



Leveraging financing to change lives with access to water and sanitation

A look at the next 5 years of impact

The opportunity | Water and sanitation for all

Access to safe water and sanitation is foundational. It saves lives. It enables safety and dignity. It unlocks human potential, giving families time to pursue education and work that will help break the cycle of poverty. That's why Water.org addresses the most significant barrier to safe water and sanitation head-on: access to affordable financing. We embrace the complexity of the water crisis with market-driven approaches that empower those in the crisis to solve it. We know what works long-term, and how to reach more people, faster. We aren't just making strides against the global water and sanitation crisis; we're accelerating its extinction.

The need | Closing the water and sanitation finance gap

The water and sanitation crisis has always been an urgent need for those who live it each day — 2.4 billion men, women and children globally. Close to ten percent of the world still lacks basic access, and hundreds of millions more lack access to safely managed¹ services. The need for sanitation is even larger — one in three people lack access to basic sanitation services such as toilets or latrines. The vast majority of people without safe water and sanitation are those living in poverty.

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**. SDG 6 ups the ante with the shift from basic access to "safely managed services." This global prioritization of water and sanitation access creates an unprecedented opportunity for collaboration and progress. But in order 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 estimates² 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. 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 of those living without access are able to 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. Closing the financing gap is critical to achieving universal, sustainable, and equitable access to water and sanitation.

¹ Safely managed drinking water and sanitation services means drinking water free of contamination that is available at home when needed, and toilets whereby excreta are treated and disposed of safely. Basic services mean having a protected water source that takes less than thirty minutes to collect water from, using an improved toilet or latrine that does not have to be shared with other households, and having handwashing facilities with soap and water in the home. (Progress on drinking water, sanitation and hygiene: 2017 update and SDG baselines. Geneva: World Health Organization (WHO) and the United Nations Children's Fund (UNICEF), 2017.)

² 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.

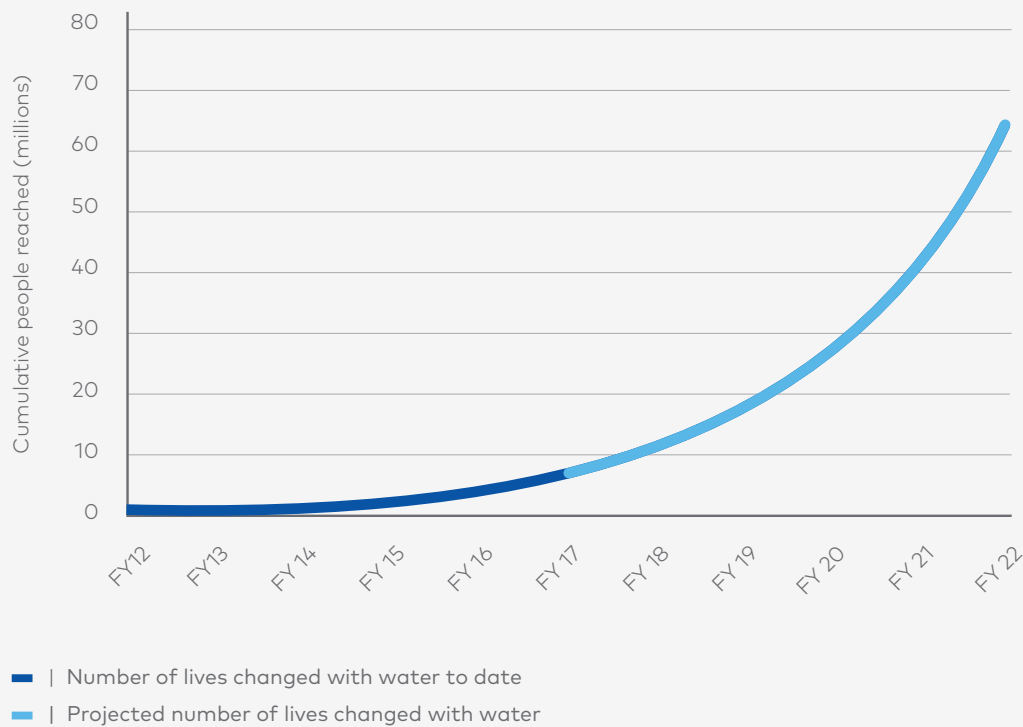
The next 5 years of impact | 2018 - 2022

Water.org has invested in water for more than 25 years, and our approach is proven and powerful. To date, we have reached nearly 8 million people through smart solutions for water and sanitation, and our impact is accelerating. In 2012, Water.org reached our first million people with safe water and sanitation. Today Water.org reaches 1 million people in a matter of months. In the next five years, we aspire to transform 60 million more lives.

