

# Stone Family Foundation: Water and Sanitation Portfolio

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What we do and priorities for 2018



# Guiding principles

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

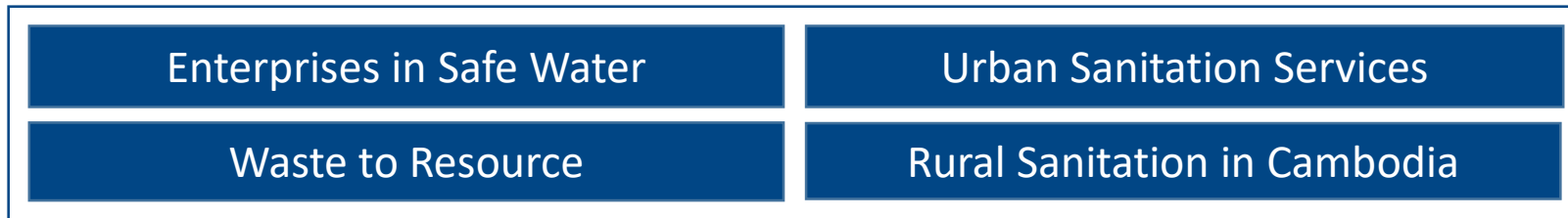
1. We believe low-income households should be treated as customers, not beneficiaries.
2. We believe in the potential of entrepreneurship and high-calibre leadership to be a disruptive force that can accelerate positive change.
3. Our role is to provide risk capital to support new ideas that have the 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 invest in enterprises working in four areas...



...and provide support in two complementary ways.

## Enterprises

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

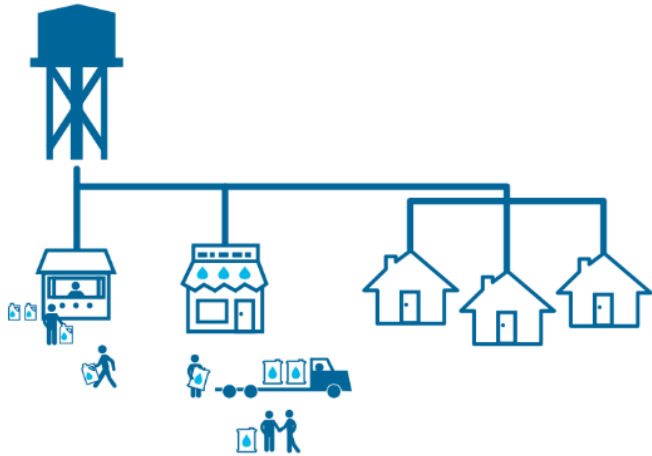
- Grants
- Investment
- Non-financial support
  - Sales and marketing
  - Fundraising and investment
  - Strategy and business models

## Wider initiatives

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

- Sales and marketing
- Access to finance
- Research and evidence
- Collaboration and coordination
- Strengthening value chains

# Enterprises in safe water



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

This includes enterprises operating decentralised water systems, delivering water through kiosks and household connections as well as through the convenience of home delivery.

## Key questions for 2018

1. Can one or more enterprises make a breakthrough and demonstrate financial viability?
2. How can we increase the volume of funding to enterprises in safe water to support scale?
3. How can we persuade customers of the importance and value of *safe* water, and how can that be used to drive penetration rates for enterprises in safe water?

## Enterprises

### Active portfolio



## Wider initiatives

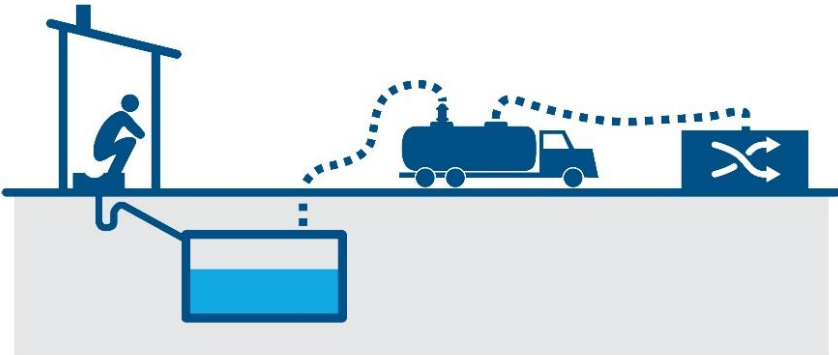
### Active portfolio:

- **Cambodia piped water fund:** Developing a package of revenue finance and non-financial support to help small piped operators achieve 100% coverage.
- **Water Global Practice, World Bank:** Supporting expansion of piped water services beyond the reach of municipal utilities.
- **Water Unite:** Supporting a new fund for water develop a strong brand.

