



Unleashing capital to make safe water and sanitation available for all

Water.org strategy through 2023

November 2023



Closing the water and sanitation financing gap

There's a gap in financing — The World Bank estimates that \$114 billion a year is needed to achieve safely-managed water and sanitation and meet the Sustainable Development Goal 6 (SDG 6) targets. That is 3x current investment levels, and those are the costs only for constructing new infrastructure, not of operating and maintaining that infrastructure over time. Current investments in water and sanitation amount to only \$28.4 billion a year, leaving an annual gap of nearly \$85.6 billion. The world is not on track to reach SDG 6, which calls for clean water and sanitation for all by 2030.

New solutions are needed to fill the gap — Bridging the financing gap and delivering safe and affordable access to water and sanitation for all will depend on innovative and efficient approaches.

As the world looks to meet global goals related to water and sanitation, Water.org assessed the opportunities and challenges that lay ahead and carefully considered how to best contribute. Water.org has reached more than 58 million people in Africa, Asia, and Latin America with safe water and sanitation, and impact is accelerating. Through our collaboration with partners around the world, we are expanding our core strength of unlocking capital to help people living in poverty get access to safe water and sanitation.



Maximizing relationships to scale solutions — We work to connect the dots between people, partners, and ideas — to convene great minds from different perspectives to solve one of the world's most intractable crises. This approach is critical to unlocking the level of capital needed to make safe water and sanitation available for all.

These goals can only be achieved in collaboration with others — With a robust evidence base built over the past 30 years, Water.org shares what we've learned with our partners through shared-value relationships. Beyond one-on-one direct impact partnerships, we are working at the ecosystem level, driving more efficient coordination through cross-sectoral partnerships on the ground, developing a stronger fabric of outcomes by coordinating with governments, water and sanitation organizations and financial institutions.

60 million

By 2025, Water.org aspires to change 60 million lives with access to safe water and sanitation.

We work comprehensively to increase financing for water and sanitation

We work comprehensively to catalyze capital into the sector using a variety of approaches to ensure that affordable finance can flow to those who need it to access water and sanitation.



We work to accelerate impact in three ways:

1

Partnering directly with institutions

2

Expanding partnerships to accelerate access

3

Strengthening the environment for water and sanitation solutions at a systems level

1

Partnering directly with institutions

For more than 15 years, Water.org has provided technical assistance to local microfinance institutions (MFIs) to offer small loans to households for water and sanitation. Now, we are broadening the types of direct impact partners we work with to commercial banks and utilities and expanding our delivery methods.

Representative examples of this work include:

Empowering microfinance institutions to develop water and sanitation lending

Water.org successfully collaborates with one of the largest microfinance institutions in Peru — MiBanco. Water.org provided extensive technical assistance to MiBanco to design, develop, and offer water and sanitation lending across its entire branch network in the country. To date, MiBanco has disbursed more than 892,000 loans, reaching more than 3.3 million people with much-needed water and sanitation access.

Our partner network consists of 148 local financial institutions in 11 countries around the world. Collectively, our partners have disbursed 13.2 million loans, reaching more than 60 million people, and mobilized \$4.8 billion in capital to support small loans for water and sanitation.

Supporting commercial bank lending to households, small businesses, and utilities with traditional and digital loans

Water.org works closely with commercial banks to lend for water supply and sanitation at multiple levels — to households, to water and sanitation small businesses, and to water utilities. Water.org is also working with a number of these partners to integrate water and sanitation lending into existing digital financial service platforms. This means customers who cannot reach a brick-and-mortar bank still have the option to access the affordable financing they need to build a water or sanitation improvement at home.





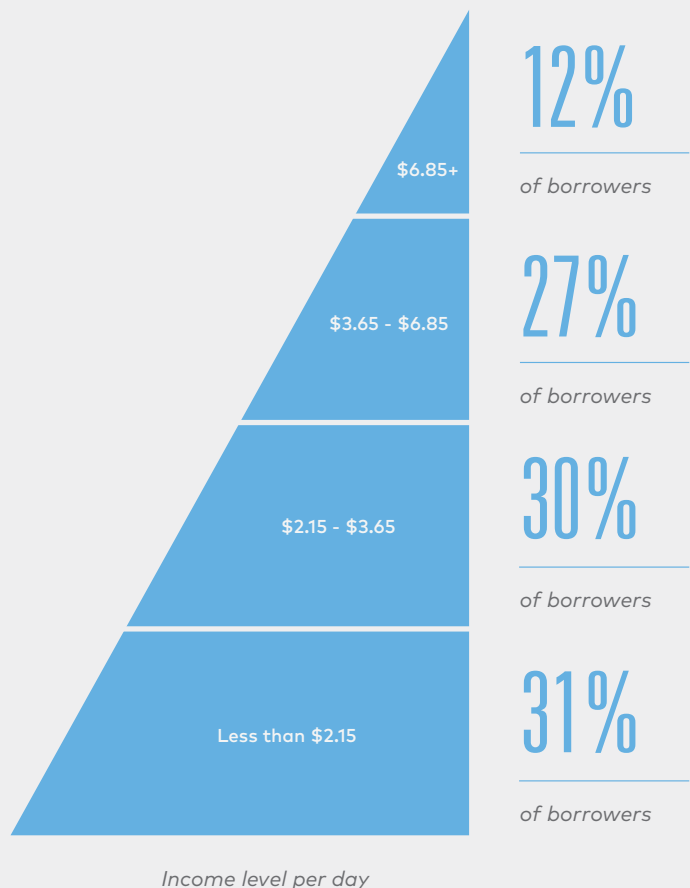
Strengthening rural and urban utilities through financing