Taking stock of where we have been and where we want to go, we developed a strategic plan built to:

- 1. Increase the number of people living at the base of the pyramid with improved water and sanitation
- 2. Increase the amount of capital and affordable financing for water and sanitation improvements
- 3. Improve efficiency of capital for Water.org

We aspire to reach 60 million people with safe water and sanitation over the next five years



We will make progress against these objectives through 3 levels of impact:

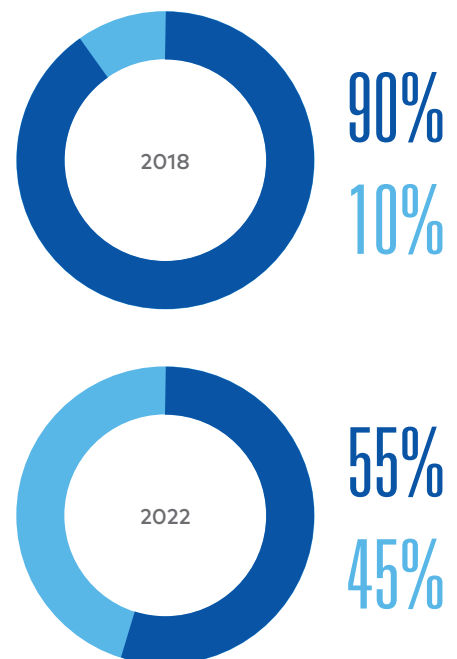
1. **Direct intervention:** Partnering with organizations who work directly with people living at the base of the economic pyramid to facilitate affordable financing for water and sanitation
2. **Influence:** Influencing those who play a role in bringing water and sanitation to people living in the global water crisis through business-to-business financing solutions, expanding the uptake of affordable financing models, including social impact investing through WaterEquity, a Water.org innovation
3. **System-level change:** Contributing to changes in policy and sector systems through partnerships and advocacy to enable an environment conducive to financing for water and sanitation for all

Today, more than 90% of our impact is through direct intervention. This direct intervention work is critical to gaining insights and building our evidence base, which enhance our ability to collaborate with influential institutions. Over the next five years, we will continue direct intervention work as well as diversify our levels of engagement so that, by 2022, direct interventions will represent just over half of our impact while 45% of our impact will be achieved through influence and system-level change. By shifting our work to build influencer and system-level impact, we expand our impact and improve the efficiency of capital deployed against water and sanitation solutions for people living at the base of the economic pyramid.



Our levels of impact

- | Direct intervention
- | Influence and system-level change



Who we target | People living at the base of the economic pyramid

To date, the vast majority of our program interventions have reached people living under \$6 per day — more than half of whom reported making under \$2 per day. Water.org will remain focused on providing financing solutions for water and sanitation services for those living at the base of the economic pyramid (i.e., those living on \$1-\$6 per day) — the households who have enough income potential to secure a water and sanitation loan but who often cannot access capital at an affordable rate.

Water and sanitation loans for people at the base of the economic pyramid

(distribution of loans to date)

