



Annual Report 2022



Aqua for All

Making Water Count

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Cover photo

Gloria Annor is Safisana's Plant Supervisor. Safisana collects and reuses waste as a resource to produce biogas and organic fertiliser. In 2017, Safisana opened its waste-to-energy plant in Ashaiman, Ghana, the first one ever in West Africa.



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Two decades of impact and change

In 2022, many things went back to normal; we worked more often at the office, and business travel resumed. However, it was not business as usual in the water and sanitation sector. The Covid-19 pandemic challenged its status quo and forced the sector to engage other funding sources to maintain and expand access to basic services.

Service delivery by private-sector providers was critical to safeguard the provision of water and sanitation. Their complementary role to public efforts became widely acknowledged as a key contribution at national level to meet Sustainable Development Goal 6, universal access to clean water and sanitation. The need to make private capital available for these enterprises became more evident and urgent. Access to funding is needed to ensure small and medium enterprises' continuous operations to sustain services to millions of people worldwide. Tapping into this momentum, we partnered with Sidian Bank in 2020-2022 to pioneer a WASH loan facility for SMEs in Kenya, using our grant for de-risking and technical assistance (see page 16).

New contracts

By the end of 2022, we had more than doubled our portfolio by signing 24 new contracts. Among these, we developed seven blended finance partnerships with local and global banks, impact investors and private funds, with several agreements in the pipeline to be contracted in 2023.

Examples of these commitments include our partnership with Family Bank in Kenya to facilitate lending to community-based service providers serving low-income communities. Our agreement with impact investor Oikocredit International will help us scale our approach to increase financial inclusion for water and sanitation. Through this partnership, we will support Oikocredit's financial inclusion partners in developing



loan portfolios for water and sanitation SMEs and households in East and West Africa and Southeast Asia.

Also in 2022, we finetuned our partnership with impact investor Incofin, Danone Communities and several development funds and private banks to launch the Water Access Acceleration Fund (W2AF), an impact-first blended equity fund for safe drinking water investments, in early 2023.

These new agreements and pledges of our partner organisations offer the prospect of generating up to USD626 million in allocations. This financing will, in turn, drive the acceleration of water and sanitation provision to low-income communities in the coming years.



Improving our cutting-edge approach to drive change

Aqua for All celebrated its 20th anniversary in 2022. Today we are much changed from the water NGO established two decades ago. We have grown to become an international foundation pioneering cutting-edge solutions and partnerships in the interface of water, sanitation and investing in SDG 6. What has not changed is our transformative approach, anchored in putting impact and sustainability at the centre, and our recognition of the critical role of the private sector in accelerating water and sanitation provision and access.

We continue to improve so that we can tackle emerging challenges and ensure we contribute to impactful initiatives. Our new climate strategy (see page 13) now guides us in supporting service providers and investors' implementation of climate-smart approaches, both to reduce risk and to generate climate-positive effects. Our work takes account of the deep linkages between water, sanitation, climate change and women's wellbeing.

Building on what works

We have proof our approach works. It's strongly based on our financial market acumen and WASH sector expertise. Building

on our successes to date, we continue to reach out to like-minded organisations and to communicate the transformative potential of private-sector-based solutions. More and more, we see our local financing and implementing partners become stronger advocates with their governments for an enabling environment, including supportive regulation to ensure WASH investments deliver impact. And by showcasing our progress, we encourage and pave the way for more actors to take up the challenge.

As Aqua for All enters the final 18 months of its five-year Making Water Count programme, we look forward to continuing to build the market of investment-ready services and increasingly mobilising large-scale private finance to create a water and sanitation economy that can thrive.

We are deeply grateful to the Netherlands Ministry of Foreign Affairs. Its support for our mission from the start has been invaluable in our drive to bring together public and private efforts towards developing water and sanitation markets and blended finance solutions that achieve change on a groundbreaking scale and create impact and resilience.

As ever, transforming the sector to accelerate sustainable access to water and sanitation remains at the heart of our mission.

Josien Sluijs
Managing Director





Thank you for working with us!

