



Social Impact Incentives (SIINC) Frequently Asked Questions (FAQs)

For more information on the Social Impact Incentives for Water, Sanitation and Hygiene (SIINC for WASH), please refer to the leaflet on [our website](#). This document is dedicated exclusively to FAQs.

What is SIINC and how can this funding instrument support my business?

Social Impact Incentives (SIINC) are part of the suite of Impact-Linked Finance instruments offered by the Impact-Linked Fund for WASH (ILF) programme. SIINC has been developed by Roots of Impact in collaboration with the Swiss Agency for Development and Cooperation (SDC).

SIINC rewards selected water and sanitation enterprises with time-limited payments for achieving additional social and environmental impact. This additional revenue enables the enterprises to improve their profitability and attract investments. It therefore accelerates their scaling efforts and supports them in reaching self-sustainability. Selected water and sanitation enterprises must raise repayable investment(s) (equity, debt or mezzanine, etc.).

Which kind of impact is rewarded, and how is it incentivised?

In SIINC transactions, impact is generally understood as either (1) verifiable, measurable outcomes or as (2) proxy-outputs with strong evidence of their linkage to specific outcomes. In general, incentives are identified on a case-by-case basis and in close collaboration with the entrepreneurs, to ensure that the metrics and targets are both desirable and attainable. Incentives are often aimed at increasing the breadth (quantity) and/or depth (quality) of impact. For example, performance-based rewards may be provided if the enterprise reaches more customers from low(er)-income or remote communities (breadth) or if their living situation (e.g., income, health) is further improved (depth).

Do I have to close the investment round before applying for SIINC?

No. Ideally, you should already be engaging with potential investors when you apply for SIINC. In case you are selected, you can use the SIINC contract to get investors on board, because you can build the SIINC payments in your financial forecast. Bear in mind that the SIINC payments are conditional to the achievement of predefined impact outcomes.

Can I raise grants to qualify for SIINC, instead of investment(s)?

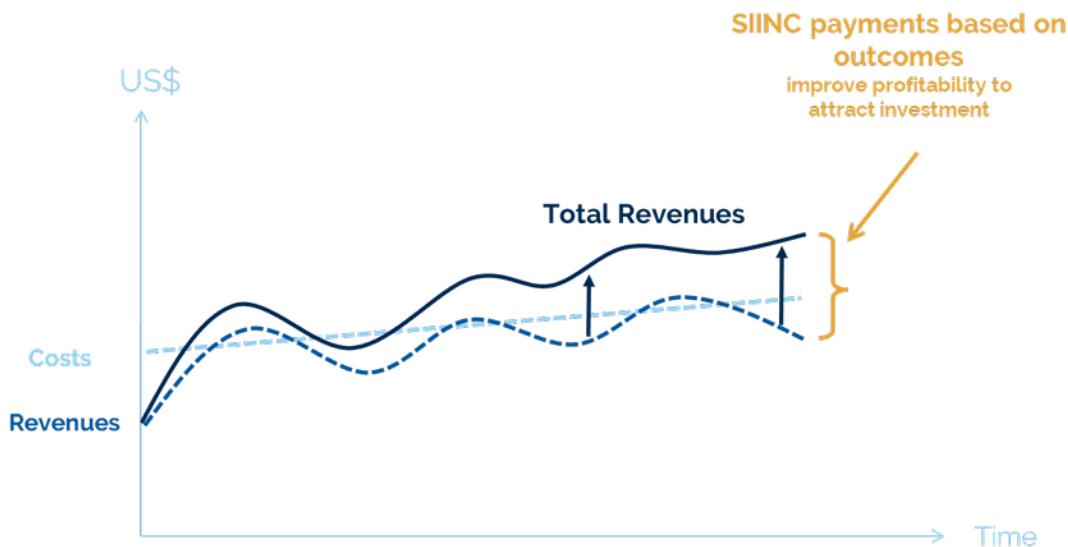
No. SIINC is provided to selected enterprises under the condition that they raise repayable investment(s) (equity, debt, mezzanine, etc.) of a minimum size of €500,000. This means you can raise additional grants, but this should be in parallel to your (repayable) investment round.

