

# ILF for WASH Transaction

## Snapshot:

### Purefresh

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# ILF FOR WASH TRANSACTION SNAPSHOT: PUREFRESH

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). Purefresh was chosen as one of the enterprises to receive a Simple Agreement for Future Impact<sup>1</sup> (SAFI). Purefresh's impact goal is to provide affordable, potable water services to low and middle-income Kenyan households living in areas with high fluoride levels in the groundwater.

## Enterprise profile

Purefresh is a water distribution company that serves low and middle-income households in Kenya with clean drinking water. Purefresh's operating model allows it to produce and provide access to water at a more affordable price than many other water refillers. Purefresh sources raw water from boreholes and purifies it through a four-step process to remove all organic and inorganic contaminants. Purefresh then delivers water to outlets using water trucks. The water is sold at over 150 water vending outlets to customers.

<sup>1</sup> In this SAFI, periodic repayments to the investor are based on an agreed upon percentage of revenues and are limited to a predetermined return on investment (typically expressed as the "multiple" on the initial investment), but the exact reimbursable amount is linked to impact. The higher the impact achieved, the lower the repayment obligations. This instrument not only allows the enterprise to partially pay back by creating impact, but also to enjoy higher levels of flexibility in its repayment obligations that fluctuate with revenues.

The water level at each outlet is monitored by smart meters, which generate a reorder signal when the tanks are running low.

Purefresh has decided to move towards a cashless and more optimized solution by converting some of the existing outlets and rolling out new container-based cashless outlets. With the new solution, Purefresh aims to increase replicability, have larger storage capacities, create opportunities for more off-grid water provision through solar power, and enable placement flexibility.

## Problem

The Kenyan water supply is characterized by low levels of access to water and sanitation, where water service providers only covered 65% of the population in 2022/2023<sup>2</sup>, with urban slums and rural areas suffering from the least access. Access to piped water for households varies significantly per county in Kenya, with the lowest at 4% and the highest at 91% (Nairobi), and an average of around 34.2%<sup>3</sup>. However, in 2022/23, only 62% of the water service providers met the regulator's benchmark for acceptable or good drinking water quality<sup>4</sup>.



*Purefresh staff meeting*

<sup>2</sup> <https://wasreb.go.ke/wp-content/uploads/2024/06/Impact-Report-16.pdf>

<sup>3</sup> 2019 Kenya Population and Housing Census: <https://www.knbs.or.ke/2019-kenya-population-and-housing-census-reports/>

<sup>4</sup> WASREB Impact report: [https://wasreb.go.ke/downloads/WASREB\\_Impact\\_Report15.pdf](https://wasreb.go.ke/downloads/WASREB_Impact_Report15.pdf)

Purefresh facts and figures	
Founding year	2011
Country of operations	Kenya
Business focus	Decentralised safe water services
Main target groups	Urban and peri-urban population
Growth stage	Scaling
Performance to date	<ul style="list-style-type: none"> <li>• 1,400,000 liters of drinking water is dispensed weekly</li> <li>• Serves 70,000 households weekly</li> <li>• Providing water at &lt; \$0.02 per litre</li> </ul>

## Customers

In Purefresh's fully owned outlets, it sells water for \$0.038 (KHS 5) per liter. This allows for sales at a cross-subsidized price in poorer areas of \$0.023 (KHS 3) per liter. Customers visit an outlet with their own bottles, pay for a certain number of liters, and are supplied with purified water from the water dispensing board. Purefresh also utilizes an agent model where the agent provides the retail space while Purefresh owns and provides the water vending machines. The agents purchase the water from Purefresh and sell it to customers on a per-liter basis at the Purefresh market price.

End-customer personas	
Name	Eunice Nungari
Age	50 years
Gender	Female
Country	Kenya
Education	Below O-level
Family status	Married with 5 children
Job	Unemployed, sells charcoal
Income-level	Lower income (average income \$6 per day)
Previous water habits	<ul style="list-style-type: none"> <li>• Use of harvested rainwater</li> <li>• Use of rationed county council water</li> </ul>
Benefits of the Purefresh water	<ul style="list-style-type: none"> <li>• It's efficiently accessible, affordable, and safe for the whole family.</li> </ul>
Quote from customer	"The beauty about water from Purefresh is the quality and affordability that makes it possible for everyone to afford."

## Rationale of the transaction

Although Purefresh can convert some of their existing outlets to the cashless model and potentially afford to roll out a few new container-based cashless outlets, they will not be able to test the solution across multiple regions and in more impactful areas. Therefore, a Simple Agreement for Future Impact (SAFI) could be highly additional in allowing a rollout of at least 15 outlets in various (more impactful) areas, for Purefresh to establish evidence to set themselves up for scale.

The \$200,000 SAFI has a repayment multiple<sup>5</sup> that can vary between a maximum of 1.32 (i.e. \$264,000) and a minimum of 0.85 (i.e. \$170,000), depending on the impact created by the enterprise. The SAFI will also include a one-year grace period, which gives the enterprise time to set up the outlets and start operating. While Purefresh sees potential for additional impact, it wants to test the new cashless container-based solution first, before committing to a full-scale implementation. The possibility of Impact-Linked Discounts on the multiple has been set up to reward Purefresh for the additional impact achieved over the SAFI's term.<sup>6</sup> The SAFI's repayment structure also allows flexibility that aligns with the enterprise's actual revenues.

The founders are focused on proving the model over the next year and tweaking the containerised model before developing a multi-year scaling plan. As such, the SAFI could create the necessary track record and evidence of increased sustainability to attract other capital providers.

## Metrics

The impact achieved in these metrics determines the exact level of discount on the SAFI multiple. The metrics are the following:

- **Metric 1: Additionality of new outlet placement** - aims to incentivize Purefresh to place and retain the new container-based outlets in more impactful areas, specifically areas that have lower levels of relative wealth. Outlets in lower-income areas have proven to have longer times to break even and a customer base that would require a more affordable (lower) price per liter.
- **Bonus metric: Extra impact-focused outlets** - aims to reward Purefresh for setting up and retaining extra outlets in impactful areas above and beyond the 15 financed by the SAFI.



<sup>5</sup> A factor used to calculate the repayment amount of the SAFI

<sup>6</sup> For example, if the enterprise achieves a total impact equivalent of \$56,000 in incentive payments, the final

repayment multiple will be discounted from 1.32 (\$264,000) to 1.04 (\$208,000).



	Metric 1	Bonus metric
	Additionality of new outlet placement	Extra impact-focused outlets
Loan amount	\$200,000	
Terms of the SAFI	4% revenue share / multiple between 0.85 and 1.32 / 1 year grace period Repayments in Kenyan Shilling	
Transaction period	4 years	

## Quote from the entrepreneur

“The access to safe, clean water by all is possible in our generation. Sustainable partnerships are imperative in this course. The SAFI by Aqua for All will play a pivotal role in restoring hope to the marginalized in Kenya.”

Antony Kamotho, Managing Director

## 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 the expert and enabler for Impact-Linked Finance. As a pioneer in this field, we believe in aligning capital with incentives to drive change for people and the planet. Our mission is to empower entrepreneurs to unlock their full impact potential by managing Impact-Linked Funds, providing advisory and education, and enabling practitioners across the globe to use Impact-Linked Finance effectively.

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

## 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)