Aqua for All operates as part of an ecosystem of organisations and individuals united by the aim of bringing safe water and sanitation to low-income households in developing countries. Our impact owes enormously to the many invaluable funding, strategic, financial, technical assistance and service delivery partners we are privileged to work with. In some cases, these collaborations date back to our founding in 2002.

We thank the following partners for their trust, valuable partnership and efforts in support of our mission:

First, the support of the Netherlands Ministry of Foreign Affairs' Directorate-General for International Cooperation (DGIS) has been foundational for our work. DGIS has been a leading governmental voice internationally in water and sanitation over the years and has shown exceptional understanding and flexibility in underpinning Aqua for All's activities with its grant funding and by enabling us to develop our programmes and build expertise over the years.

We also highly appreciate many other partners we worked with in 2022, including ACTIAM, Amref Flying Doctors, bopinc, cewas, Danone Communities, European Microfinance Platform (e-MFP), European Venture Philanthropy Association (EVPA), FINISH Mondial, Incofin Investment Management, the Marie-Stella Maris Foundation, Oikocredit International, Roots of Impact, Sanitation, Water and the Entrepreneurship Pact (SWEP), the Stone Family Foundation, Toilet Board Coalition, the Vitol Foundation, VOX Impuls, Waste, the Waterloo Foundation, Water.org, Waternet and all the members of the WASH Funders' Group.

We are grateful to the many other partners we collaborated with during the past year and, as always, to our staff, consultants and Supervisory Board for their hard work and commitment.





Aqua for All in 2022: A growing portfolio

Accelerating access to improved water and sanitation services requires scaling market-based solutions. It also needs more capital to be made available for water and sanitation enterprises to scale and for households to make water and sanitation improvements at home.

In 2022, Aqua for All achieved strong portfolio growth. Our Making Water Count programme **more than doubled** in size to more than **€104 million**, including leveraged co-funding¹. DGIS's grant of **€19.15 million** helped us leverage **€85 million**, mostly private capital. By signing 24 new contracts during the year, **we increased our total number of contracts to 118** since the start of Making Water Count in mid-2019.

This significantly exceeds the number of initiatives (45 for innovation; 25 for scale) that we forecast to be contracted under Making Water Count.

¹ All figures in this report are preliminary and subject to audit.

Strengthening the market

To strengthen the market for innovative and scalable water and sanitation solutions for low-income communities in Africa and South Asia, we focus on three strategic pillars: innovation, scale and catalysing private capital. In the past year, we allocated almost €7 million (35% of our DGIS grant) to incubate and accelerate start-up enterprises and innovations. To scale up proven business models to investment readiness, we allocated €5.64 million (30% of the grant). And we mobilised innovative blended (public and private) capital investment using €6.75 million (35%).

We invested 64% of our funding in drinking water in 2022, 15% in sanitation, 2% in integrated water resources management and 19% in water and sanitation combined. Safe drinking water, with relatively well-developed business models, attracts and absorbs most current investment.

Regionally, 27.8% of portfolio funding went to East Africa (mainly Kenya); 8.7% to West

Africa (Burkina Faso, Ghana, Mali, Senegal); 13.9% to Asia (Bangladesh, Cambodia, India); 1.7% to the Horn of Africa (Ethiopia); 1.4% to Southern Africa (mainly South Africa); 0.1% to Latin America; and 46.4% to global initiatives. WASH entrepreneurship is relatively well developed in Kenya; more work to incubate and scale up business models is needed elsewhere.

Mobilising the financial sector for WASH

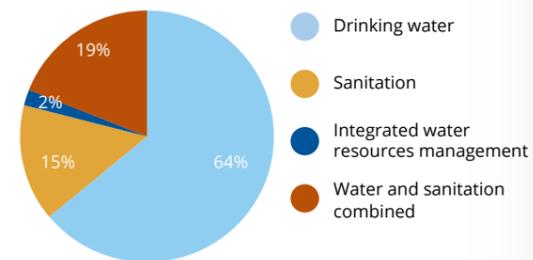
In 2022, Aqua for All again exceeded its 3 to 1 leveraging target agreed with DGIS. On average, we achieved €4.46 in co-funding for every €1 of our grant. We use our funds to facilitate investment with market intelligence, technical assistance, de-risking instruments, outcome-based funding (pay for success) and other incentives.