How can the impact enterprise use a SIINC contract to attract more commercial capital?

The enterprise can integrate the support that Impact-Linked Finance offers to boost their income statement and make their operations more attractive. SIINC can be seen as an additional revenue stream (see figure



below), which encourages enterprises to adapt their future projections accordingly. If required, the transaction manager (i.e. Roots of Impact) and the outcome funder (i.e. Aqua for All) can: a) provide proof (in the form of official documentation) that the enterprise was selected to receive SIINC or: b) directly engage with (potential) investors.



Do I have to pay SIINC back?

No. SIINCs are non-repayable premium payments based on the impact your enterprise generates.

Are there any restrictions on how I should use SIINC?

No. All stakeholders agree on carefully thought through impact metrics. You have the freedom to decide how you intend to achieve such pre-determined outcomes. Bear in mind that payments are not provided upfront, but rather upon validation (by an independent verifier) of the outcomes you have achieved in any given measurement period.

What metrics do you use for SIINC payments?

There are no fixed indicators for SIINC. Provided that you are selected for the programme, we will develop the metrics for the payments with you, based on the baseline data that you have and the additional outcomes that you can achieve. You will need to provide data regarding the indicators you are already tracking.

What happens if I do not achieve the social outcomes agreed on?

The metrics are developed on a case-by-case basis to encourage selected enterprises to deepen their impact. The SIINC amount to be received depends on what outcomes the enterprise achieves in any given measurement period. In case you do not reach the minimum outcome indicator, you will not receive any payment for that specific period.

I am still confused about what SIINC pays for. Can you provide some examples?

Of course. Below you can find three examples of SIINC created by Aqua for All in collaboration with Roots of Impact:



Company description and challenge

SIINC's intervention

Khmer Water Supply Holding (KWSH) is a Cambodia-based enterprise, providing access to safe and reliable on-premises piped water in (semi) rural areas. Harder-to-reach and often lower-income households are frequently underserved due to high investment costs.

*SIINC payments are disbursed when the company successfully increases the number of low-income customers in remote rural areas. This approach has supported **KWSH** in reaching last-mile communities.*

ATEC* provides biodigesters to smallholder farmers in Cambodia and Bangladesh. Their Biodigester collects waste and transforms it into biogas for cooking.

*SIINC payments are provided for increasing the percentage of households connecting their toilets to a biodigester. This approach has supported **ATEC*** in strengthening sanitation connections by leveraging the opportunity to link human waste, in addition to animal and organic waste, to the biodigesters.*

Aqua Clara Kenya (ACK) is a Kenya-based enterprise that sells household and community water filters (that also generate carbon credits) and other WASH products (such as tanks, handwashing stations, and latrines).

SIINC payments are provided for the growth of low-income customers, regardless of growth in other customer segments. To date, low-income customers have been the focus of the enterprise but have not been segmented. Incentivised by SIINC, ACK's focus on low-income customer segments will be retained.

If you are interested in the performance of SIINC transactions, find out more here: <https://bit.ly/3C2qr3P>

Who is paying for the social outcomes?

Aqua for All is the main outcome funder of SIINC for WASH. For more information, please refer to: <https://aquaforall.org/>

Is my enterprise ready for SIINC?

Do you want to know if your enterprise qualifies for SIINC or another Impact-Linked instrument before applying? Use our [ILF-matching Tool](#) to quickly assess your enterprise.

How can I apply for the SIINC for WASH programme?

You can apply via this [application form](#). The deadline to apply is **15 December 2024, 12.00AM CET**. Please note that we will only consider applications submitted through the online application form. For further information, please contact ILF@aquaforall.org.