



# PROGRESS TOWARDS PROMISE

New Ventures Fund Report  
2011-2013

 water.org™



Dear Friends and Supporters,

Through your generous commitment to the New Ventures Fund, we've made great progress towards our promise—to pilot, disseminate and scale solutions that address the underlying causes of the global water and sanitation crisis. Your catalytic philanthropy remains our principal source of support to innovate and achieve our shared vision—the day, in our lifetime, when everyone in the world can take a safe drink of water and experience the dignity of a toilet.

The journey of the New Ventures Fund began in 2010 with a seed of an idea—that Water.org could be in a position to innovate as relentlessly as any for-profit organization—to end the world's largest and most overlooked social justice and health crisis. Twenty years after co-founding WaterPartners International and a year after merging with H2O Africa to create Water.org, I was proud of our impact. We had positively transformed the lives of hundreds of thousands of people in communities worldwide. However, as I reflected on our achievements, I knew our rate of impact wasn't measuring up to the urgency of need—that every 21 seconds, a child under five years old dies of an entirely preventable water-related illness. Reaching our bold vision would require disruption and greater innovation. Put simply, we needed to shake things up.

Officially launched in the Fall of 2011, the New Ventures Fund enables us to innovate around the edges of what we know works and bring it to scale. The New Ventures Fund empowers us to kick the tires and pressure test new channels, partners and concepts. Most importantly, the New Ventures Fund allows us to explore opportunities that can accelerate our impact against this solvable crisis. It enables us to go further, enhancing our potential reach beyond hundreds of thousands to one hundred million people.

Begun largely as a “blue sky” venture, during the first 18 months of the New Ventures Fund we applied a broad definition of innovation. More specifically, we issued a staff-wide call to action to put forth concepts to improve the quality of water and sanitation, reduce the cost of accessing water and sanitation and/or decrease the time needed to secure water and sanitation services.

In this report, you'll learn about the initiatives we piloted and launched through the New Ventures Fund from 2011 to 2013. You'll hear how your initial donations increased water and sanitation access through the expansion of WaterCredit both geographically and through new channels, enabled the development and implementation of new initiatives, and in many cases, unlocked multi-year, multi-million dollar grant investments to drive large-scale impact. You'll also learn about a handful of initiatives that we're no longer pursuing but through which we gained critical insight to inform our future efforts.

What began as a broad organizational request to innovate evolved into a more strategic approach to innovation. In support of our roadmap to realize our vision, we developed more specific criteria for defining innovation and structuring its execution through the New Ventures Fund. We know after extensive research that there is no "right way" to nurture a culture or process of innovation across an organization. The journey is, in and of itself, the ultimate innovation experience. Your support of the New Ventures Fund allows us to continue exploring opportunities as they emerge, often in the early stages of development, before we're able to secure long-term funding, which often takes months or years to procure.

Given the urgency and solvability of this challenge, nothing is more powerful than doubling down on innovation in the sector and mobilizing a movement of support. We believe that the 750 million people who lack safe water and the 2.5 billion people in need of a toilet would demand that we not approach this as business as usual. We thank you for your vision and partnership which makes ending the water and sanitation crisis truly possible.

