADB project in Nepal that will bring the unique SMBA financing, business development, and technological support to the Government of Nepal's Improved Water Mill Programme. This mission launched the multi-year project with our partners, the Rural Microfinance Development Corporation (RMDC), the Centre for Rural Technology in Nepal (CRT/N), and the Alternative Energy Promotion Center (AEPC). A second mission in February 2011 ironed-out the details for the implementation of a revolving financing fund to support increased rural market penetration of these water mill improvements for expanded agro-processing and electrification.

USAID South Asia Regional Initiative for Energy

Early this year, in conjunction with our local country consultants through USAID, we investigated possible applications of the Social Merchant Bank ApproachSM in Sri Lanka, Bangladesh and Pakistan. This work was published by USAID in our report titled: "Social Merchant Bank Approach: Dissemination for Bangladesh, Pakistan and Sri Lanka. Inception Report." Sri Lanka was the most prepared for launching an SMBA application, and we underwent extensive research and networking in Sri Lanka, including a day long workshop in Colombo with banks, development agencies, government agencies, local entrepreneurs and technology suppliers to identify the best potential partners and technologies for such an application. The next steps and initial project design was presented in our "Social Merchant Bank Approach Reconnaissance Report: Sri Lanka," also published by USAID.



Highlights continued:

Project Portfolio

Project Growth in the Indian Project Portfolio

S³IDF with is affiliate in India, grew its project portfolio to 183 projects at the end of this year.

SMBA Dissemination through Presentations & Workshops

UNDP Brown Bag Lunch: "Bringing Small-Scale Finance to the Poor for Modern Energy Services"

Russell de Lucia (Principal Founder and Executive Director) was invited to present with a panel at the UNDP offices in New York City as part of their Sustainable Energy Programme in July 2010.

GEI Side Event at UN Framework Convention on Climate Change

Michael Lesser (Senior Economist & Board Member) gave a presentation titled Innovation in Providing Modern Energy & Other Infrastructure Services to the Poor in Tianjin, China in October 2010.

Rural Energy and Climate Initiative – a Collaboration of BMF and Nexus

Carbon for Development

Russell de Lucia (Principal Founder and Executive Director) travelled to the inaugural workshop of this initiative in Phnom Penh, Cambodia in March 2011. The workshop brought together a wide variety of stakeholders in the development of clean energy solutions for Asia. A second meeting is planned for July 2011.

Asia Clean Energy Forum (ACEF)

Russell de Lucia (Principal Founder and Executive Director) was invited to speak at the 6th annual ACEF as part of the Energy for All track in June 2011.



Supporters & Partners

We would like to express our sincere gratitude and to acknowledge the generous support of our 2010 -2011 supporters and partners.

Supporters:

- Asian Development Bank (ADB)
- Blue Moon Fund (BMF)
- **Nexus Carbon for Development**
- United States Agency for International Development (USAID)
- **Marcled Foundation**

Partners:

- EnergySolve International (Sri Lanka)
- **Hagler Bailly Pakistan**
- **Engineers Associates Ltd (Bangladesh)**
- Rural Microfinance Development Corporation, Nepal
- Centre for Rural Technology, Nepal (CRT/N)
- Alternative Energy Promotion Center (AEPC), Gov. of Nepal
- TetraTech ES



Financial Statements: Statement of Position

Financial Statements: Consolidated Statement of Activities

	2011 as of June 30	2010 as of June 30
ASSETS		
Current Assets		
Cash	\$1,006,071	\$1,158,543
Contracts Receivable	\$33,765	-
Property & Equipment		
Office Equipment	\$2,622	\$2,724
Less: Accumulated Depreciation	-\$437	-\$2,724
Total Assets	\$1,042,021	\$1,158,543
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable	\$6,571	\$16,923
Total Liabilities	\$6,571	\$6,571
Net Assets		
Unrestricted net assets	\$935,450	\$941,620
Designated for S³IDF India	\$100,000	\$200,000
Total Net Assets	\$1,035,459	\$1,141,620
TOTAL LIABILITIES & NET ASSETS	\$1,042,021	\$1,158,543

	as of June 30	as of June 30
SUPPORT & REVENUE	Total	Total
Grants	-	\$130,000
Contributions	\$10,513	\$13,150
Released from Restriction	-	-
Contracts	\$152,214	\$45,000
Interest Income	\$1,295	\$5,923
In-Kind Salaries & Consultants	\$217,233	\$210,558
Total Support & Revenue	\$318,255	\$404,631
EXPENSES		
Program Services: Projects	\$199,790	\$96,366
Program Services: Dissemination	\$188,856	\$84,524
Total Program Services	\$388,646	\$180,890
General & Administrative	\$78,879	\$106,189
Fundraising	\$19,900	\$58,504
Total Expenses	\$487,425	\$345,484
CHANGE IN NET ASSETS	-\$106,170	\$59,147
NET ASSETS AT THE BEGINNING OF THE YEAR	\$1,141,620	\$1,082,473

\$1,035,450

\$1,141,620

NET ASSETS AT THE END OF THE YEAR

In the US

Small Scale Sustainable Infrastructure Development Fund The Carriage House 5 Hastings Square Cambridge, MA 02139 - 4724

Phone: +1 617-576-0652 Email: <u>info@s3idf.org</u>

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

In India

Small Scale Sustainable Infrastructure Development Fund No. 700, Ground Floor 15th Cross, 24th Main J P Nagar 2nd Phase Bangalore – 560078

Email: info@s3idf.org

S³IDF is a non-profit company registered in India, since 2003, under section 25 of the Indian Companies Act 1956. S³IDF is registered as 12A (a) under India Tax Act which helps Indian donors claim tax exemption under section 80G.

