INVESTING TO END THE GLOBAL WATER CRISIS. IN OUR LIFETIME.
WATEREQUITY IS AN INNOVATION OF WATER.ORG

WaterEquity builds on the decades of experience and success of Water.org—helping millions by breaking down the barriers to safe water and sanitation.

We build on a history of groundbreaking work. Work that includes pioneering the WaterCredit model and building out a network of local microfinance institution partners. These advancements enable us to scale our impact that can end the global water crisis in our lifetime.
A GAME-CHANGING IDEA

At WaterEquity, our goal is to attract and deploy social investment capital to high-growth, purpose-driven enterprises - including microfinance institutions - that have the potential to serve hundreds of millions of people who lack access to safe water and sanitation. We are an innovation that recognizes the tremendous market demand for affordable financing for water and sanitation among the world’s poor. By tapping global capital markets, we can fuel Water.org’s proven WaterCredit model to accelerate impact that can end the global water crisis in our lifetime.
WaterEquity invests in enterprises that expand access to household water and sanitation solutions for the world’s poor. We target investments in enterprises that have significant capacity for scale, a strong financial track record, and a deep reach into the base of the economic pyramid. Built on the nearly 30-year track record of Water.org and led by a team of experts in water and sanitation, microfinance, and impact investing, WaterEquity brings decades of water and sanitation finance expertise to bear for socially-minded investors looking for a uniquely impactful opportunity.
A LIFE TRANSFORMED

Manjula would start her day by going into a nearby field to find a private place to relieve herself. Then it was off to spend hours carrying jugs of water back to her house so her children could bathe, and she could make coffee for her husband before he left for his truck driving job. By the end of this routine, Manjula had been awake for five hours. And she still had to go to her job in the market, selling incense, candles, and flowers.

It was just how life was. Until she heard of the loans made possible by Water.org, through the WaterCredit model. Manjula and her husband took out a small loan to get a household water connection and toilet. The change was life-altering. Manjula no longer had to go to work exhausted. In fact, she was able to open her shop sooner. That extra time at the market increased the family income so much that they are now saving to fund their children’s education.

Manjula is living proof that safe water and sanitation can change lives. For generations.
The size of the global water and sanitation crisis is daunting.

There are more than 663 million people without access to safe drinking water. That’s more than twice the population of the United States. Additionally, there are 2.4 billion people without access to proper sanitation. More people have access to a mobile phone than a toilet.
It would take donations of $200 billion a year over five years to end the global water crisis.

Currently, annual aid amounts to just $8 billion.

Philanthropy is still critically important to help the poorest of the poor. But philanthropy alone will never be able to end the crisis. It would cost $200 billion a year over five years. Current annual aid amounts to just $8 billion a year.

Moreover, the majority of those living in the crisis are willing and able to pay for water and sanitation, but they lack access to affordable financing. Because of this, they often pay 10 to 15 times more for water than middle-class households. They represent a large, underserved market of consumers.
Solving the global water crisis requires a shift in thinking. We can no longer strictly view all those living in the crisis as one group that is simply in need of charity. When we recognize that there are millions that can and are willing to pay for water and sanitation, we gain a new perspective. We see this large group as an *underserved market of consumers*.

It was this shift in thinking that inspired us to bring together two powerful elements – catalytic philanthropy with WaterCredit and social impact investment through WaterEquity to meet the demand of this underserved market. *The ingenuity of this approach is its ability to transform lives by empowering people to participate as customers.*
A PROVEN MODEL

CATALYTIC PHILANTHROPY

Smart subsidies enable microfinance institutions to increase water and sanitation loans to the world’s poor. This is the power of WaterCredit.

WaterCredit uses catalytic philanthropy to provide these subsidies as well as technical expertise to microfinance institutions. Subsidies cover start-up costs associated with adding a new loan product. Each partner can use their subsidy to support business expenses like product development, market research, hiring dedicated staff, training, and monitoring and evaluation. WaterCredit also responds to unique needs of each partner, whether that be supporting loan product development or defining a supply chain engagement strategy.
The WaterCredit model enables microfinance institutions to put small, affordable loans in the hands of people living in the crisis. Those loans allow people to get a connection to safe water in their homes or to install a toilet.

Water.org has built a network of 69 local microfinance institution partners worldwide and has used WaterCredit to spark more than $369 million in WaterCredit loans. These loans average $260 and have an average repayment rate of 99%. Through WaterCredit, Water.org has helped MFIs serve more than six million people and our reach is accelerating every year.