Sincerely,



Gary White, CEO and Co-founder

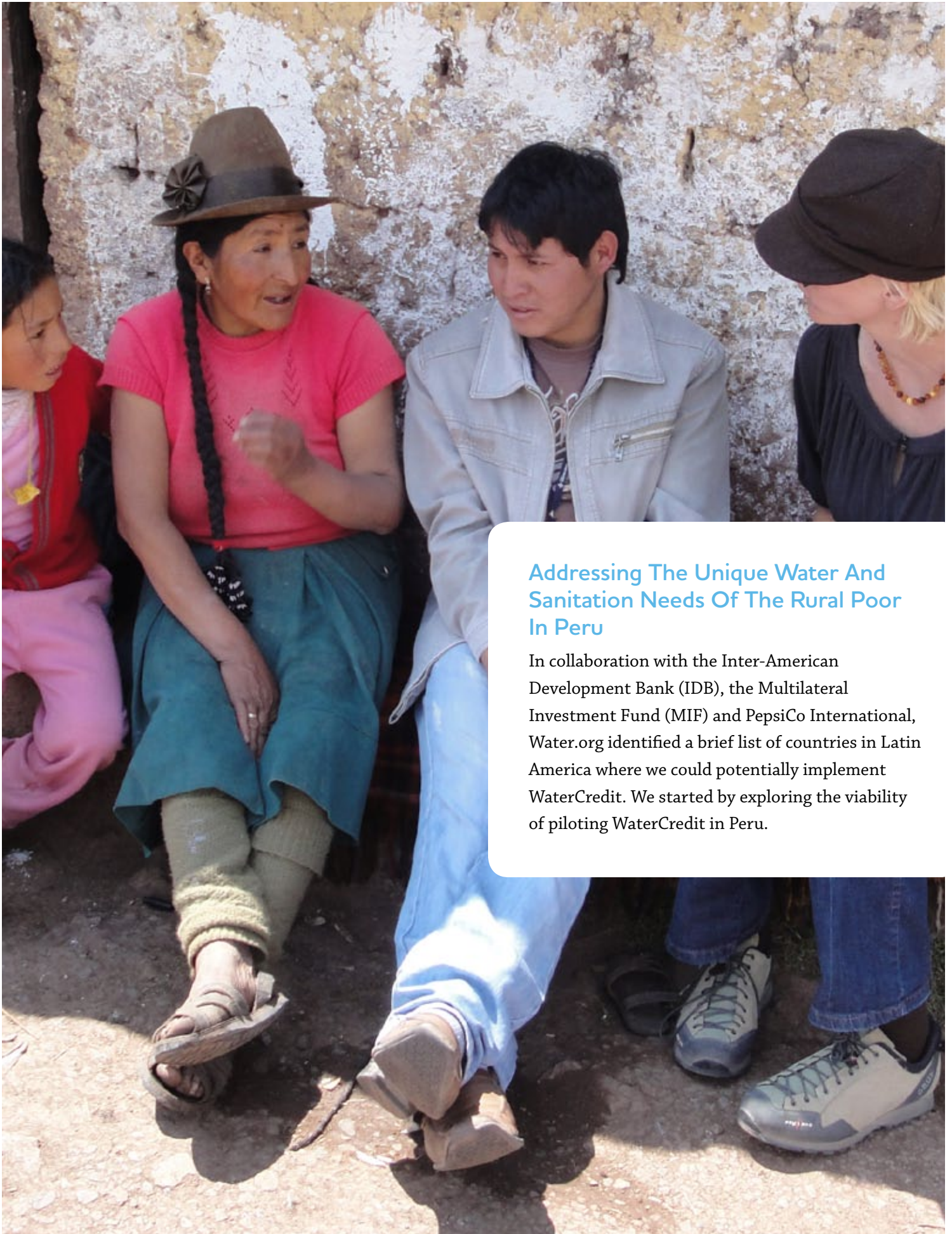
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**2011-2013**  
**New Ventures Fund Programs**

# THE POWER OF YOUR VISIONARY PARTNERSHIP



## Addressing The Unique Water And Sanitation Needs Of The Rural Poor In Peru

In collaboration with the Inter-American Development Bank (IDB), the Multilateral Investment Fund (MIF) and PepsiCo International, Water.org identified a brief list of countries in Latin America where we could potentially implement WaterCredit. We started by exploring the viability of piloting WaterCredit in Peru.

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## 2011-2013 New Ventures Fund Programs: Water and Sanitation in Peru

The National Sanitation Plan 2006-2015, the development plan for the water supply and sanitation sector in Peru set by the Ministry of Housing, Construction and Sanitation, estimated that Peru needed a \$4B investment to achieve the Millennium Development Goal of halving the existing gap in access to potable water and improved sanitation.

Through an extensive six-month period of market research, demand assessments, stakeholder outreach and data analysis across seven regions within Peru, we found that Peru met nearly all of our WaterCredit criteria; however, the country had several unique circumstances which required refinement of our approach. For example, while Peru made dramatic advancements in lifting its population out of poverty, access to water and sanitation remained highly varied across geography and income level. The poor, especially in rural areas, remained without networked water and sanitation services and paid an average of five times more for water than people living in communities with networked services. For example, in Iquitos, researchers estimated that if a household obtained a connection to the public water system, it could save enough money in six months to pay for the connection or install a basic bathroom. Not only were Peru's rural poor the most underserved, they were also paying the most for water and sanitation.