21%

of beneficiaries

25%

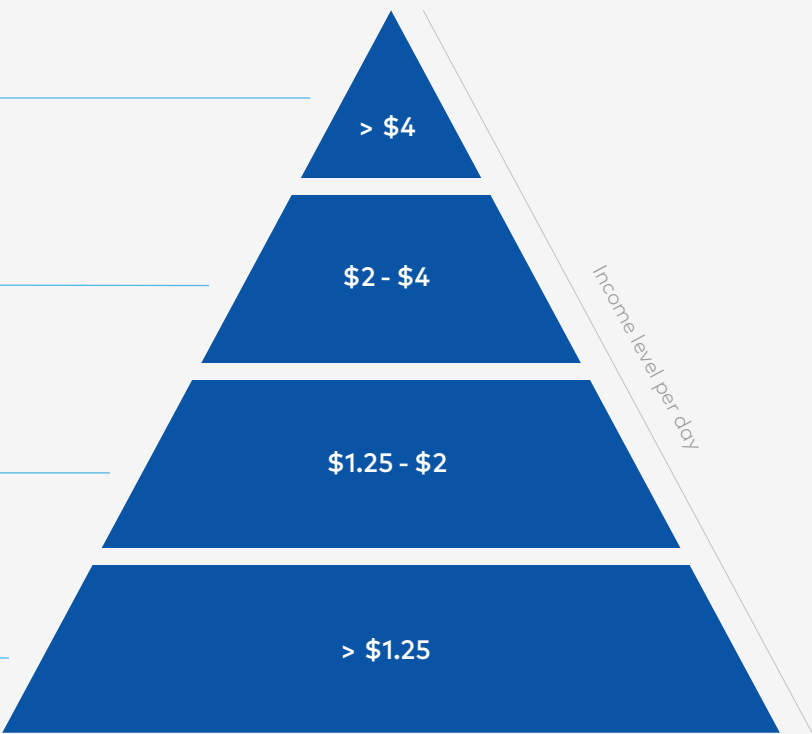
of beneficiaries

15%

of beneficiaries

35%

of beneficiaries



Where we work | 13 countries in Africa, Latin America and Asia

Going forward, we will build on our learnings by concentrating efforts in select geographies based on the need for water and sanitation, our potential to achieve impact, and risk. We will prioritize our in-depth work in India, with impact expected to increase by 30%, while also investing in additional geographies to accelerate impact globally. Each region will tailor strategies to the needs of its individual countries.

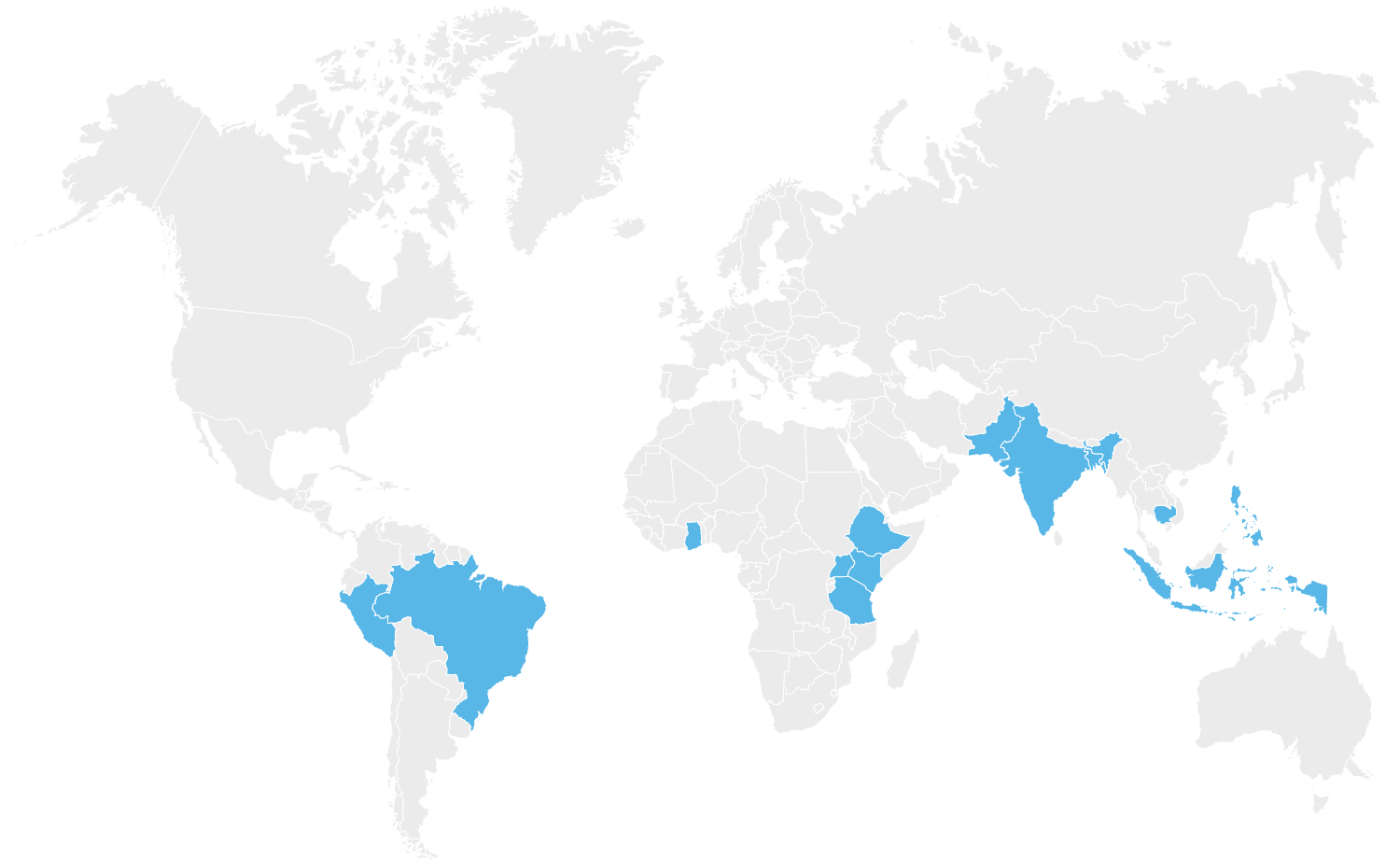
The priority geographies we have identified represent approximately half of the global need for water and sanitation:

