

Investing in innovation Accelerating progress

Six years of breakthrough impact





"Life is so much better than before."

Thanks to you, Elenita and her family no longer know the water crisis. Your support paved the way for us to successfully bring our WaterCredit solution to the Philippines. On behalf of Elenita and the 2.5 million men, women, and children globally whose lives you positively transformed — thank you.

Dear friends and supporters,



We believe in the power of water to break the cycle of poverty, protect and save lives, and make a bright future possible for all. Thanks to you, each day families around the world are ending their personal water crisis.

What began as a simple internal call-to-action—to share ideas for accelerating our work—is now a disciplined engine for innovation. By fostering a strong culture of innovation, your investment galvanized our ability to break down the barriers that separate people from life-saving safe water and sanitation.

We are delighted to share some highlights of the positive impact of your investment since launching the New Ventures Fund in 2011.

- **Accelerating Impact:** We reached 8x more people through WaterCredit in FY17 than in FY11.¹
- **Strengthening Efficiency:** We reduced the cost per person reached with our WaterCredit solution by 82 percent between FY11 and FY17.²
- **Increasing Return on Investment:** We secured \$73.6 million in long-term program funding through an initial \$5.4 million investment from the New Ventures Fund.³



All this and more is possible thanks to you. Together we are doing more than simply making strides against the water crisis; we're ending it. The water crisis won't solve itself; we won't rest until it's done.

Sincerely,

Gary White
CEO and Co-founder

Jennifer Schorsch
President

¹Total number of people reached with WaterCredit was 307,426 in FY11 versus 2.66M FY17 (as of September 2017). FY11 was the inaugural year of the New Ventures Fund.

²Philanthropic cost per person reached with WaterCredit was \$15.48 in FY11 and \$2.72 in FY17 (as of June 2017).

³Figures as of September 2017

From innovation to impact: Six years of shared success

By affording us the critical opportunity to pilot, disseminate, and scale innovative approaches to finance water supply and sanitation access, your investment empowered us to reach more people, more quickly, all while decreasing our philanthropic cost per person reached. Thanks to your partnership, we have much to celebrate.

Innovation

25+

New Ventures Fund initiatives piloted to find new, smart solutions to accelerate access to safe water and sanitation.

Reach

7.4 M

people will gain access to safe water and/or sanitation by 2024 thanks to early investments from the New Ventures Fund.

Expansion

9

new countries entered thanks to New Ventures Fund-supported market research and pilots. *Bangladesh, Brazil, Cambodia, Ethiopia, Ghana, Indonesia, Peru, the Philippines, and Tanzania*

Leverage

13.6 : 1

\$5.4M invested in New Ventures Fund initiatives unlocked \$73.6 M for Water.org programs and WaterEquity social impact investing funds.⁴

Growth

8x

more people were reached with our WaterCredit solution in FY17 than in FY11.⁵

Efficiency

82%

reduction in cost per person reached with our WaterCredit solution between FY11 and FY17.⁶

⁴ Figures as of September 2017

⁵ Total number of people reached with WaterCredit was 307,426 in FY11 versus 2.66M FY17 (as of September 2017).

⁶ Philanthropic cost per person reached with WaterCredit was \$15.48 in FY11 and \$2.72 in FY17 (as of June 2017).



Newlyweds Medhih and Mesi from Boditi, Ethiopia now have access to safe water thanks to your support.



Your investment in action: 2016-2017 impact highlights

Building smart solutions to address the finance gap

As part of the new, global sustainable development agenda to end poverty, protect the planet, and ensure prosperity for all, water and sanitation have a standalone goal — SDG #6: Ensure Access to Water and Sanitation for All. This global prioritization of water and sanitation access creates an opportunity for collaboration and progress. To make this commitment a reality by the SDG deadline of 2030, we must turn our attention to the most pressing and practical questions, such as, “How will we pay for it?”

A tremendous gap exists between the estimated costs of achieving universal water and sanitation access and the current financial resources directed toward provision of these services. The World Bank estimates it will cost \$114 billion annually over five years to meet SDG6 goals and solve the water and sanitation crisis, not including the costs of maintaining infrastructure over time.⁷ Funding is needed for first-time access as well as improvements to move from basic access to a “safely managed” standard. That amount is approximately three times current investment levels.

Charity alone will not meet this need. The majority who live without access can pay for water and sanitation over time, but lack up-front investment capital. There are 565 million people who, with access to affordable financing, could solve their water crisis — a \$12 billion demand.⁸

Closing the financing gap is critical to achieving universal, sustainable, and equitable access to water and sanitation. The New Ventures Fund allows us the critical flexibility to pilot and explore new solutions to address the obstacle of capital.

⁷ G. Hutton and M. Varughese 2016. The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene. World Bank Group: Washington, DC.

⁸ M. Mehta for the Bill & Melinda Gates Foundation 2008. Assessing Microfinance For Water and Sanitation: Exploring Opportunities for Sustainable Scaling Up. Bill & Melinda Gates Foundation

Launching WaterEquity: Doing well while doing good

With seed capital from the New Ventures Fund, we launched WaterEquity, an innovation of Water.org. WaterEquity invests in enterprises, including microfinance institutions (MFIs) that expand access to household water supply and sanitation solutions for the world’s poor.