Our work was a powerful catalyst. In Kenya, our successful financial partnership with **Sidian Bank** in 2020-2022 has led the bank to establish a larger water, sanitation and hygiene portfolio focusing on micro,

small and medium enterprises (MSMEs). It has also paved the way to new collaborations with **National Bank of Kenya** and **Family Bank**. Kenyan financial institutions have welcomed our new Toolkit for Financial Institutions, which includes guidelines for setting up a WASH portfolio and assessing impact.

We started new collaborations with local financial institutions in Kenya. These aim to develop new blended finance solutions targeting community-based service providers and savings-and-credit cooperatives. We expect to launch these in the first part of 2023.

Portfolio distribution per key themes



Working with these local financial institutions in Kenya has shown that our de-risking approach to increasing financial inclusion in water and sanitation works and is scalable. We have signed a two-year partnership with Oikocredit to scale up WASH SME lending in Cambodia, Senegal and Uganda. This partnership will help leverage our funds for technical assistance, de-risking and/or performance-based incentives by 1:10. Oikocredit will invest up to €15 million in financing to develop its financial partners' WASH portfolios. We provided training for Oikocredit's West Africa investment team in Senegal and technical assistance for a microfinance institution in Cambodia.

Measuring and managing impact

Impact measurement and management are growing in importance in the sector, especially for financial partnerships. Governments and investors require financial institutions and investees to report on their impact on climate or the SDGs. For water and sanitation enterprises to mobilise private capital, it has become increasingly necessary to measure and show impact next to investment readiness. We have therefore allocated funds and support to strengthen enterprises' impact measurement and management capacity, such as through technical assistance as part of our new Impact-Linked Fund for Water, Sanitation and Hygiene (**ILF for WASH**) programme.

We launched ILF for WASH in 2022 in partnership with **Roots of Impact**. The programme builds on the successes and learning of our joint pilot programme, Social Impact Incentives (SIINC) for WASH. ILF for WASH aims to support impact-driven enterprises in Africa, Asia and the Middle East in scaling up their operations while generating additional impact. This will accelerate their progress towards self-sustainability and profitability with impact-linked finance payments.

The first ILF for WASH call for application closed in mid-2022. Soon afterwards, we launched the **Train-the-Trainer programme**, a technical assistance track to strength local service providers' knowledge about impact measurement and management and their investment readiness.

Also during 2022, we were involved in setting up the Water Access Acceleration Fund (W2AF), a blended equity fund investing in growth enterprises. Managed by **Incofin Investment Management**, and with Danone Communities as anchor investor, the fund will provide capital to local service providers offering affordable safe drinking water solutions to 30 million people, especially in Africa and Asia. W2AF was launched in March 2023.

Business acceleration

Aqua for All funds business acceleration programmes to develop the pipeline of

scalable water and sanitation enterprises. Our accelerator programmes assist enterprises' growth, impact and investment potential. We implement these programmes in different formats – as incubators, challenges, bootcamps, and so on – and they usually last 12 to 18 months. We have run seven such programmes to date in five countries: Bangladesh, Burkina Faso, Ethiopia, Kenya and Mali. Fifty-seven WASH enterprises have participated, some of them early-stage businesses, others more advanced.

Working with local partners that understand WASH and the country context, business acceleration programmes support participating enterprises with product and service development and with training in business management, marketing, communications, pitching and financing. Most involve seed capital and individual leadership coaching. In 2022, we started a second cohort of our acceleration programme in Burkina Faso (**see page 17**), including a focus on climate risks and creating resilience.

Future plans

As we continue developing the portfolio towards our goal of at least €120 million invested by mid-2024, we want to share more of our own and our partners' learnings by building an accessible knowledge store for stakeholders. We will also press forward with work on climate-smart investment (**see page 13**).



