IMPACT-LINKED FUND FOR WATER, SANITATION AND HYGIENE (ILF for WASH)

CALL FOR APPLICATIONS LEAFLET

**Aqua for All** and **Roots of Impact** are looking for impact enterprises within the Water, Sanitation and Hygiene (WASH) sector to provide them with **Impact-Linked Finance** to help them scale, in both business and impact terms. Based on the promising results of the **SIINC for WASH** joint programme launched in 2020, this comprehensive Impact-Linked Fund for WASH (ILF for WASH) has been designed to further catalyse finance for WASH enterprises in Asia, Africa and the Middle East.

The Fund will support WASH enterprises with impact-linked funding and technical assistance. Enterprises raising repayable investment are invited to apply for receiving **Social Impact Incentives (SIINC)** – outcome-based payments rewarding enterprises for creating impact. Applying candidates in need of impact measurement support, may be selected for receiving specialised technical assistance.

**KEY SELECTION CRITERIA**

1. **Sectoral and geographical focus**: Applying enterprises must be focused on water, sanitation, or hygiene, and be based and/or active in Asia, Africa, or the Middle East.

2. **Track record**: Enterprises must be operational for at least three years.

3. **Investment**: In order to be eligible for SIINC, enterprises must be raising repayable investment(s) (e.g. debt, equity, mezzanine etc.) of a minimum of EUR 500,000.

4. **Business model**: Although there are no specific constraints regarding the legal form (e.g. for- or not-for profit organisations), the enterprises need to have a strong business model and generate revenues out of their activities (e.g. fee-for-service, subscription, public contracting etc.).

5. **Financial sustainability**: Enterprises must have either already achieved financial sustainability (break-even or profitability) or have a clear plan to do so in the short- to medium-term, to allow them to continue generating positive impact long after the Impact-Linked Finance transactions have ended.

6. **Impact focus**: Particular focus lies on enterprises that a) target vulnerable and low-income groups, b) are gender-inclusive, and c) address climate challenges. Enterprises that do not have a specific impact focus are also eligible if they prove to be willing and able to deliver positive social outcomes in one of the above three areas or others.

7. **Impact track-record**: To design relevant incentive structures, it is necessary to have data related to the impact generated by the enterprise. Systematically monitored impact indicators need to be used for the design of the reward payments. High-potential candidates lacking such an impact measurement system, may be offered technical assistance in form of training and support.
KEY TRANSACTION CHARACTERISTICS

1. **Instruments:** Primarily Social Impact Incentives (SIINC), with other Impact-Linked Finance instruments such as Impact-Linked Revenue-Share Agreements to be considered on a case-by-case basis. Technical assistance may be offered to high-potential candidates without a strong impact measurement system.

2. **Ticket sizes:** Depend on a variety of aspects, including growth stage, profitability, investment round etc. Ticket sizes for SIINC and other ILF instruments are likely to be approximately EUR 250,000.

3. **Terms and metrics:** Will be defined on a case-by-case basis, but typical SIINC transactions last for 2-3 years, with 2-3 enterprise-specific metrics verified every 6 or 12 months.

4. **Timeframe:** The selection process will be finalised by Q3 2022, followed by the structuring phase, whose duration is dependent on the availability of relevant information and data. The final closing and signing of the documentation is estimated for the first half of 2023.

APPLICATION AND CONTACT

The call is now open for applications, and can be accessed online via this application form: [ILF for WASH application](#). The deadline to apply is **July 10th, 2022** at 6.00pm Central European Summer Time (CEST). For further information, please contact us at ilfforwash@roots-of-impact.org.

ABOUT SIINC

Social Impact Incentives (SIINC) is a funding instrument that rewards impact enterprises with time-limited payments for achieving pre-defined and independently verified outcomes. Enterprises can earn additional revenue and improve their profitability, which in turn helps them to attract additional investment to scale. To be eligible for receiving SIINC, impact enterprises need to raise repayable investment in parallel. The nature of the investment round can vary (e.g. equity, debt, mezzanine, etc.).

SIINC is relevant for multiple stakeholders. For impact enterprises, SIINC makes it possible to scale without compromising on generating strong positive impact. SIINC acts as an additional revenue stream that directly improves the profit and loss statement and the risk/return profile of enterprises, making them more attractive to investors. For outcomes funders, SIINC only provides rewards for impact that is actually generated, thus ensuring an efficient use of their funding.

SIINC has a proven track record. The model has been implemented in different Latin American, Asian and African countries and various sectors, including vocational skills development, healthcare, and agriculture. The comprehensive ILF for WASH programme is the next iteration of SIINC for WASH, where three companies (aQysta, ATEC*, and KWSH) were SIINCed. It therefore builds on the success, experiences, and learnings of the first programme. For more information read aQysta’s case study and interview or KWSH’s case study and interview.
ILLUSTRATIVE SIINC EXAMPLES FOR THE WASH SECTOR

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<th>Enterprise description</th>
<th>SIINC’s intervention</th>
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<td><strong>Tap&amp;Drink</strong> has designed an innovative water treatment system that provides drinking water via local entrepreneurs-led water kiosks.</td>
<td>Prior to SIINC, Tap&amp;Drink focused mostly on (semi-) urban households. SIINC outcomes payments are linked to the increase of (semi-) rural households reached as well as high retention rates as a proxy for customer satisfaction.</td>
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<td><strong>Ploop</strong> builds affordable sanitation facilities for urban slums and franchise them to community members to serve all residents. Waste is collected and converted into valuable end-products such as organic fertilisers.</td>
<td>Ongoing payments are based on the increase in the amount of waste collected and converted as a proxy for increased utilisation. Bonus payments are provided for entering urban slums with little or no prior sanitation facilities.</td>
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ABOUT ROOTS OF IMPACT

*Roots of Impact* is a specialised advisory firm dedicated to making finance work for positive impact on people and planet. We collaborate closely with a variety of stakeholders across the globe to scale high-performing enterprises and innovations with strong potential for impact. As pioneers of Impact-Linked Finance, we are passionate about making the most effective use of public funds and catalytic capital. Our mission is to maximise “impact leverage” by mobilising private investment for high-impact opportunities and shaping innovative public-private partnerships.

ABOUT AQUA FOR ALL

*Aqua for All* is a not-for-profit organisation. For almost two decades, we have worked towards catalysing an innovative, sustainable, and inclusive water and sanitation economy worldwide. Aqua for All operates in Africa and Asia supporting innovations and scaling up enterprises until they are investment ready without distorting the market. In addition, we use our funds to mobilise private and public capital to increase investments in water and sanitation. In ILF for WASH, Aqua for All brings extensive water sector expertise as well as the impact-linked funding for the enterprises.

Any questions regarding Impact-Linked Finance? Please check out our Impact-Linked Finance [FAQ](#), [Glossary](#) and [video](#), or directly contact us [here](#).