While we recognized the immediate need for improved water and sanitation services in Peru's rural communities, we knew that our existing WaterCredit loan products needed tailoring to serve largely non-networked areas. Through 18 months of extensive research and collaboration with the IDB and MIF, we created a relevant WaterCredit program for Peru. After securing legal registry to operate in-country and on-boarding new local staff, we partnered with a leading foundation to fund a \$2.9MM WaterCredit program in four regions, ensuring water and sanitation services for more than 100,000 Peruvians by 2018.

While our work with the IDB did not result in a formal partnership, we continue to collaborate with them, as well as with the MIF and regional stakeholders, to create a coalition to improve water and sanitation access. Additionally, our in-country team is codifying lessons learned and supporting the local microfinance and public utility sectors to provide water and sanitation to the rural poor in Peru.

Lastly, since 2012, a leading non-governmental organization (NGO) in Peru received funding from the IDB to implement a program that was similar to WaterCredit. The NGO's successful proposal was based largely on our 2011-12 research. We see the application of our research by another NGO as an additional indicator of our success to end the water and sanitation crisis in Peru.

*Left: Water.org staff interview families in the Cusco region of Peru on their water and sanitation needs.*



## Partnership Sparks New Model For Expediting Market-Based Water And Sanitation Solutions

Through Water.org's partnership with Kiva, a fellow Skoll Foundation Social Entrepreneur Awardee and the world's leading peer-to-peer lending organization, we developed a new WaterCredit model.



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**2011-2013 New Ventures Fund Programs:  
Kiva Partnership**

In 2012, Kiva began exploring opportunities to expand its lending model to new sectors, including water. Leveraging the New Ventures Fund, we identified nine countries with both an existing strong Kiva presence and a significant water and sanitation need. Together, with Kiva, we designed a “rapid market assessment” tool to determine the viability of implementing WaterCredit and trained Kiva Fellows to use the tool in Bolivia, Cambodia, Colombia, Honduras, Nepal, Peru, Rwanda, Senegal and Vietnam.

Through our research, a new model for WaterCredit emerged—WaterCredit Advisory Services—in which we streamlined phases of our existing WaterCredit approach, including: partner identification and certification, market research, product development, testing, deployment and training. Through WaterCredit Advisory Services, we deliver water and sanitation in half the time and at half the price of the traditional WaterCredit approach, reducing the overall cost to the end borrower and accelerating our impact. Through WaterCredit Advisory Services, we’re exploring new types of partners and program pathways in countries that were previously impenetrable due to start-up costs.

*Left: In Honduras, women participate in a self-help group demonstration for making cleaning supplies.*

To date, our partnership with Kiva laid the groundwork for two multi-year WaterCredit Advisory Services pilot programs in Southeast Asia and Latin America. Additionally, our collaboration enabled us to hire a Senior Operator to lead WaterCredit Advisory Services.

“Thanks to our New Ventures Fund visionary partners, we will empower the world’s most vulnerable with access to safe water and sanitation, enabling a life of health, economic opportunity and dignity.”

**Matt Damon**  
Co-founder, [Water.org](http://Water.org)



## Developing A Strategic Roadmap To Reach 100MM People By 2020

In early 2012, Water.org engaged McKinsey & Company to identify ways to improve, scale and evolve WaterCredit globally. An estimated 1.52 billion people who lack access to water and/or sanitation earn an estimated \$1.25 - \$5.00/day per capita (in PPP-adjusted terms), representing the target economic demographic

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## 2011-2013 New Ventures Fund Programs: Developing a Strategic Roadmap

for WaterCredit customers. McKinsey & Company found that this population resided in seven countries (by market size): India, China, Indonesia, Nigeria, Pakistan, Ethiopia and Bangladesh. They also determined new channels and partners to implement WaterCredit, including, but not limited to: commercial financial institutions, utilities, private product manufacturers and small retailers. For each channel or partner identified, McKinsey & Company determined a relevant geographic area. The result—a detailed roadmap for scaling WaterCredit, in its current form and beyond, to reach 100 million people with safe water and/or sanitation by 2020. To attain this impact, we are executing against a multi-pronged approach, including: scaling Water.org’s microfinance-led WaterCredit model in existing and new geographies, piloting WaterCredit with new channels through the WaterCredit Advisory Services model, accelerating the adoption of

WaterCredit through open-source tools and resources and strategically partnering with key “enablers” with the potential to scale WaterCredit at unprecedented rates and/or create a conducive environment for its implementation.

