

# Water and Sanitation Portfolio

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What we do and priorities for 2020



# Guiding principles

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**These principles summarise our philosophy and funding approach, and inform what and how we fund:**

1. We believe low-income households should be treated as customers, not beneficiaries.
2. We believe in the potential of entrepreneurship and high-calibre leadership to be a disruptive force that can accelerate positive change.
3. Our role is to provide risk capital to support new ideas that have the potential for significant impact and scale.
4. There is no silver bullet: market-based approaches will not work in all settings and we focus on the parts of the sector where they have most potential.
5. We are an engaged funder and provide non-financial support to help our partners to succeed—this could be time and expertise of staff, trustees, experts in our network or the sector.
6. We look for opportunities and organisations that are well aligned with our philosophy, where we can add value.
7. We are flexible and aim to respond quickly to new opportunities and information as they arise.
8. We are patient and are prepared to provide long-term support to promising initiatives.

# Summary of our approach



**Our vision:** Financially sustainable WASH enterprises delivering affordable, high quality, and reliable services that have a transformational impact on households in Africa and Asia.

We provide support in two complementary ways:

## Enterprise level support

*Direct support to up to 15 enterprises, with:*

- Grants
- Investment
- Non-financial support
  - Sales and marketing
  - Fundraising and investment
  - Strategy and business models

## Wider sector support

*Support to national or global initiatives benefiting multiple enterprises and the sector:*

- Sales and marketing
- Access to finance
- Research and evidence
- Collaboration and coordination with other funders and investors
- Strengthening value chains and the role technology can play as an enabler



# Enterprises in Safe Water: Priorities for 2020

*We support water enterprises providing clean, affordable water to customers*

Our focus is on decentralised water systems, delivering water through kiosks, household connections, or 20L containers collected at a store front or home delivered.

*Key questions for 2020*

1. Can one or more enterprises demonstrate financial viability and if so, on what basis?
2. How viable are the possible pathways to scale for water enterprises – 100% enterprise, utility contract, last mile distributor?
3. What are the elements that make the Cambodia piped water sector unique and can the model be replicated in other geographies, like Africa?
4. What are the most effective ways to drive market penetration at a station level?

## Enterprises



*The Foundation has also directly invested in ten private water operators in Cambodia.*

## Wider initiatives: Priorities for 2020

- **Cambodia Revenue Finance Facility:** expanding revenue finance and non-financial support to 10 new piped operators to help them achieve 100% coverage.
- **Game changers:** considering how the Cambodia piped water model and revenue finance facility could be translated in an Africa context.
- **Water quality testing:** can testing be included in sales and marketing approaches to increase uptake?
- **Preventative maintenance models:** can rural water point social enterprises models be viable?
- **Solar kiosk models:** what are the existing models, and how might we engage with them?

# Urban Sanitation Services

*We support sanitation enterprises operating in cities and towns*

Our focus is on enterprises providing container based sanitation (CBS) or pit emptying services for public, shared or private household latrines.

CBS models are more developed, while emptying services are still in the pioneer phase in terms of financial viability and business models.

## Enterprises



## Strategic Partnerships



*Key Questions for 2020*

1. What will it take for an enterprise to become financially viable in this sector? What are the greatest obstacles in the industry to financial viability?
2. How can urban sanitation enterprises grow to meet the scale of need? What are the different pathways to scale?
3. How can we ensure we are supporting the development and maturity of the sector (wider initiatives, new entrants), while ensuring significant progress (financial viability) for front-runners?

## Wider initiatives: Priorities for 2020

- **CBS support and scale**
  - Work with enterprises in our portfolio to understand financial and non-financial support needs.
  - Conduct due diligence on financial models and strategies.
- **Pit-emptying: explore opportunities to expand portfolio**
  - Scan market for opportunities.
  - Explore City Wide Inclusive Sanitation concept with partners.
  - Explore route in via contacts and portfolio.
  - Understand actions needed to address barriers to scale.

# Waste to Resources

*We support waste to resource enterprises that treat human waste and create added value energy and commercial products*

Our focus is on waste to resource businesses that create added value products relevant to the markets in which they operate.

*Key questions for 2020*

1. What is the most appropriate operating and revenue model for these enterprises to achieve financial breakeven?
2. How can enterprises assess and select the most viable added-value product to ensure financial viability, and develop sustainable sales channels?
3. What is the most appropriate technology to convert waste and how can the challenges around waste-to-resource technology be de-risked?
4. How can these enterprises raise sufficient finance to meet their significant capex and working capital needs?

## Enterprises



Through partnership with Factor[e]:



## Wider initiatives: Priorities for 2020

- **Factor(E) partnership:** continued expansion of our portfolio with Factor[e], focused on technological innovation and the implications for advancing the waste-to-resource sector.
- **Sector research:** Undertake a wider sector investigation to better understand the current state of play, opportunities and gaps. We will apply this analysis of the sector to the development of the portfolio.

Expansion of the portfolio may require broadening the definition of sanitation to include wider environmental sanitation and consider how multiple waste streams can be integrated.

# Rural Sanitation in Cambodia



*We support sanitation marketing to increase rural access to latrines and sanitation services, as part of the Ministry of Rural Development's National Action Plan.*

## *Focus for 2020*

1. Implement the first year for the Cambodia Rural Sanitation DIB, achieving 500 open defecation free villages.
2. Develop a learning note setting out lessons learnt from the partnership with World Bank's Global Water Practice.
3. Continue to implement the strategy agreed in 2016, which sees SFF slowly withdrawing direct support for sanitation marketing programmes.

## Enterprises



## Strategic partnership

### *Cambodia Rural Sanitation DIB*



*We are implementing an exit strategy and not looking for new enterprises in rural sanitation.*