Water.org is working with rural and urban utilities in a number of countries. In the Philippines, Water.org is partnering with 12 utilities in the Palawan province to help them develop business plans for expansion and marketing strategies to attract new clientele. Where potential clients need access to credit, they are also able to connect with Water.org's existing MFI partners. Initial work in this area is showing positive results. The first utility to partner with Water.org in this province, Narra Water Supply Service, was able to double their monthly revenue after one year of collaboration.

Our target — People living at the base of the economic pyramid

Water.org's expertise is unlocking financing to meet the water and sanitation needs of those living in poverty. Our efforts will continue to resonate with individuals living on \$1 to \$6.85 per day — individuals who have enough income potential to service a water or sanitation loan, but who often cannot access capital at an affordable rate or pay for facilities and services upfront.

By expanding our efforts across three levels of impact, we can also help reach those living on less than \$1 per day and help free up other resources for those who require subsidized solutions. Through this approach, Water.org can continue to promote our vision of safe water and sanitation for all.



2

Expanding partnerships to accelerate access

Working with partners across sectors, including individual financial institutions, water services providers, and other international development institutions is critical to expanding access to affordable financing for water and sanitation. We provide technical assistance, share best practices, and collaborate with stakeholders, so they can develop, implement, and scale effective solutions.

We connect dots to integrate partners at a local and state level to create a supportive ecosystem, where each partner's effort accelerates the others. These partnerships help reach more people, faster, and at a lower cost per person.



A representative example of this work is:

Unlocking new channels of affordable capital for financial institutions

Many financial institutions need additional affordable capital to develop and expand water and sanitation loan portfolios. Around the globe, Water.org works with development banks and commercial banks to channel affordable capital to our partners. For example, in Brazil, Water.org collaborated with the InterAmerican Development Bank's Multilateral Investment Fund to provide a \$1.3 million loan to our partner, Banco da Familia, to fuel their water, sanitation, and improved housing loan portfolio. Now, Banco da Familia has the capital and technical assistance they need to offer water and sanitation loans.



3

Strengthening the environment for water and sanitation solutions at a systems level

Success at scale depends on an environment that is conducive for finance to flow to people living in poverty. Water.org works with governments, sector institutions, and other partners at a systems-level to influence public policy and practice changes that increase the flow of capital for household water and sanitation solutions.

A representative example of this work is:

Breaking down barriers at the systems level

The Reserve Bank of India (RBI), the country's central bank, requires that banks lend 40% of their assets to areas they designate as priority sectors. Lending for water and sanitation was not considered a priority sector, and thus there was little loan volume for these critical areas for India's development. Water.org worked with the RBI to reclassify water and sanitation lending as a priority sector. This change has resulted in a significant increase in bank lending to microfinance institutions and self-help groups for water and sanitation lending.



Strategies for scaling

Helping mobilize capital — Water.org believes that access to capital is the most important barrier to overcome to solve the global water and sanitation crisis. By broadening our efforts across three levels of impact, we are applying a variety of scaling approaches and models for unlocking capital for water and sanitation at the global, national, and subnational levels. Water.org works to highlight market opportunities for lenders in the water and sanitation space to maximize the level of financing flowing to the sector.

Advancing the global conversation — Water.org believes that sharing our expertise and vision and working collaboratively are critical to driving long-term impact. We will leverage our voice, knowledge, and evidence base to influence and engage others to join the solution.

Partnering for impact

The impact we have achieved so far has been done in collaboration with and through others. Our partners play a significant role in making it possible for us to do more. Together, we will continue to drive long-term change at scale that will help us achieve safe water and sanitation for all while seeking to expand our network of collaborators in pursuit of these universal goals.

A sampling of existing partners includes:



Water.org is an international nonprofit organization that has positively transformed more than 60 million lives around the world with access to safe water and sanitation. Founded by Gary White and Matt Damon, Water.org pioneers market-driven financial solutions to the global water crisis. For 30 years, we've been providing women hope, children health, and families a future.

Learn more at <https://water.org>