It’s already working. In 2014 we launched our first investment fund— WaterCredit Investment Fund 1— to provide loan capital at concessionary rates to select MFIs in India to help them scale their water and sanitation lending portfolios. This \$11 million Fund could potentially reach up to one million people over its seven-year term.

Make a loan. Make an impact. We initiated our second investment fund — WaterCredit Investment Fund 2— in 2017. Through this Fund anyone can participate by making a minimum loan of \$100. These zero interest loans will be pooled and invested in social enterprises in need of affordable capital for water and sanitation products and/or services.

We’re building momentum. Launched in April 2017, our third investment fund—WaterCredit Investment Fund 3—provides affordable debt capital to enterprises that expand access to water and sanitation solutions for people in India, Indonesia, Cambodia, and the Philippines. This \$50 million Fund is projected to reach 4.6 million people over a seven-year period.

Global engagement: Partnering for impact

Our vision of safe water and the dignity of a toilet for all will never be achieved through our work alone. Partnering for impact is a key component of how we work. This year we continued our efforts to demonstrate to world leaders that affordable financing for water and sanitation for the poor is a powerful and cost-effective approach to achieving United Nations Sustainable Development Goal (SDG) #6—ensuring access to water and sanitation for all. We also continued our efforts to influence the policies and practices of key stakeholders in India, Indonesia, and Ethiopia, to create a conducive environment for water and sanitation finance.

As an example, we are excited to report that our efforts successfully led to the Indian Ministry of Rural Development’s expansion of sanitation lending— toilet construction is now included by the Reserve Bank of India as a category towards which Self Help Groups linked to the National Rural Livelihoods Mission/State Rural Livelihoods Missions can avail loans. 32.2 million households are currently linked to this program and have accessed bank credit worth \$87 million. We anticipate this inclusion will create a ripple effect in the sanitation lending space in India. Based on this policy inclusion, we’re engaging with multiple State Rural Livelihood Missions to help them scale water and sanitation through their Self Help Groups.

Goal:

Attract and deploy social investment capital to high-growth, purpose-driven enterprises, with the potential to serve hundreds of millions of people who lack safe water and sanitation.

Goal:

Through partnerships and collaboration with world leaders, multilateral organizations, corporations, nonprofits, and governments, accelerate access to affordable finance for those who struggle to meet their daily water and sanitation needs.

Global awareness: Leading the conversation

Global conference participation and speaking engagements

- One Young World
- Global Citizen Festival India
- World Economic Forum – Davos
- *Forbes* 400 Summit on Philanthropy
- Vatican Watershed Conference
- [Sanitation and Water for All \(SWA\) Finance Ministers' High Level Meeting at the 2017 World Bank-IMF Spring Meetings](#)
- Stockholm World Water Week

Awards

- Matt Damon and Gary White, Co-Founders of Water.org and WaterEquity, receive *Forbes* 400 Lifetime Achievement Award for Social Entrepreneurship

Position Paper

- [Water.org-IRC position paper, "Financing WASH: how to increase funds for the sector while reducing inequities: Position paper for the Sanitation and Water for All Finance Ministers Meeting, April 20, 2017"](#)

Media



Goal:

Raise awareness of access to affordable finance as a viable solution to achieving safe water and sanitation for all.



"Blending philanthropic and domestic commercial finance can help make a significant leap toward universal access to safe water and sanitation."

Matt Damon,
Co-Founder Water.org
and WaterEquity

Exploring new channels + partnerships for our WaterCredit solution

Our growing success partnering with microfinance institutions to implement water and sanitation lending portfolios gives us the confidence to explore new partners and delivery methods to increase access. This year our efforts to broaden our network and delivery methods included:

- collaborating with commercial banks and self-help groups in Brazil, India, Kenya, the Philippines, and Tanzania;
- working with water service providers/utilities as well as suppliers in Cambodia, Kenya, and Indonesia; and
- exploring how digital finance can be harnessed in Bangladesh, Kenya, and Tanzania.

This year we also forged a unique partnership with Department of Posts (DoP) and Punjab National Bank to provide water and sanitation loans which can be accessed at the DoP in Jharkhand State and Chhattisgarh State. With more than one million Post Offices, the DoP will markedly increase the accessibility of loans for water and sanitation solutions. The first loans from this exciting partnership are scheduled to be disbursed by the end of 2017.

WaterCredit: Expanding our smart solution to new markets

This year we expanded our WaterCredit solution to Tanzania and Brazil. We finalized the design of our first-ever program in Tanzania which will reach 50,000 people over three years. Through our efforts in Tanzania, we have the potential to reach more than 900,000 people over five years.

We also launched our first-ever program in Brazil which will reach nearly 30,000 people over four years. By executing against our strategic plan for Brazil, we have the potential to end the water crisis for 500,000 people.

Goal:

Reach more people with safe water and sanitation improvements by expanding the type and network of partners that offer affordable household-level financing.

Goal:

Implement WaterCredit in targeted new geographies where we identified a high probability for impact.

New Ventures Fund

The New Ventures Fund is our principal source of funding to research, develop, and explore new approaches to provide access to safe water and sanitation. There are 565 million people who, with access to affordable financing, could solve their water crisis — a \$12 billion demand. **Closing the financing gap is critical to achieving universal, sustainable, and equitable access to water and sanitation. The New Ventures Fund allows us the critical flexibility to pilot and explore new solutions to address the obstacle of capital.**

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