

# Water and Sanitation Portfolio

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What we do and priorities for 2021



# 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 c.40 enterprises, with:*

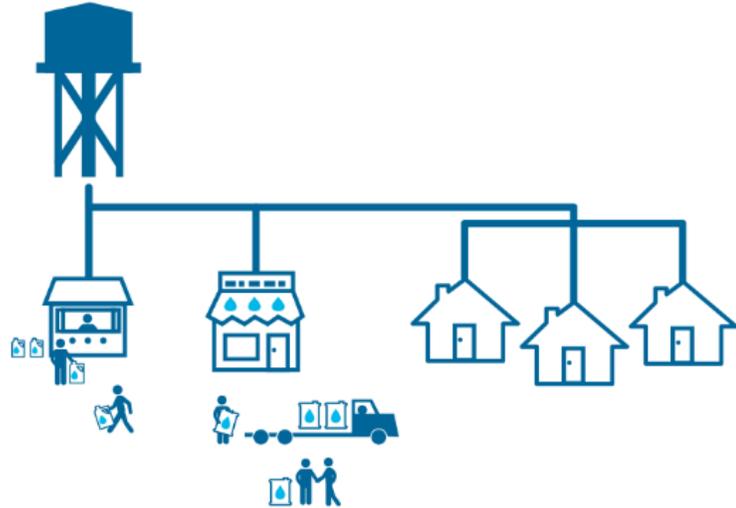
- Grants
- Investment
- Non-financial support
  - Sales and marketing
  - Fundraising and investment
  - Strategy and business models

## Wider sector support

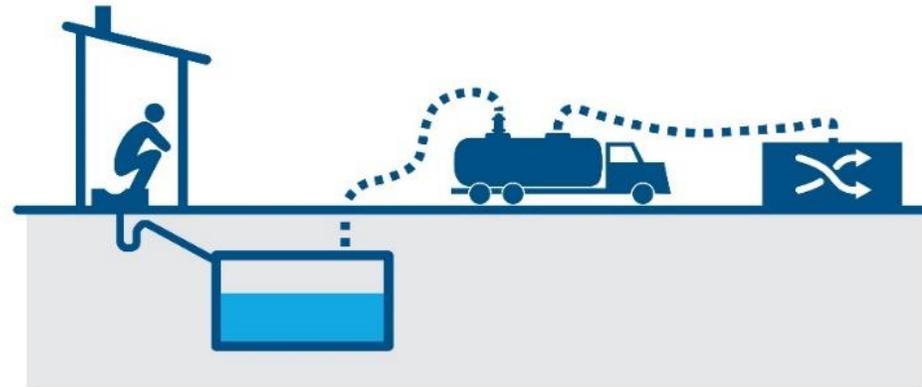
*Support to national or global initiatives benefiting multiple enterprises and the sector:*

- 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

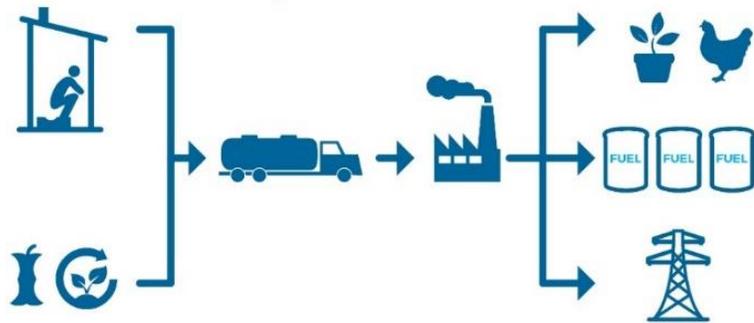
# We support enterprises in four areas



Enterprises in Safe Water



Urban Sanitation Services



Waste to Resources



Rural Sanitation in Cambodia

# Enterprises in Safe Water: Priorities for 2021



*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 2021*

1. Can water kiosk models finance their growth through investment 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. Can the revenue finance model in Cambodia be replicated in other South East Asian countries?
4. What are the most effective ways to drive market penetration at a station level?

## Enterprises

*Active portfolio*



## Wider initiatives: Priorities for 2021

- **Cambodia Revenue Finance Facility:** expanding support to nine new piped operators to reach our notional target of \$10m; and exploring the possibility of designing a fund for further scale-up.
- **Game changers:** assessing the feasibility of replicating the CRFF model in Laos through a new partnership with GRET.
- **Driving market penetration:** supporting enterprises with sales and marketing to increase penetration including through approaches using water quality testing.
- **Preventative maintenance models:** can rural water point social enterprises models be viable?
- **Financial viability:** can the learnings from 1001f's journey benefit the other kiosk models in the portfolio?

*The Foundation has also directly invested in 14 private water operators in Cambodia.*

# Urban Sanitation Services: Priorities for 2021



*We support sanitation enterprises operating in urban and peri-urban areas.*

Our focus is on scaling sanitation services to the urban poor through supporting enterprises providing latrines (largely container based sanitation) and pit-emptying services.

## *Key Questions for 2021*

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 for front-runners?
4. How can we support the sector to engage and partner with government?

## Enterprises

### *Active portfolio*



## Strategic Partnerships & Wider Initiatives



## Wider initiatives: Priorities for 2021

- **Progress scale partnerships:** work towards and established scale partnerships (Clean Team, Sanergy) to understand financial and non-financial support needs.
- **Identify opportunities to expand portfolio:** leverage pipeline pitch grants to understand where it is strategic to provide follow on support (Opero, Biocom, Aerosan).
- **Understand actions to take address barriers to scale:** learn context specific and global challenges to the sector, in order to inform our strategy moving forward.
- **Explore City Wide Inclusive Sanitation concept** via collaboration with GCC (Kumasi Ghana) and contacts in World Bank.
- **Provide non-financial support** to enterprises driving towards government and public sector contracts and/ or outcome-based financing (Sanergy, Loowatt).

# Waste to Resources: Priorities for 2021

*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 2021*

1. What is the most appropriate operating and revenue model for these enterprises to achieve financial breakeven and can enterprises generate enough revenues consistently to recover opex costs?
2. How can enterprises assess and select the most viable added-value products 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-resources technology be de-risked?
4. What could the finance structure look like for new waste-to-resources treatment sites and is there evidence of willingness to pay?

## Enterprises

*Active portfolio*



Through Factor[e] partnership:



## Wider initiatives: Priorities for 2020

- **Factor(E):** continued expansion of the FE portfolio, focused on technological innovation and implications for advancing the waste-to-resource sector.
- **Sector research:** complete sector review to better understand the current state of play, opportunities and gaps, and apply any further learning to our portfolio.
- **Consideration of whether expansion in this portfolio will require expanding the definition of sanitation** to include wider environmental sanitation, and consider how multiple waste streams can be integrated, such as animal waste.

# Rural Sanitation in Cambodia: Priorities for 2021



*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.*

Our priority is implementing the Cambodia Rural Sanitation DIB and the exit strategy agreed in 2016, ensuring SFF continues to exit this sector in a well planned and sustainable way.

## *Focus for 2020*

1. Implement the second year for the Cambodia Rural Sanitation DIB, achieving next 500 open defecation free villages.
2. Close down WaterShed NGO as it comes to an end in 2021; continued support in 2021 for WaterShed Ventures including Happy Taps; consider learning note
3. Develop a learning note setting out lessons learnt from a recent World Bank partnership and consider future engagement.

## Active portfolio

### *Cambodia Rural Sanitation DIB*



## Agreements ending in 2021