To date, we’ve partnered with two leading foundations to design and fund a \$13MM WaterCredit expansion strategy to serve nearly 600,000 people with safe water and sanitation in Bangladesh, Indonesia and the Philippines by 2018. Additionally, we continue to invest in practitioner tools, forums and resources to evaluate our impact and share our results with the field.

“Xochi and I were early supporters of Water.org’s New Ventures Fund because we believe it’s important not only to invest in today’s solutions but also those of the future. We see Water.org as an innovator in this field—willing to push the boundaries of the status quo and test the untested in order to truly solve the global water crisis.”

**Michael Birch**

Entrepreneur and  
New Ventures Fund Investor

*Left: Children in Bangladesh prepare to collect water.*

**2011-2013 New Ventures Fund Projects**

PROJECT TITLE	BRIEF DESCRIPTION
<p><b>Realizing New Opportunities for Impact with Product Manufacturers</b></p>	<p>The ability to secure affordable financing is one of the key challenges preventing communities from accessing pre-paid water meters. To address this issue, Water.org conducted field research to determine opportunities for financing and improving service delivery of water kiosks in peri-urban areas of Uganda. Specifically, our East Africa team explored a partnership with the National Water and Sewage Company (NWSC) to develop a WaterCredit program enabling new customers to finance pre-paid metered kiosks either via the NWSC or a local microfinance institution. Through early-stage partnership discussions, we investigated the potential for a mobile-based payment system to reduce the time associated with securing water tokens from a centralized office and responding to kiosk electricity shortages. As part of the partnership, the NWSC began developing a mobile app to allow users to report kiosk malfunctions and receive real time feedback on their repair status.</p>
<p><b>Leveraging Technology to Improve Accountability and Transparency in Haiti’s Water Sector</b></p>	<p>Through a partnership with Digicel and the Haitian government’s water and sanitation agency, La Direction Nationale de l’Eau Potable et de l’Assainissement (DINEPA), Water.org developed a technology platform to deliver real-time information on the status and price of safe water supplies from public taps, tanker trucks and water kiosks via mobile phones to in-need Haitians. By increasing transparency in the marketplace, we sought to reduce the amount of time local Haitians spent scavenging for safe water. Moreover, we aimed to empower Haitians in disadvantaged areas with the information needed to gain access to safe water on their own and for an affordable price. Due to changes in the Haitian government’s leadership and its policies around water and sanitation access, we were not able to implement this initiative. However, to enable broader adoption and transparency across the sector, we open-sourced the technology platform we developed with DINEPA.</p>
<p><b>Pursuit of an Improved Customer Experience</b></p>	<p>Water.org conducted macro- and micro-level research to confirm opportunities for improving the customer experience to obtain safe water and sanitation for those whom WaterCredit is unaffordable. We reviewed macro-level trends in technology, particularly trends in mobile penetration against water and sanitation coverage as well as maternal mortality rates across 126 countries. Informed by the macro-level research, 16 countries were identified—Kenya, Ghana, India, Bangladesh, Indonesia, Peru, Nigeria, Sudan, Cameroon, Benin, Bolivia, Gabon, Cambodia, Vietnam, Mexico and Nicaragua—as having high-potential for impact based on need, ease of doing business and mobile technology penetration. We conducted a survey of 17 partner organizations across six countries to further evaluate whether mobile devices presented a cost-effective means to share real-time information to improve customer access to affordable, convenient and quality water and sanitation services. Research illustrated that the use of mobile technology for educational or demand-generation purposes is a widespread approach with varied success. The location-specific nature of water and sanitation services necessitates substantial mobile app customization, requiring an extensive back-end information management system. We are currently exploring alternative approaches to leverage existing mobile platforms for customers to report out and share information on water and sanitation services.</p>

## New Ventures Fund Council: Join Us

The New Ventures Fund Council is a group of visionary supporters who share Water.org's belief that innovation is needed to eliminate the global water and sanitation crisis. Their generous financial support and expert guidance enables Water.org to pilot, disseminate and scale innovative solutions that address the underlying causes of the water crisis—lack of capital, accountability, transparency and participation in the cause. The Council meets annually to review the Fund's impact. They also serve as strategic partners to Water.org and act as global advocates for the issue. For more information, please contact [info@water.org](mailto:info@water.org).

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Give Life.**

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