

SOCIAL IMPACT INCENTIVES FOR WATER, SANITATION AND HYGIENE PROGRAM (SIINC FOR WASH)

Roots of Impact and its partner Aqua for All are looking for impact enterprises within the Water, Sanitation and Hygiene (WASH) sector to provide them with Social Impact Incentives (SIINC). Such ongoing outcomes-linked payments help companies scale, grow their impact and attract private capital. Eligible candidates will have to be preparing for, or already in the midst of, raising repayable investment(s) (min. € 500,000 to be potentially complemented by additional public or philanthropic funding). The geographic focus is on Asia, Sub-Saharan Africa, and the Middle East and North Africa (MENA) region.

SECTORAL FOCUS

In recognition of the importance and the interdependent nature of the sector as a whole, the call is open to any impact enterprise working on a WASH-related solution.

KEY CRITERIA

- **Scope:** The enterprises must be operational for at least three years, focus on WASH, and be based and/or active in Sub-Saharan Africa, the MENA region or Asia. They must be seeking repayable investment(s) of a minimum of € 500,000 to be potentially complemented by public or philanthropic funding.
- **Business model:** Although there are no specific constraints regarding the legal form, the enterprises need to have a business model and generate revenues out of their activities (e.g. fee-for-service, subscription, government revenues/subsidies...).
- **Financial sustainability:** The objective of SIINC for WASH is to support enterprises which will continue to generate positive impact long after the SIINC payments have ended. Thus, the enterprises must have either already achieved financial sustainability, or must have a clear plan for achieving breakeven in the short to medium term.
- **Impact track-record:** The support provided to the enterprises in this program takes the form of outcomes-based premiums, paid to incentivize positive social impact. In order to design a realistic payment schedule, it is necessary to have baseline data related to the impact generated by the enterprise. There should be a track-record of systematically monitored and reported indicators which can act as a basis for planning the SIINC payments.
- **Impact focus:** Enterprises that are gender-inclusive and target vulnerable and low-income groups, will be the main focus. Ventures that do not have a specific impact focus are also eligible if they prove to be willing and able to deliver positive social outcomes.

TIMING AND CONTACT

The call is now open for applications, and can be accessed online via this application form:

bit.ly/SIINCFORWASH2020

The deadline to apply is **September 27th, 2020** at 2.00pm Central European Summer Time (CEST). For further information, please contact siincforwash@roots-of-impact.org.

ABOUT SIINC

Social Impact Incentives (SIINC) is a results-based funding instrument that rewards high-impact enterprises with premium payments for achieving additional social impact. The additional revenues coming from non-repayable outcome-based payments enable them to improve profitability and attract investment(s) to scale. Thus, SIINC can effectively leverage public or philanthropic funds to catalyze private investment in underserved markets with high potential for social impact. SIINC has a proven track record. The model has been implemented in different Latin American countries and various sectors, including vocational skills development, healthcare, and the agricultural small and medium enterprise lending space. This is the first SIINC program in the WASH space.

Important: to qualify for SIINC, enterprises need to raise an investment round in parallel.

IMAGINARY POSSIBLE SIINC EXAMPLES FOR THE WASH SECTOR

Company description and challenge	SIINC's intervention
<p>Sanitani provides safe and affordable home toilets for low-income families. Customers don't have any upfront costs, but rather pay a small weekly fee to the company, which provides the portable toilet (one-time service) and collects waste in sealed containers (weekly service).</p>	<p><i>SIINC payments are disbursed if the company increases the number of low-income customers in remote rural areas. The aim is to incentivize Sanitani to serve last-mile communities.</i></p>
<p>Water&Sun provides an innovative solar powered water pumping and treatment system that produces hot drinking water.</p>	<p><i>Prior to SIINC, Water&Sun focused mostly on (semi-) urban households. SIINC incentivizes the company to increase its outreach to (semi-) rural areas. Outcomes payments are linked to the increase of lower-income population served in (semi-) urban areas, as well as the number of (semi-) rural households reached.</i></p>
<p>Ploop builds affordable sanitation facilities for urban slums and franchise them to community members to serve all residents. Waste is collected and converted into valuable end-products such as organic fertilizers.</p>	<p><i>Ongoing payments are based on the % decrease of communities' diseases related to poor sanitation. Ploop is thus incentivized not to focus on providing toilets and waste management services only, but rather to ensure users are aware and make full use of amenities such as the handwashing station. Bonus payments are provided for entering urban slums with little or no prior sanitation facilities.</i></p>

SIINC IS RELEVANT

... FOR IMPACT ENTERPRISES AND INCLUSIVE BUSINESSES:

The SIINC model makes it possible to scale without compromising on generating strong positive impact. SIINC can act as an additional revenue stream that directly improves the profit and loss statement (P&L). With SIINC-related premium payments, the enterprise enjoys full flexibility about the type and source of investment to bring in.

... FOR INVESTORS:

SIINC improves the risk/return profile of high-impact enterprises by rewarding them for their impact. The enterprise will be able to continue or even accelerate its efforts to generate high impact while offering and improving returns.

... FOR PUBLIC FUNDERS AND DONORS:

SIINC offers great value since an outcome-funder only provides rewards for impact that is actually generated. The outcome funder works with the enterprise to decide on the desired outcomes and on the terms for incentivizing these. If SIINC is used properly, the enterprise will continue to generate positive impact long after the SIINC agreement has ended.

More about SIINC can be found here: <https://www.roots-of-impact.org/siinc/>

ABOUT ROOTS OF IMPACT

Roots of Impact is a specialized advisory firm dedicated to making finance work for positive impact on people and planet. We collaborate closely with a variety of stakeholders across the globe to scale high-performing enterprises and innovations with strong potential for impact.

As pioneers of Impact-Linked Finance, we are passionate about making the most effective use of public funds and catalytic capital. Our mission is to maximize “impact leverage” by mobilizing private investment for high-impact opportunities and shaping innovative public-private partnerships.

ABOUT AQUA FOR ALL

Aqua for All is a not-for-profit organization. For almost two decades, we have worked towards catalyzing an innovative, sustainable and inclusive water and sanitation economy worldwide.

Aqua for All operates in Africa and Asia supporting innovations and scaling up enterprises until they are investment ready without distorting the market. In addition, we use our funds to mobilize private and public capital to increase investments in water and sanitation.