

MEET NICK BOEREMA

TAP EFFECT



Nick Boerema, Founder & CEO of Tap Effect

Nick, you came to Cambodia in 2017 through your work with Engineers Without Borders Australia. What struck you most when you witnessed the local water infrastructure?

When I travelled across the country, I heard many people say that having access to clean piped water would be really great. Some systems existed, but they were not connected to schools or healthcare facilities. Obviously, there was no proven, long-term, financially viable solution to provide rural piped water on a larger scale. Water operators struggled to work reliably and were unable to reach many potential customers and communities.

Did you already have the idea to start a company then?

I certainly felt the entrepreneurial drive. In my earlier jobs, I had seen how even experienced founders go through all the ups and downs of building a business. Then I met Talmage Payne, who has started many businesses in Cambodia and was with World Hope International (WHI) at the time, and things really kicked off. We both thought there must be a better, more sustainable solution than drilling bores everywhere. With the backing from WHI, we started the first pilot project in Monduliri. You should know that for people in the pilot village, the water source was very far away. I still remember when they came running over to test our pumps. It was great to watch how we made a difference.

Was there a specific lesson you learned from this pilot?

There were many, but on the demand side, I'd say "*get your customers' trust and build that up over time*". It's about the right messaging, about working with the community and village chiefs so everyone is informed. Today, we have a lot of people on the ground at each site and are continuously receiving feedback on what they like and need.

What types of funding or finance mechanisms are needed for enterprises like Tap Effect?

Even if you build a financially viable business model as we do, you need some grant funding in blended finance structures to cover the additional capex of reaching last-mile households. We're seeing an early rise in water credits for companies and multinationals with net-zero approaches. And there are innovative finance solutions like Impact-Linked Finance, which is great. [These output-](#)

and outcomes-based models are really aligned with what WASH enterprises like us do, since they focus on incentivizing the impact side as well. What is also growing now, at least in Cambodia, is the market for longer-term, low-cost debt. For example, the Cambodia Climate Finance Facility will start soon. This is interesting for infrastructure projects due to longer tenures and more concessional interest rates. Yet collateral always remains a challenge for piped water operators.

Speaking of a challenge: How did you tackle the piped water problem in Cambodia, and what's your secret sauce?

In my view, there is no silver bullet. But our approach has been to operate our own systems and use them as a sandbox in which we develop realistic solutions. We really want to build a set of solutions that work anywhere. There are thousands of distributed utilities across the world, and despite different regulatory environments and local contexts, they're all facing the same barriers: leaking pipes, the need to access customers, make them happy, and provide reliable water quality.



Which role does technology play?

It's an absolute game-changer. Today, low-cost access to data across the world has really turned the tide. For example, we've built our own in-house IoT system that allows us to monitor and automate each water treatment plant remotely. [This way, we can manage multiple piped water systems, build a whole portfolio of them, and scale across multiple countries.](#)

What else is part of your scaling strategy?

On the demand side, our approach will change a bit from country to country: How exactly do we communicate with local households? What sort of scalable strategies and champions can we work with in these specific areas? On the financing side, we're going to dive more into blended finance approaches. Historically, we've financed single sites, but in the future, it's going to be an entire portfolio of piped water systems that we want to get investors for. In general, I still think there could be more partnerships between development actors and private businesses for delivering piped water systems and extending where they can go.



You spoke of Impact-Linked Finance. What did you think when you first heard of the Impact-Linked Fund for WASH? [To me, it made perfect sense since we're intentional about reaching the last mile. Impact-Linked Finance helps you keep pushing for connecting low-income households and rewards you for the additional impact you achieve.](#) In that sense, it's a really nice fit for us.

You are the recipient of Social Impact Incentives (SIINC), which rewards Tap Effect for 3 metrics: (1) speed of household connection, (2) bathroom connections, and (3) reaching ID Poor households. Which of these did you find most challenging?

The first two metrics went really well. Once our new sales team was up and running, we saw great numbers and community engagement, even if it took some juggling to get it all aligned. The third metric, the ID Poor connections, will need a bit more time to take off. This is because we used the

first outcome payments to build the pipe network to these poorer households, but we couldn't subsidize the connection prices yet. The aim was to partner with a development or community-based organization, but we haven't been successful to date. From my perspective as an entrepreneur, this should be such a low-hanging fruit: We have the professional system in place, and instead of building a separate program for drinking water access, the development partner just pays the small connection fee. Suddenly, all the low-income households are connected. Surprising - but we'll keep trying.

Any other surprises during the transaction process?

There's always a bit of back and forth in contract negotiations. But the metrics we agreed upon strike a good balance between what can actually be measured in time, is practical to achieve in terms of impact, and ensures that we can also push towards more income. In addition, the first verification process was really smooth. I'm happy with the results because the verification is only once per year, so the timing is quite sensitive, and you need to get it all together for that specific milestone. The SIINC contract also gave a good signal to investors, as it improves our P&L and profitability.

Did the Impact-Linked Fund for WASH also help you in your data collection?

It definitely did. [In the Impact-Linked Finance Readiness Bootcamp, we started with a big review of different impact metrics. It was very interesting to see various approaches and identify the best metrics together, also in terms of risk.](#) Some outcomes are very hard to measure or take many years to measure. So, identifying what's most practical was very useful. There's still more for us to do, for example, figuring out how we communicate our impact.

If you look into the future, what would you like to achieve?



I'd be most proud if I could prove that these more rural utilities can be inclusive and financially viable. In other words: working out what exactly the model looks like, proving it to investors, and having enough data to back it up. What I'm really keen to see is rapid scaling. So, fingers crossed that we win the next equity race and together with my great team, we make it big.

Interview by Christina Moehrle, Roots of Impact / Pictures by Tap Effect