Igniting impact through innovation
Seven years of the New Ventures Fund
Giving children a healthy start with water

Thanks to you, Sophon and her son no longer know the water crisis. Your support paved the way for us to successfully bring our WaterCredit solution to Cambodia. On behalf of Sophon and the millions of men, women, and children globally whose lives you positively transformed – thank you.

Dear friends and supporters,

This year marks two tremendous milestones at Water.org – 14 million lives changed through access to safe water and sanitation and more than $1 billion in capital mobilized for the affordable loans that made this possible.

Catalyzing new sources of financing is critical to achieving universal, sustainable, and equitable access to water and sanitation. These achievements were made possible thanks in large part to the generosity and support of the New Ventures Fund Council.

Seven years ago, we started the New Ventures Fund as a way to fuel research and development and quickly pilot our most promising ideas – demonstrating that a nonprofit can innovate just as rigorously as any for-profit enterprise. With your support, innovation is now central to who we are and how we operate. We are proud to say that the New Ventures Fund met the vision it set out to achieve – to advance innovation throughout the organization and accelerate our impact. As such, Water.org is sunsetting the New Ventures Fund as a separate initiative at Water.org this year. The innovative spirit you sparked is alive and fully embedded in all of the work that we do.

Your flexible philanthropic resources and your trust in us allowed us to evolve our programming, experiment with new types of solutions, build productive relationships outside of the microfinance realm, and advance the message of affordable financing as a critical imperative to realize safe water and sanitation for all. Thanks to you, Water.org has expanded our approach, partnering with key stakeholders to create systems-level change that will transform even more lives in the coming years.

Through our ambitious five-year strategy, Water.org aspires to reach 60 million people with access to safe water and sanitation by 2022. This goal would not be possible without you; the New Ventures Fund empowered us to stretch and reframe our understanding of what’s possible.

It is through bold, innovative ideas – and the tested and proven ability to deliver on those ideas – that we will achieve access to safe water and sanitation for all.

Thank you for joining us on this journey together. We welcome you to continue alongside us as we push forward, innovate faster, and reach further.

Sincerely,

Gary White
CEO and Co-founder

Jennifer Schorsch
President

Water.org | New Ventures Fund Final Report
Impact spotlights

Innovating on the edges:
Urban utility programs now key to country strategy

As populations in Southeast Asia continue to grow, many utility systems struggle to keep pace with their rapidly urbanizing service areas, leaving millions to live without access to piped water. Driven to help meet this need through innovative financing options, Water.org identified a new geography with high potential for impact: urban utility programs. In Indonesia, our work with urban utilities helped to develop promising practices to expand utility coverage and connect new households in need. The New Ventures Fund enabled us to show results from our approach, leading to successful grant funding to continue this initiative and to enhance credibility with large multilateral and bilateral agencies working in this space (e.g. World Bank, AusAID, and USAID’s IUWASH PLUS program).

Water.org sought to replicate this success in the Philippines using support from the New Ventures Fund. Initial results were slow – with only 440 household connections in 2017. Throughout this project we identified many challenges and barriers – and more importantly how to overcome them. Now, more than 6,100 families have household connections through our program with urban utilities in the Philippines. Water.org is in talks with both the provincial government from the pilot area as well as Manila Water Group to scale this tested and refined approach.

Exploring new markets:
Catalyzing additional support in Brazil

Based on research supported by the New Ventures Fund, Water.org identified Brazil as a new geography with high potential for impact. With your support, we built a robust pipeline of potential partners and developed in-country expertise to drive our programs. This year, Water.org secured long-term program funding from both the Tarbaca Indigo Foundation and the Bank of America Charitable Foundation to advance our efforts in Brazil. As a result of these initiatives, Water.org will reach more than 60,000 people with improved access to water and sanitation and mobilize $18 million in capital by working with microfinance institutions and a local product manufacturer.

The New Ventures Fund’s support of initial research, outreach, and program pilots in new geographies boosts our ability to rapidly scale and leverage additional resources.
Water.org launches WaterEquity: First-ever investment manager dedicated to ending the global water crisis

Spun-off as its own non-profit in 2017, WaterEquity represents an unprecedented opportunity to bring hundreds of millions of investment dollars into the water and sanitation sector. Combining decades of financial and in-market experience, WaterEquity enables investors to drive positive social and financial impact. The New Ventures Fund supported the exploration, incubation and subsequent launch of this dedicated investment manager, unlocking a new stream of capital to reach millions of families with water and sanitation.

Your initial investment in WaterEquity is already paying dividends. Since 2016, WaterEquity’s inaugural investment fund has been providing loan capital at slightly concessionary rates to high-performing microfinance institutions in India to scale their water and sanitation loan portfolios. Through June 2018, this Fund has empowered 320,000 people to gain access to safe water or sanitation – and it’s on-track to reach one million people over its seven-year life. This initial $11 million fund has already returned capital to its investors, delivering a higher-than-expected annual distribution of 3.6% in 2017.

Given the market potential and demand for loans from emerging customers, WaterEquity launched a successor fund five times its size – a $50 million fund that invests in water and sanitation enterprises in India, Indonesia, Cambodia, and the Philippines. In August, 2018, WaterEquity completed a first close at $33 million. This Fund targets a 3.5% return for investors and aims to reach 4.6 million people with safe water and/or sanitation.

