

## The Small-Scale Sustainable Infrastructure Development Fund (S<sup>3</sup>IDF), Incorporated

Project: Investments via Application of S<sup>3</sup>IDF's Social Merchant Bank Model

Location: India

S<sup>3</sup>IDF used its innovative social merchant bank model in to fund investments that addressed the lack of energy infrastructure necessary for poverty alleviation in India. S<sup>3</sup>IDF provided pre-investment support to chosen groups, arranged financing, and performed monitoring and evaluation of the investments. Pre-investment efforts for this program included: investment identification, arranging/developing new partnerships; pre-investment feasibility and willingness-to-pay analysis; deal structuring including additional financing and risk mitigation ownership/operation structures; supplying “gap filling” financing (from revolving fund) and arranging local financial institution co-financing; and assistance/capacity strengthening to investment owners and operators. Additionally, S<sup>3</sup>IDF performed monitoring and evaluation of the projects and disseminated results for potential project replication.

Initially, S<sup>3</sup>IDF expected to fund two to four energy related projects, but due to a number of factors (improved efficiency, smaller investment size, and use of diverse projects), were able to fund five projects. The five poor-poor investments covered a range of topics such as:

- Karuna Trust Hospital in Yellandur, Karnataka: Funding went to an innovative “pay-for-kitchen” which allows lower income users to share an LPG connection at low pay-for-use costs.
- Lighting services for petty shops and households, Karnataka: This project brought affordable lighting services to poor customers without access to the grid (or a reliable grid). In this project, shops and households in and around the village were provided with access to one of the following three types of lighting products—LED lanterns, solar lanterns, and grid charged lanterns—on a lease-to purchase basis.
- Assistance in setting up an enterprise promoting fuel saving device for domestic and commercial applications, Karnataka: An entrepreneurial group invented a device which, once installed in a motor, results in better, more complete, and cleaner combustion of fuel. They were looking to expand their market and create a viable business.



Users of the Common Kitchen at Karuna

The projects benefited about 550 people and provided full time employment to at least one person and part time employment to 5 people.