### Priorities for 2018

- **Water quality testing:** Can we support the development a low-cost real time test that can be help convince consumers of the value of *safe* water?
- **Access to finance:** How can enterprises in this sector access scale finance from institutional funders and development banks?

# Urban sanitation services



*We support container-based sanitation (CBS) enterprises and pit emptying enterprises operating in cities and towns.*

Key questions for 2018

1. How can CBS enterprises become financially sustainable?
2. How can urban sanitation enterprises scale to meet the scale of the need?
3. How can manual pit emptying become more efficient?

## Enterprises

*Active portfolio:*



We also support a number of other sanitation enterprises indirectly, via our strategic partnership with WSUP.

*Priorities for 2018: We are looking to grow this portfolio during the year.*

## Wider initiatives

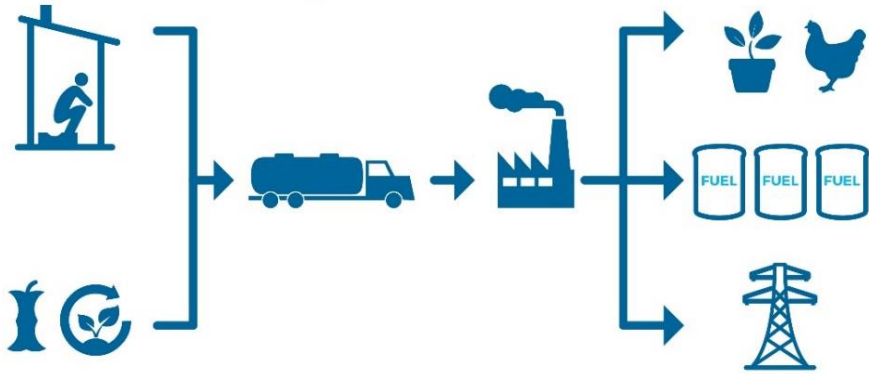
*Active:*

- **CBS Alliance:** Supporting this new industry body to collaborate more closely and develop a strategy for helping the sector as a whole to grow.
- **Factor[E]:** Examining how technological innovation could advance the urban sanitation services sector.
- **WSUP:** Strategic partnership, with focus on WSUP's work developing enterprises and research agenda.

*Priorities for 2018*

- **City-wide sanitation:** How can we work with other funders on city-wide initiatives, while retaining our focus on risk capital and enterprises?
- **Exploring the potential for leasing:** How could introducing lease finance for exhauster trucks drive up the capacity of the sector and improve services?

# Waste to Resource



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

Key questions for 2018

1. What is the best operating and revenue model for these enterprises?
2. Who are the clients for these enterprises and what is the value proposition?
3. How can these enterprises raise sufficient finance to meet their significant capex and working capital needs?

## Enterprises

*Active portfolio:*



*Priorities for 2018: We are looking to grow this portfolio during the year.*

## Wider initiatives

*Active:*

- **Factor(E):** Examining how technological innovation could advance the waste to resource sector.

*Priorities for 2018*

- **Access to finance:** Could a pooled fund be a way to attract more finance into the sector while managing investors' differing risk profiles?
- **Collaboration and coordination:** Can we provide waste-to-resource businesses with a more reliable source of faecal waste by linking them to pit emptying or container-based sanitation enterprises?

# Rural Sanitation in Cambodia



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

Key questions for 2018

1. What are the limits of sanitation marketing? What is needed to achieve 100% coverage?
2. How can the sector shift from latrine access to sustainable services, including safe managed waste disposal?
3. How can sanitation marketing programme attract scale finance?

## Enterprises

*Active portfolio:*



## Wider initiatives

*Active:*

- **Social Finance:** Exploring the feasibility of a Development Impact Bond for iDE's sanitation marketing programme.
- **Department of Rural Healthcare, Ministry of Rural Development:** Supporting the government to implement the National Action Plan at a subnational level.
- **Water Global Practice, World Bank:** Supporting the Ministry of Rural Development to implement the National Action Plan.

*We are not looking for new enterprises in rural sanitation.*