

ILF for WASH Transaction Snapshot: TapEffect



ILF FOR WASH TRANSACTION SNAPSHOT: TAPEFFECT

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). TapEffect was chosen as one of the enterprises to receive Social Impact Incentives ([SIINC](#)). TapEffect is highly impact-oriented, therefore, SIINC aims to support the business to prove its commercial model at scale.

Enterprise profile

Although connections to clean tap water have health, hygiene, and sanitation benefits, many of the hardest-to-reach rural areas are neglected as their risk profile is too high for most piped water operators and investors. TapEffect is a technology-based developer and manager of rural distributed water utilities. TapEffect helps rural utilities deliver higher quality water and higher returns on investment through standardisation, optimization and efficiencies at scale. TapEffect-managed utilities supply tap water to households, health clinics, and schools that are underserved. TapEffect's four owned and operated systems have connected over

3,800 households and 23 schools and hospitals.

Having demonstrated their approach on owned and operated sites, TapEffect is now scaling through more acquisitions and piloting franchise and revenue share models. As TapEffect expands its portfolio of systems and the connection rates increase, the expectation is that the business model will enable sustainable impact.

Problem

Access to water is an essential component of a healthy livelihood, but it is not accessible to 47% of Cambodian villages and 53% of households (much lower than neighbouring countries)¹. Low-income communities in Cambodia often face severe health-related issues because surface water is often at risk of contamination. The existing piped water operators lack the necessary technical and operational expertise to access commercial finance to expand to lower-income areas.



The TapEffect team with Aqua for All during their field visit in 2024.

¹ <https://thepalladiumgroup.com/news/New-Research-Paves-the-Way-for-Access-to-Piped-Water-in-Cambodia>

TapEffect facts and figures	
Founding year	2019
Country of operations	Cambodia
Business focus	Household water treatment and supply
Main target groups	Rural population
Growth stage	Early scaling
Performance to date	<ul style="list-style-type: none"> Connected over 3,800 households and 20 schools and healthcare facilities >10,000 people within the licence area of each water system

Customers

TapEffect targets rural last-mile households, schools, businesses, and healthcare centres where each system covers ~10,000 people in the area. TapEffect aims to include ID Poor customers so that no one is left behind. The CEO predicts that they should

be able to connect ~150,000 people with the upcoming portfolio of systems.

End-customer personas	
Name	Chan Setka
Age	35
Gender	Female
Country	Cambodia
Education	High school
Family status	Married, 3 children
Job	Husband is a migrant worker in Thailand; Setka picks up odd jobs, particularly during harvest season
Income-level	Very low income (IDPoor – average income USD 5 per day)
Previous water habits	<ul style="list-style-type: none"> Dependent on contaminated water sources. Unlike more affluent neighbours, she doesn't always boil water, often drinking raw rainwater or (in dry season) pond water. Water stored in large jars on premises
Benefits of water	<ul style="list-style-type: none"> Can drink and cook with tap water without additional treatment Proud of dedicated water connection for her family – didn't like buying water from neighbours Always available onsite means she doesn't have to pay for expensive trucked-in water ever again
Quote from customer	"The water is very convenient and hygienic; my children get sick less often now that we drink and cook with it."

Rationale of the transaction

The SIINC aims to incentivize TapEffect to increase the speed of households connected in two systems (Metric 1). The SIINC will focus on the general rate of connection given that the systems are already set in more rural communities and the majority of the households are deemed to be lower-income. Increasing the speed of connection would ensure that more households which generally rely on ponds or rainwater, will gain 24/7 access to on-premises connections to clean piped water sooner than they would have without the SIINC, this could mean the difference in being able to access clean water through a drought in the dry season. Metric 2 will reward TapEffect for bathroom connections to encourage hygiene practices, a business offering that TapEffect would not have been able to focus on without SIINC.

In addition to the above metrics, TapEffect will be rewarded with a bonus payment² for each connection to an ID Poor³ household. This aims to incentivize TapEffect to further reach the most vulnerable (ID Poor) who would otherwise be less likely to connect given the upfront connection fee.

The SIINC aims to assist TapEffect to:

- maintain its impact mission while incentivizing the enterprise to connect the harder-to-reach customers.
- be more ready to attract larger ticket sizes from similar outcomes funders and/or results-based finance by building an evidence case at an early stage of business growth.

² It is structured as a bonus metric given that it is paid above the general connection should the household be classified as ID Poor.

³ "ID Poor is a community-driven proxy means test to identify households living beyond the poverty line and households having problems sustaining their

Metrics

	Metric 1	Metric 2	Bonus
Incentive	Increased household connection rate	Increased bathroom connection rate	ID Poor Bonus
Payments (up to)	€250,000		
Transaction period	3 years		
Impact verification	Every 12 months		



livelihood due to special circumstances. All households identified as poor are issued with Equity Cards. These cards enable poor households to receive free services and assistance." Find more information: <https://idpoor.gov.kh/en/about/>

Quote from the entrepreneur

“The SIINC will have a real impact, by speeding up connection rates, families in our coverage areas will have a stable source of water ahead of worsening dry seasons. Also, at TapEffect, I want us to not just build another utility, but to take advantage of cost-effective technologies and efficiencies at scale to build a business that develops hundreds of professional, reliable, profitable rural utilities. By delivering on the SIINC, we will also further develop our solutions for better rural utilities performance. At the end of the SIINC period, we expect to be able to report a faster coverage rate, and have valuable lessons learned that strengthen the business.”

Kimhong Chea, Project Manager, TapEffect

The program partners

About Aqua for All

Aqua for All is an international foundation committed to providing universal access to safe drinking water and sanitation services that are inclusive, affordable and sustainable. Our mission is to mobilise private capital for entrepreneurs to transform the water and sanitation sector in low- and middle-income countries. By catalysing private capital for market development and increasing access to finance, we accelerate access to climate-resilient water and sanitation services, especially in Africa and Asia.

<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 to catalytic funders and investors, 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 feel free to contact Aqua for All at ILF@aquaforall.org