Making Water Count: Key results 2019-2022



Over €104 million

Total funds contracted, including grants and leverage



12%

Innovation funds contracted, including grants and leverage



20%

Scale funds contracted, including grants and leverage



66%

Innovative finance funds contracted, including grants and leverage



2%

Funds managed as Covid-19 response, including grants and leverage

Top 5 countries



Kenya
€25,451,598



Bangladesh
€6,177,342



Cambodia
€4,147,067



India
€3,526,996



Ghana
€3,401,806



1.55 million

People got improved access to water, sanitation or integrated water resources management



1.04 million

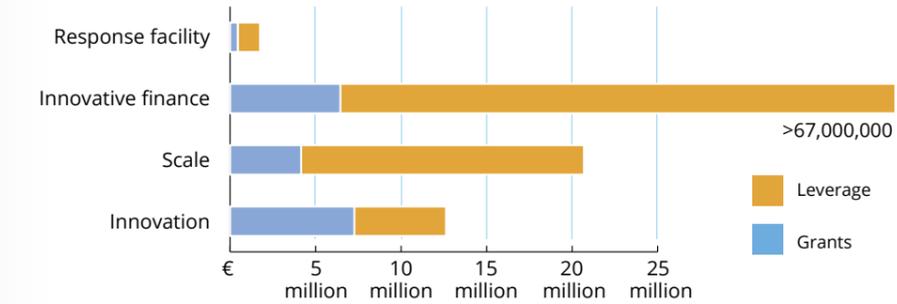
People got improved access to safe drinking water



