

Scaling social impact enterprises with results-based funding

Are you involved in delivering inclusive and sustainable solutions to Global challenges? Discover how results-based funding could help you achieve your goals.

What is results-based funding?

Results-based funding or financing is different from typical project-based funding. It's calculated on the basis of units – like the cost of providing one person with sanitation, or tonnes of safely managed waste. Organisations receive grants based on units delivered over a fixed period of time, more like a commercial delivery contract.

And is it right for you?

Readiness

Your enterprise must be at a stage where you have a full understanding of your operations – so you can be certain the agreed level of funding for each 'result' will cover its costs.

Due diligence

As a funder, you need to carry out your own due diligence to ensure the enterprise is truly ready and able to benefit from a results-based grant.

Objectives

Results-based funding should be seen as a way to transition from grant-based business models to sustainable, income or contract-based models, and in the long-term reach more people.



For example, results-based funding could help Fresh Life set the basis for the type of service contracts it wants to have in the future, and, eventually, ensure the service delivery model can have self-sustaining growth.

Read about Fresh Life's story on the [next page](#).

Find out more

Collaboration is key to scaling social enterprises. Learn more about the successful programmes that other enterprises and funders have delivered together. [Read more stories here](#)

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Fresh Life, a founding partner of The Sanergy Collaborative, is developing and scaling transformative sanitation solutions in fast growing cities, starting with Nairobi, Kisumu and Eldoret in Kenya.

Using a systems-based, full value chain approach, Fresh Life builds cost-effective and eco-friendly non-sewered sanitation products and services delivered in underserved informal settlements of fast growing cities.

Fresh Fit, an in-home toilet, typically designed for household use and optimal for people living with disabilities, the elderly and expectant mothers, is its newest product.

To scale its impact sustainably, Fresh Life is empowering cities to deliver safe, citywide inclusive services to all urban residents through its partnership with utilities and municipalities.

“For Fresh Life to be an effective partner to utilities, we believe it’s key that we’re able to develop innovative products and services that adequately meet the needs of all residents within a city,” says Co-founder and Executive Director, Lindsay Stradley. “We developed Fresh Fit because we need to have multiple tools in our toolbox to be able to reach everyone.”

The other tools in this toolbox include Fresh Life’s first product offering, a dry, container-based toilet branded ‘Fresh Life’. It is distributed to urban residents and entrepreneurs such as landlords via a monthly subscription model, and is equipped with a handwashing station, and regular, professional waste collection services that ensure public health and environmental protection.



TRANSFORM supported Fresh Life to test its second model of the Fresh Fit toilet, and to create sales materials that encourage landlords to take up Fresh Life sanitation services for their tenants. Both of these solutions have now been adopted across the business.

As Fresh Life looks to scale up this suite of solutions, they are exploring how results-based funding (given on the basis of achieving outcomes, like the number of people served, rather than meeting the costs of front-end activities) can help.

“It has the potential to allow you to be more nimble,” Lindsay says.

“Because as you scale, you may be able to become more efficient, and reduce your costs.

“If so, then you get that margin – and as a non-profit, you plough that into serving more people.”

Importantly, the results-based support from outcome funders will show what a service-based contract with a utility could look like.

“Being paid on the basis of numbers of people served – and an agreed price for those ‘units’ of people with great sanitation, or tonnes of waste safely managed – is how we want to be contracted by utilities or governments in the future,” says Lindsay.

“For us, that’s key – and why we want to use results-based funding with development partners now – to enhance future partnerships with governments and utilities, by setting clear and measurable goals and to prove the mechanism works.”



“Results-based funding is key to help us transition to the kind of contract we want for our services in the future.”

Lindsay Stradley, Fresh Life Co-founder and Executive Director



TRANSFORM is an impact accelerator that unites corporates, donors, investors and academics to support visionary enterprises across Africa, Asia and beyond. Together, we test and scale new solutions that tackle environmental challenges, improve health and wellbeing, and build inclusive economies.

Combining grant funding, business insight and research, TRANSFORM is advancing the development of innovative business models to help solve global challenges. It was established in 2015 and is led by Unilever, the UK’s Foreign, Commonwealth and Development Office, and EY.