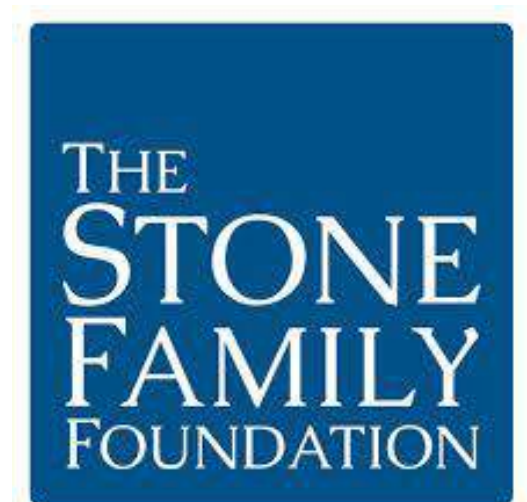


Rural Sanitation in Cambodia DIB

Impact Bonds Working Group Annual Conference
London, 3rd March, 2020

Paul Gunstensen
Director of WASH
Stone Family Foundation



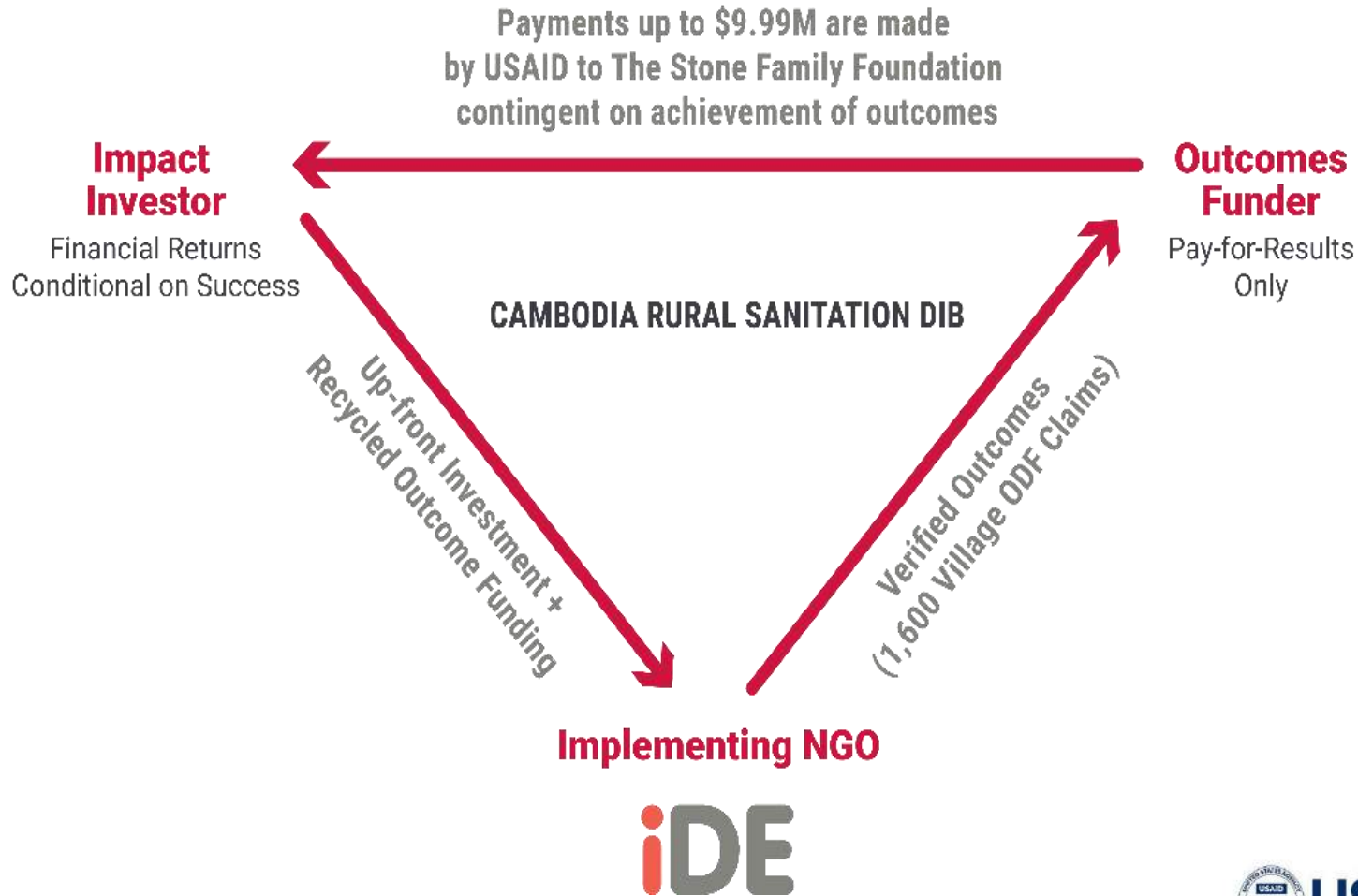
Headlines



- First Development Impact Bond for the WASH (Water, Sanitation and Hygiene) sector
- \$9.99M to develop rural sanitation markets in six Cambodian provinces
- Outcome target: 1,600 villages to become open defecation free by 2023
- Safe sanitation will prevent the spread of diseases and improve health in rural communities – especially for children.



The structure and partners



Impact rationale



- **Programme Pivot:** supporting a high impact sanitation marketing programme to pivot and adapt in response to specific programmatic challenges
- **Programme impact:** support to realise public health gains of community level sanitation and as close to universal coverage as possible (SDG target)
- **Transitioning roles:** Foundation shifting roles back to provider of high risk capital having provided over \$6M in grant funding over 7 years, supporting delivery of over 300,000 latrines
- **Journey to self-reliance:** key focus of USAID as the outcome payer and part of broader strategy for USAID in Cambodia



Elements of a successful launch



- Trusted partner and strong relationship between iDE and Foundation
- Development of strong relationship with USAID over short time frame
- Proven approach already operating at significant scale – strong operating and financial model to work with and due diligence
- Good quality, clean data and relatively real time
- Strong committed team on all sides combining sector, finance and institutional knowledge



The bigger picture



- There is beauty in simplicity – 3 partners, 9 month design phase, low transaction cost, no holding company / SPV
- How impact investors might be able to engage with the WASH sector and achieve high social impact and some financial return – risk and patience required
- How this might be a way to crowd in more funds to a sector which needs \$114BN per year to achieve the SDG goals