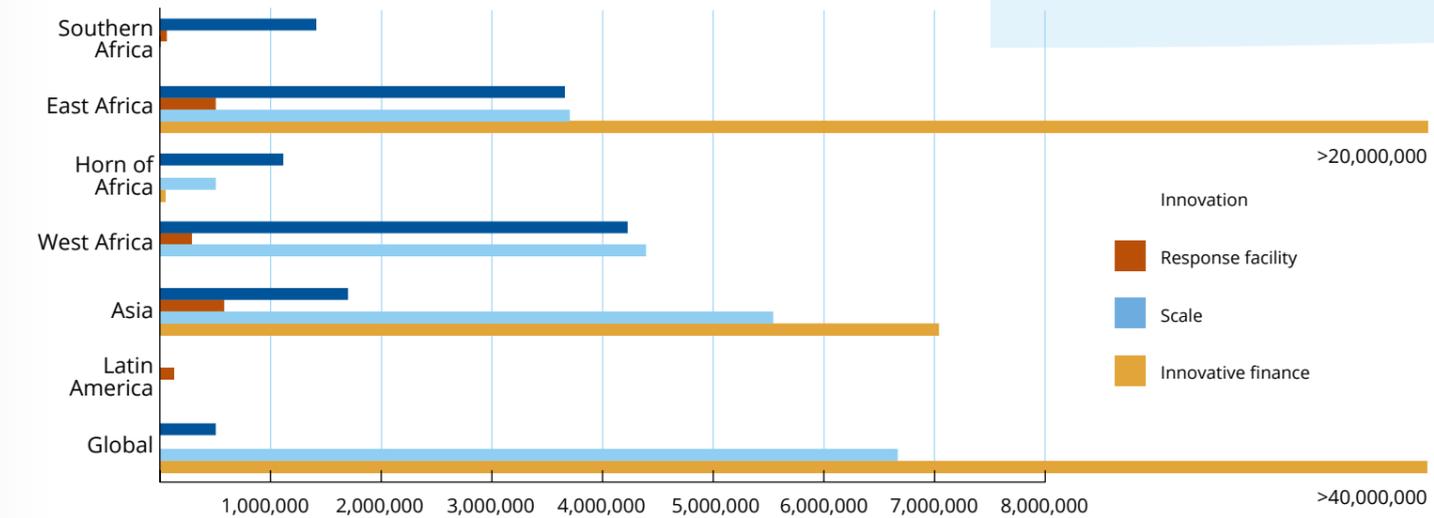
0.51 million

People got improved access to safe sanitation

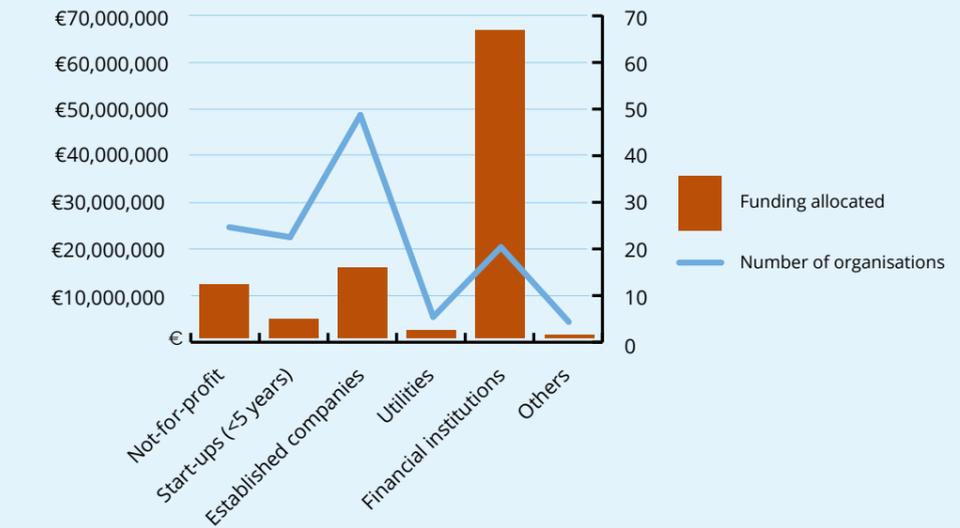
Grants and leverage per sub-programme



Funding per region



Funding per type of organisation





Aggregated results (2002-2022)



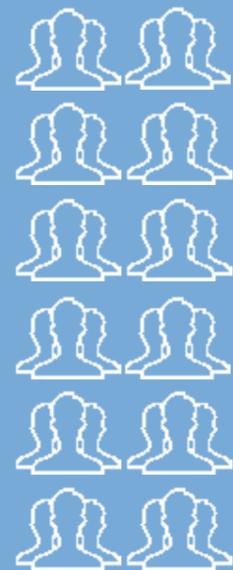
Almost €244 million
Total funds contracted,
including grants and leverage



Operations in 69
countries worldwide



Our funds were primarily
spent in **Africa (51%)**
and **Asia (24%)**



7.19 million

People got continued
access to water,
sanitation or IWRM*
services

*Integrated water
resources management



Becoming smarter in addressing climate change

Climate change is increasing the water and sanitation sector's vulnerability to effects such as droughts, storms, floods, landslides and rising temperatures. In turn, the sector also contributes an estimated 3% to 7% of total global greenhouse gas emissions through the use of fossil fuels and release of methane and other gases. Climate considerations and risks are therefore inherent for assessing the viability of any water and sanitation enterprise or market-based solution.

Sustainability has been a key element of our funding and partnership decisions. Aqua for All's sustainability focus implicitly has a climate angle, among other considerations. However, with climate-negative impacts becoming more pressing on local service providers and the communities they serve, we have increased our emphasis on helping water and sanitation enterprises become climate smart through adaptation and mitigation (emissions reductions).



Partner survey and portfolio assessment

In 2022, we surveyed 26 rural and urban water and sanitation partners' understanding of climate change effects on their operations in 13 African, Asian and Latin American countries. All but one of these enterprises reported local or regional climate change effects such as extreme weather and decreasing groundwater and were concerned about future impacts.

The portfolio assessment we undertook in 2022 identified three levels of climate adaptation or resilience building among current partners: 55% of our initiatives build resilience simply through increased availability of services contributing to improved health and/or poverty reduction among users; 12% combine this with specific adaptation measures (such as public toilets in Dhaka, Bangladesh, designed to remain functional during most floods); 2% focus entirely on adaptation; for the remaining 32% of our portfolio, we could not ascertain adaptation impact.

