

IMPACT-LINKED LOANS

Call for applications

[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 Loans** to help them scale, in both business and impact terms. The loans are part of the Impact-Linked Fund for WASH and will be issued by the Impact-Linked Finance Fund registered in the Netherlands.

But first, what are **Impact-Linked Loans**?

Impact-Linked loans are similar to traditional loans, except for one key difference: Their interest rate and possible principal repayment are linked to the borrower's achievement of pre-defined, independently verified impact. This allows impact enterprises to receive *"better terms for better impact"*. The more impact a borrower generates, the lower the interest rate they will pay (impact discount). Additionally, if certain pre-agreed impact goals are met during the loan period, a portion of the loan may be forgiven.

Further, the loans will be designed with impact enterprises in mind, providing patient capital at highly favourable terms, such as single-digit interest rate and no collateral required. This type of loan is unique in its offering and will bring an additional solution for funding WASH enterprises at more enterprise-friendly terms.

Does your enterprise match the key selection criteria below? Then we look forward to receiving your application.

KEY SELECTION CRITERIA

Target sector	Impact enterprises/businesses focused on water, sanitation, and hygiene (WASH)
Geography	Eastern or Southern Africa
Legal form	There are no constraints on the legal form (social enterprises, SMEs, etc....) as long as they are revenue generating
Enterprise stage	At least at growth stage (with a defined product/service offering & a base of paying customers) with 3+ years of business track record
Financial sustainability	Enterprises must have either already achieved break-even/profitability or have a clear plan to do so in the short-term. There should be clear plans and signs of the ability to repay the loan
Impact focus	WASH-focus, with a particular emphasis on low-income communities, gender and/or climate
Impact evidence	Track record on impact delivered and established impact measurement system

INDICATIVE LOAN TERMS

Loan size	EUR ~200K
Tenor	3-5 years
Interest rate	Single-digit with impact discount*
Loan fees	none
Currency	To be determined case by case
Principal repayment	Possible partial principal reduction (up to 30%) if agreed impact* is delivered
Grace period	+1 year possible
Repayment schedule	Half yearly or yearly
Collateral	Not required

*The loan terms and metrics determining the potential interest rate discount and possible partial principal reduction will be defined on a case-by-case basis together with the applying enterprise

Timeline: The selection process will be finalised by Q4 2023, followed by the structuring phase. The duration of the structuring phase depends on the availability of relevant information and data. The final closing and disbursement of the loan are estimated for the first half of 2024.

APPLICATION AND CONTACT

The call is now open for application and can be accessed online via this [application form](#):

Impact-Linked Loan for WASH application

The deadline to apply is 10 September 2023 at 23:59 (CEST). For further information, please contact us at ILF@aquaforall.org

ABOUT AQUA FOR ALL

[Aqua for All](#) is a not-for-profit organization dedicated to providing catalytic capital for water and sanitation solutions. Operating in Africa and Asia, we support innovations and facilitate the scaling-up of enterprises until they are investment ready, all while ensuring the market is not distorted. Furthermore, we leverage our funds to mobilize both private and public capital to increase investments in water and sanitation. Aqua for All is the funding entity behind the Impact-Linked Fund for WASH, showcasing our extensive expertise in the field of water and sanitation.

ABOUT ROOTS OF IMPACT

[Roots of Impact](#) is a manager of catalytic capital. As a pioneer in Impact-Linked Finance, we believe in aligning capital with incentives to drive change for people and the planet. Our mission is to empower entrepreneurs to achieve impact at scale by managing innovative funds, providing quality advisory and education, and building the field for Impact-Linked Finance.

Do you have questions on the Impact-Linked Loans or Impact-Linked Finance? Please check out our Impact-Linked Loans [FAQ](#), or directly contact us [here](#).