Creating systems-level change: Partnering with the Indonesian Government to support rural utilities

In Indonesia, Water.org is changing the DNA of the financial sector to view rural utilities as bankable institutions. To do this, Water.org works across the market to address both the supply of affordable finance (through our work with financial institutions) and the demand for loans for water service expansion (through our work with rural utilities). This holistic approach would not be possible today without the initial seed funding provided by the New Ventures Fund.

The New Ventures Fund enabled Water.org to pioneer a model to assess and enhance the financial sustainability and operations of rural utilities. Now, Water.org has become the forerunner in this space. Thanks to your trust in us, Water.org proved the concept of promoting affordable financing for rural utility expansion, empowering hundreds of rural utilities to increase service coverage to previously unserved portions of the community.

This work has resulted in secured grant funding from the IKEA Foundation and raised Water.org’s profile as a thought leader on rural utility financing with multilateral and bilateral actors in Indonesia. Most importantly, the Government of Indonesia now recognizes the role financing plays in rural utility coverage and sustainability, and the government is actively engaging with Water.org on this front.

In July 2018, Water.org signed a partnership agreement with the program under Indonesia’s Ministry of Public Works responsible for rural utilities. Through this partnership, Water.org will embed our proven financial capacity-building training within the government program.

This is systems-level change that has the potential to reshape the scope of support the Government of Indonesia provides to include financing and financial sustainability training for rural utilities country-wide. Thank you to the New Ventures Fund Council for your early support of our work with rural utilities in Indonesia to create this innovative, systems-changing approach.

Connections for possibility: Supporting the sanitation supply chain in Cambodia

Water.org identified sanitation supply-chain coordination as a challenge inhibiting scale in Cambodia. To address this, we established a dedicated team that developed brochures to highlight various sanitation products and hosted a field visit for financial institution partners to connect with water service providers, resulting in new business opportunities for all involved stakeholders. The New Ventures Fund empowered us to create the links that make collaboration and change at scale possible.
Partnering for scale and systems-level change: Focusing the global conversation on financing water and sanitation

As we looked to deliver more access, faster, we developed two important insights – first, that the most significant barrier to progress is capital and second, that coalescing efforts well beyond our organization and our implementing partner network is imperative to solving the water crisis. Your support gave us the opportunity to share our evidence base of success, to create partnerships with critical global stakeholders, and to influence the global conversation toward financing Sustainable Development Goal 6 (SDG6).

With New Ventures Funding, we captured key insights from our experience, landscaped which countries and partners could most deliver impact, and built a clear strategy to engage high-level influencers to accelerate progress. The success of these initial exploratory efforts led to dedicated grant funding from the IKEA Foundation to advance these engagement efforts.

Since those early days, we've partnered at multiple levels of government across the countries in which we operate. We've identified - and worked to remove - barriers that impede progress to financing SDG6. We have co-authored thought pieces and learning notes, convened important stakeholders, and joined critical conversations and forums around the world. We've fully integrated what we call ‘thought leadership’ into a critical pillar of our five-year strategic plan, the goal of which is to help shape a favorable enabling environment for water and sanitation finance. An environment where the sum of the parts – across a coalition of stakeholders – will be greater than our individual efforts. Bringing in partners at the global, national, and sub-national levels is now our new normal.

Thanks to the freedom to innovate, we have evolved from an organization focused on direct implementation through microfinance partners to one helping to create a global environment that expands financing for water and sanitation for those in need. With your support, we nimbly adopted strategies that leverage our insights in order to increase our global presence and thought leadership and accelerate change.

The New Ventures Fund reset and transformed the way we think about driving scale, positioning ourselves to deliver results, and partnering for impact.

Global awareness:
Leading the conversation

Global conference participation and speaking engagements in 2017-2018

- International Economic Forum of the Americas in Toronto (October 2017)
- University of North Carolina Water and Health Conference (October 2017)
- International Water Association’s Water and Development Congress (November 2017)
- India’s Ministry of Drinking Water and Sanitation’s Solid and Liquid Resource Management Workshop (February 2018)
- South by Southwest (March 2018)
- 8th World Water Forum in Brasilia (March 2018)
- SKOLL World Forum (April 2018)
- Milkin Institute Global Conference (April 2018)
- Stockholm World Water Week (August 2018)

Position Paper

- Taps and Toilets for All – Stanford Social Innovation Review by Gary White and Matt Damon – February, 2018

Media

- Comedy Central: Matt Damon & Gary White - Transforming Lives with Water.org and WaterEquity | The Daily Show
- CNN: Why Matt Damon is helping get water to the poor
- NPR: A Kansas City Social Entrepreneur Says Global Water Crisis Can Be Solved In His Lifetimes
- CNBC: World Water Day: Crisis around the globe
- Bloomberg: Matt Damon says there are solutions to the water crisis
Thank You

1 in 9 people still lack access to safe water and 1 in 3 people still lack access to improved sanitation. 2.3 billion women, men and children struggle without these fundamental needs. Thank you for providing us the critical funding to pilot, explore, and accelerate new solutions to address the barriers between people and access to water and sanitation. With your continued support, we can change even more lives.

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