We grouped projects into those likely to reduce greenhouse gas emissions (40%), those with insignificant climate impact (31%), those likely to increase emissions (2%) and those with unknown climate effects (27%). Drinking water treatment initiatives avoid

households' use of firewood, charcoal or fossil fuels to boil water. Sanitation projects can reduce emissions through aerobic (oxygenated) faecal waste treatment or by harnessing biogas for cooking.

These results highlight water and sanitation enterprises' need for financial and technical support for mitigation, adaptation and resilience-building measures.

Climate strategy, monitoring and measurement

Aqua for All's new climate strategy aims to mainstream climate-smart approaches in our partnerships with financiers, intermediaries and service providers. It will guide us in supporting enterprises and initiatives that maximise synergies between mitigation and adaptation.

We are supporting our financial institution, investor, and business incubator and acceleration partners in understanding the climate vulnerability, adaptation potential and emissions reduction potential of their clients. Our new toolkit helps financial institutions know their portfolios' climate-related exposure, manage and mitigate risk, and track impacts ([see page 8](#)).

Monitoring our enterprise partners' climate risks and impacts will enable us to make adjustments where necessary, inform future decisions, substantiate claims about our portfolio's contribution to resilience, and support finance mobilisation for action such as water efficiency measures. By reducing climate vulnerability, water and sanitation providers can enhance their attractiveness to investors.

Looking to the future

Additional costs of climate change adaptation, loss and damage will make SDG 6 difficult to achieve. More finance is needed to increase WASH infrastructure's climate resilience while keeping services affordable for low-income households. We will include climate-related metrics in our impact monitoring system and progressively increase support for water and sanitation partners that lessen the climate vulnerability of the communities they serve and reduce greenhouse gas emissions. Leading by example, we will calculate our carbon footprint annually, implement an emissions reduction plan and buy carbon credits to offset residual emissions.



Achieving impact: Examples of our work

Every initiative that we fund or co-develop is rooted in our belief that supporting local entrepreneurship is critical to accelerate affordable access to water and sanitation. We fund initiatives that are scalable, commercially viable and sustainable beyond the funding period. These three examples showcase how we have supported the scale and sustainability of water enterprises in Bangladesh, Burkina Faso and Kenya. Examples of other initiatives that Aqua for All has funded can be found [here](#).

1 Bhumijo: Testing smart sanitation solutions in Bangladesh

Established in 2017, the Bangladeshi start-up Bhumijo received funding in mid-2021 from Aqua for All to expand its sanitation services to more low-income groups. The Bhumijo brand promises a pleasant and accessible toilet experience, especially for women, in clean and modern facilities. Bhumijo used our funding to develop eight WASH centres and to test additional service packages – laundry, refreshment sales and shower services. It also used the funds to test the introduction of smart technology, such as an entry management system, a customer feedback facility, prepaid cards, digital payments and real-time data platforms, supported by mobile technology.

These tests will help Bhumijo optimise its business model by comparing different service packages and the benefits of technical innovations in terms of cost savings and additional revenue. By the end of 2022, Bhumijo had established 28 WASH centres serving more than 2.5 million customers and had achieved operational profitability. The enterprise now envisages scaling the business to 1,000 centres by 2030 and proving the business case for the operation of public toilets in Bangladesh.

Photos
Public toilets at the Digu Babu Bazar before (top) and after (bottom) being improved by Bhumijo.



2 Sidian Bank: Impact results of SME lending for WASH enterprises in Kenya.

Our two-year partnership with Sidian Bank, which ended in August 2022, established a WASH loan facility to safeguard access to water and sanitation in Kenya during the Covid-19 pandemic. With our support, Sidian Bank quickly disbursed lower-cost loans to 624 MSMEs and financial service providers to underpin and secure the supply of water and sanitation services and for enterprises to purchase personal protective equipment.

Independent consultant **M-Cril** undertook an external impact assessment of the WASH loan facility's financial, social and environmental performance. M-Cril found that, thanks to the loan facility, 1.92 million low-income Kenyans had benefited from nearby access to a more regular water supply, better quality water or having sufficient water to clean toilets. This helped people spend less time in queues to access services and reduced costs by not involving buying from

commercial vendors. The loan facility also contributed to creating 2,237 new jobs among participating enterprises, which had additional value as many people were unable to work due to lockdowns. On-lending to microfinance institutions contributed to increasing rural and peri-urban outreach to low-income communities.