Africa: Ethiopia, Ghana, Kenya, Tanzania, and Uganda

Latin America: Brazil and Peru

South Asia: Bangladesh, India, and Pakistan

Southeast Asia: Cambodia, Indonesia, and the Philippines



How we work | Our 3 levels of impact

1. Direct intervention: Affordable loans for water and sanitation

Through WaterCredit, Water.org empowers people by helping them access small, affordable loans that enable them to install household water connections and toilets. Through subsidies and technical assistance to microfinance institutions around the world, Water.org has demonstrated that small loans for water and sanitation work. This pay-it-forward system makes it possible to help more people in ways that will last.

Since pioneering WaterCredit in 2003, Water.org has worked primarily with microfinance institutions. Over the next five years, Water.org will broaden its partners and delivery methods.

This includes:

- Diversifying the types of financial institutions delivering small, affordable loans (i.e. commercial banks, self-help groups, etc.)
- Working with water service providers/utilities as well as suppliers
- Exploring how digital finance can be harnessed

Water.org will continue to focus on first-time access to improved household water and sanitation services while also supporting loans that move households up the ladder from "basic" to "safely managed" services, water quality improvements, as well as investments toward 24/7 water and/or sanitation access and services.



7M

people reached with water
and sanitation to date

\$19M → \$463M

philanthropic funds mobilized in
commercial and social capital to date
to provide water and sanitation loans

1.6M

loans disbursed to date

99%

repayment rate to date

2. Influence: Expanding affordable financing models

Our opportunity to spread bottom-up financing models grows along with our record of success. By sharing our learnings with microfinance associations and other on-the-ground implementers, we can influence others to adopt water and sanitation financing models.

We also expand our financing models through WaterEquity, an innovation of Water.org dedicated to social impact investing. WaterEquity creates the opportunity for social impact investors to put their capital to work to achieve significant social impact with financial returns. WaterEquity scales proven solutions like Water.org's WaterCredit, significantly increasing the availability of small, affordable loans to meet the tremendous market demand for water and sanitation.

Our global engagement, advocacy and policy efforts – outlined below – further accelerate uptake of affordable financing models.

3. System-level change: Engagement and policy

The water crisis has long been one of humanity's most urgent and intractable problems. In recent years, the threat of the water crisis has been elevated by world leaders in the public and private sectors.

Water.org collaborates with a wide range of partners to close the financing gap for water and sanitation for the poor by:

- Working with scale-enabling partners to make the sector more open to financing solutions and to mobilize additional sources of capital for water and sanitation
- Working with sector level stakeholders to influence blended finance policy and regulations that meet the water and sanitation needs of the poor
- Building diverse stakeholder networks to develop and implement financing solutions that are truly blended

Water.org's engagement efforts focus on influencing the way that all stakeholders (country-level financial institutions; development finance institutions; NGOs; water and sanitation services practitioners; government decision-makers and policy-makers; water and sanitation services providers and suppliers; and philanthropic donors) perceive and approach finance for water and sanitation services – viewing those in need as agents of change in financing and meeting their water and sanitation needs.

The time to act is now

Now more than ever, we have the opportunity to take action that will dramatically change lives and usher an end to the water crisis. Commitment to ending the water crisis has never been stronger or broader reaching.

Over the next five years, Water.org seeks to do more, faster, and in partnership with others to make finance affordable and accessible to those living at the base of the economic pyramid, spurring system change at all levels – local, national, and global. We envision the day when everyone in the world has access to safe water and the dignity of a toilet. Join us.

Learn more about our work and partners at water.org/financing-sdg6 and water.org/partners.

Together, we will see the day when everyone in the world has access to safe water and experiences the dignity of a toilet. **Join us.**

