

# ILF for WASH Transaction Snapshot: Aqua Clara Kenya

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# ILF FOR WASH TRANSACTION SNAPSHOT: AQUA CLARA KENYA

The Impact-Linked Fund for Water, Sanitation, and Hygiene ([ILF for WASH](#)) is an innovative program co-designed and implemented by [Aqua for All](#) and [Roots of Impact](#). The program provides Impact-Linked Finance to WASH-focused enterprises in Asia, Sub-Saharan Africa, the Middle East, and North Africa (MENA). [Aqua Clara Kenya](#) (ACK) was chosen as one of the enterprises to receive Social Impact Incentives ([SIINC](#)). The SIINC aims to support ACK to scale in impact and business terms, without having to compromise on either.

## Enterprise profile

ACK is a Kenya-based enterprise that addresses the lack of access to WASH solutions for low and middle-income communities. The enterprise provides households with an affordable option to purify their drinking water and mitigate exposure to water-borne diseases. ACK sells household and community water filters

(that also generate carbon credits) and other WASH products (such as tanks, pumps, handwashing stations, and latrines). The enterprise aims to launch a new more modern water filter design to target a broader spectrum of customers, including higher-income customers, who can pay for an improved appearance. To scale further, ACK is raising additional commercial capital. There is a risk, that raising external capital may add pressure to focus primarily on more profitable customers to increase profits more quickly and significantly.

## Problem

While the availability of safely managed drinking water is increasing, 2.2 billion people globally still lack access to this vital source.<sup>1</sup> For many people on the African continent, safe drinking water is either inaccessible or too expensive. This often results in the use of water from unprotected springs and wells.<sup>2</sup> This is particularly evident in Kenya where more than a third of the population (~37%)<sup>3</sup> still struggles to get access to clean and safe water. These challenges are especially apparent in rural areas and urban slums where many are not connected or are unable to connect to, piped water infrastructure.

Aqua Clara Kenya facts and figures	
Founding year	2009
Country of operations	Kenya
Business focus	Water and sanitation solutions
Main target groups	Rural and peri-urban population
Growth stage	Scaling
Performance to date across all countries	<ul style="list-style-type: none"> <li>• 21,000 filters sold</li> <li>• 108M litres through the hubs in 2021</li> <li>• 250k tonnes of CO2 emissions avoided</li> </ul>

<sup>1</sup> <https://data.unicef.org/topic/water-and-sanitation/drinking-water/>, dated July 2023

<sup>2</sup> <https://www.who.int/en/news-room/fact-sheets/detail/drinking-water>, dated 13 September 2023

<sup>3</sup> <https://www.sdg6data.org/en/country-or-area/Kenya>

## Customers

ACK has predominately targeted families that live under \$5.50 a day (~65% of customers) and schools - where distribution hubs are placed, typically serving ca. 700-1000 pupils. These types of customers are often left behind as they are not considered

a commercially viable customer segment. However, ACK overcame main barriers such as supply issues, through innovative last-mile distribution and various payment options. However, as ACK scales there is a risk of a potential mission drift to target the middle to higher-income customer segment.

End-customer personas	
Name	Hannah Aworo
Age	45
Gender	Female
Country	Kenya
Education	Primary Education level
Family status	5
Job	Local farmer
Income-level	Lower income (average income \$5.50 per day)
Type of water filter	Household filter HF15 (costs ~\$26)
Previous water habits	<ul style="list-style-type: none"> <li>• Dependent on contaminated water sources and would previously boil water</li> <li>• Dependent on highly turbid river water. Previously boiled for drinking.</li> </ul>
Benefits of water filter	<ul style="list-style-type: none"> <li>• Mainly used for clean drinking and cooking water</li> <li>• Saved 2 – 3.5 hours a week</li> <li>• Saved KSH 300 on water costs per week</li> </ul>
Quote from customer	<p>"The water they provide is clear, clean, and tastes good and the filters are very easy to use" – Female<sup>4</sup></p> <p><i>ACK serves 1.6x more female customers than males.</i></p>



<sup>4</sup> ACK Impact Performance Report, 60DB, August 2021



## Rationale of the transaction

ACK has many years of impact track record, always targeting the most vulnerable and difficult to reach. The aim of the SIINC transaction is not to push the enterprise to commercially unappealing segments, but to rather reward them for continued focus and growth in more impactful areas.

**Metric 1 aims to retain the enterprise's focus on the low-income customer segment** by rewarding it for the growth of this specific target market. To avoid a business imposition, the focus will only be on the growth of low-income customers independent of the growth of other customer segments. This will allow for the diversification of customer segments as they strengthen their commercial models. To date, low-income customers have been the focus of the enterprise but have not been segmented. Incentivized by the SIINC mechanism, ACK has adapted its data collection system for the agents at the point of sale to collect the customer's location. Using the location, the closest significant landmark will be used to determine the associated wealth of a micro-area in which they live to then determine the income level of the customer. This will allow for clear segmentation of customers as ACK scales.

**Metric 2 will incentivize ACK to place new hubs** in areas where access to household and community water filters (linked to the hubs) will have an increased probability of impact. The determination of impactful hubs will be based on 3 factors: 1) The Gross County Product contribution per capita as a proxy for income levels in the county, 2) The population served by water utilities in the county as a measure of piped water access to treated water, and 3) the average waterborne disease per capita incidence per county (typhoid fever, diarrhea,

gastroenteritis, dysentery). The metric builds on ACK's expansion plans and aims to make them more strongly consider impact-oriented criteria when planning where hubs are to be placed.

Lastly, ACK highlighted not washing the filter container with soap at least once a week results in reduced quality of water, even after filtration. Only 63% of customers wash their water filters once a week putting the rest at risk of coliforms forming in the water. **Metric 3 thus incentivizes the enterprise to ensure that its customers know and are reminded of best practices** to achieve the best possible water quality.

## Metrics

	Metric 1	Metric 2	Metric 3
Incentive	Low-income customer growth	Additionality of new hub placement	Effective water filter maintenance
Payments (up to)	€300,000		
Transaction period	3 years		
Impact verification	Every 12 months		



## Quote from the entrepreneur

“The SIINC incentive will ensure that as we scale, we remain grounded on why we were founded in the first place to provide underserved communities with access to safe drinking water. This is a very innovative way of de-risking our expansion to difficult-to-reach market segments.”

John Nyagwencha, Co-Founder and CEO

## The program partners

### About Aqua for All

Aqua for All is an international foundation operating primarily in Africa and Asia. For over two decades, we have worked towards catalysing an innovative, sustainable and inclusive water and sanitation economy worldwide. Our transformative approach includes market development and access to finance. We support local service providers to scale their market-based solutions and attract capital. In addition, we use our funds to mobilise private capital to increase investments in water and sanitation. Aqua for All provides the impact-linked funding to support the enterprises with SIINC and other Impact-Linked Finance instruments.

<https://aquaforall.org/>

### About Roots of Impact

Roots of Impact is a manager of catalytic capital. As a pioneer in Impact-Linked Finance, the firm believes in aligning capital with incentives to drive change for people and the planet. Its 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.

<https://www.roots-of-impact.org/>

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## Contact

Want to know more about the ILF for WASH program? Find more information on our [website](#).

Or else feel free to contact Aqua for All at [ILF@aquaforall.org](mailto:ILF@aquaforall.org)