Aqua for All's contribution (liquidity/ second-loss capital and technical assistance) was instrumental for Sidian Bank's effort to attract additional investment. In just two years, the bank's loan facility grew from €400,000 to €7 million.



3 ForthInvestment: Pioneering skills development for water and sanitation entrepreneurs in Burkina Faso

In August 2022, our **PME Performantes** (French for "Performing SMEs") WASH business acceleration programme came to a successful close. A partnership with **ForthInvestment**, this programme, the first of its kind for the water and sanitation sector in Burkina Faso, gave tailored support to 10 small and medium enterprises providing water, sanitation and human waste management services in Burkina Faso. As a result, the SMEs improved their business model and offering while increasing their economic viability.

Aqua for All financed the programme. Our implementing partner, ForthInvestment, was established in 2015 in Paris by a Burkinabé diaspora team. It supports the growth of SMEs in Burkina Faso by developing and implementing business acceleration and financing programmes. Other partners – **IRC WASH Burkina Faso**, **2iE Institute**, **Sinergi Burkina** and **Société Générale** – contributed technical and organisational expertise to the programme.

Strengthening entrepreneurial skills can boost the water and sanitation sector in Burkina Faso tremendously. Local entrepreneurs come up with innovative solutions to bring water and sanitation services to low-income communities, but they need support to adapt their products and services to better meet market needs. They may have limited knowledge of effective marketing and sales strategies and often need to acquire additional financial management skills to enable them to attract commercial funding.

Massa Balima, ForthInvestment's Managing Director, described the programme's added value as "the pragmatic approach both in the process and from the contributing partners". He continued: "We used several instruments: training, technical support, coaching, grant funding. Aqua for All's capacity and flexibility were critical, and this allowed the programme to adapt its support to the realities and needs of the WASH sector in Burkina Faso."





Success factors

PME Performantes was successful because it was not a one-size-fits-all business accelerator. Also, the programme addressed each topic from a WASH perspective adapted to the local situation. And SMEs received tailor-made support and learned tools and skills to improve their organisational structures, products and services, business models and fundraising capacity.

While the different implementation partners contributed a range of expertise and knowledge from various perspectives and sectors, between the main partners, Aqua for All and ForthInvestment, “cooperation worked very well”, Massa Balima said. “Aqua for All’s pragmatism and flexibility as donor played an important role in finding solutions when difficulties arose. Aqua for All has an excellent database and extensive knowledge in the WASH sector, which improved the programme and helped build capacity expertise within ForthInvestment, especially on accelerating WASH businesses and measuring impact indicators related to SDG 6.”

Positive impacts on enterprises and communities

With an 80% satisfaction rate, the programme’s results met or in several respects exceeded the set objectives. In general, participating SMEs improved their internal structures, created jobs and/or increased their turnover. The 47 jobs generated were 17.5% more than we had forecast. Eight of the participating SMEs are now in the process of raising funds from Aqua for All and **the Vitol Foundation**.

Burkinabé communities that the SMEs served benefited from better supply and quality of WASH products and services. In total, 1,794 people gained improved access to safe drinking water, sanitation and integrated water resources management as a result of the programme.

Including climate in the acceleration mix

Based on the lessons learned and the positive results of this first programme, working again with ForthInvestment we launched the **PME Performantes WASH-Climate 2.0 programme** in September

2022. This 18-month business accelerator is supporting a new cohort of 10 water and sanitation SMEs based in Ouagadougou, Burkina Faso’s capital city, and Bobo-Dioulasso.

Besides building operational and technical skills, the programme is expanding the fundraising component to include pitching training and liaising with financiers such as banks, microfinance institutions and donors. The updated programme also includes networking and advocacy activities. For example, there are networking sessions for participants of the previous and the current programmes to create synergies between these SMEs.



Aqua for All

Making Water Count