By looking at philanthropy as a catalytic tool, Water.org uses WaterCredit to power up successful enterprises’ ability to help the world’s poor access financing for safe water or a toilet.
ACCELERATING THE SUCCESS

SOCIAL IMPACT INVESTMENT

There are 565 million people who want access to affordable financing for water and sanitation. That represents $12 billion in demand.

Finding the funding to meet that scale of demand created a challenge. It led to another big question, “What if we could tap into the immense wealth that sits in investment portfolios around the world and channel it to solve this massive challenge?”

WaterEquity will raise social investment capital to deploy to purpose-driven and high growth enterprises, including microfinance institutions. These enterprises have the potential to reach hundreds of millions of people with safe water and sanitation. WaterEquity creates the opportunity for social impact investors to put their capital to work to accelerate and scale proven solutions like Water.org’s WaterCredit, dramatically increasing the availability of small, affordable loans to meet the tremendous market demand.
One of the most powerful aspects of the WaterEquity solution is its multiplier effect. **As small loans from microfinance organizations are repaid, that money is loaned again** – multiplying the impact of each dollar. And as investors receive their returns, they can be reinvested to fund more enterprises, helping more people connect with the life-changing opportunities that come with access to safe water and sanitation.
Without a toilet, Jayamma and her daughters would have to use a nearby field to relieve themselves. It was humiliating knowing the men working there could see them.

Determined to make things better for her family, Jayamma secured a loan through Grameen Koota—one of the microfinance partners supported by WaterCredit, and part of the Water.org network.

With the small affordable loan, Jayamma installed a water tap and toilet at in her home.

Before, Jayamma and her children would sometimes skip meals for up to three days just to avoid going into the field. Because of the innovation of WaterCredit, Jayamma was able to give her children something life-changing—safe water and the dignity of toilet.
THE INVESTMENT

The ingenuity of WaterEquity is its ability to tap into the power of global capital markets. We enlist the help of social impact investors to accelerate the reach of the WaterCredit model to tackle the scale of the global water crisis.

IT’S ALREADY WORKING

The idea has already been implemented with WaterCredit Investment Fund 1 (WCIF1). Launched in 2014, the fund provides dedicated loan capital at a slightly lower cost to seven of Water.org’s highest performing microfinance institutions in India. It continues to help them scale their water and sanitation lending portfolios. The loans from the fund are projected to reach at least 730,000 people, while targeting a two percent return to investors.
WaterCredit Investment Fund 3 (WCIF3) will invest in enterprises – primarily microfinance institutions – serving water and sanitation needs at the base of the economic pyramid. This includes providing more affordable capital to MFIs to scale their WaterCredit loan portfolios, while also investing in other enterprises including water utilities, toilet construction companies, and product manufacturers. This new $50 million fund is projected to help provide safe water and sanitation solutions to 4.6 million people over seven years. And generate a positive financial return for investors.
FUND STRATEGY

Capital
Raise and deploy $50 million in social investment capital to enterprises serving water and sanitation needs of those in the crisis. Focusing on India, Indonesia, Cambodia, and the Philippines.

Pipeline
Identify and vet investment-ready water and sanitation enterprises serving water and sanitation needs. This includes water providers, product manufacturers, and construction companies.

Technical Assistance
Support enterprises targeted for investment to help them meet investment requirements.

Risk
Mitigate risk by spreading assets over multiple geographies, business models, and market segments.

Social Impact
Report on key performance metrics associated with the investments, including measures of social impact recommended by IRIS, a reporting platform dedicated to increasing the scale and effectiveness of social impact investing.
WCIF3 will invest in enterprises serving the water and sanitation needs of the poor.

- **Microfinance Institutions (MFIs)**
  Non-bank financial companies, deposit-taking MFIs, rural banks, and savings and credit cooperatives

- **Construction Companies**
  Toilet construction in homes

- **Product Manufacturers or Sales**
  Septic tanks, water tanks, water filters, and water pumps

- **Private Water Utilities**
  Companies connecting people to water and sanitation systems
We anticipate investing 90% of the fund in MFIs and 10% in other enterprises. With each investee, we conduct a five-step due diligence process:

1. Interested borrower submits due diligence package
2. Desk review
   - Potential social impact
   - Investment readiness
3. Due diligence visit
4. Credit analysis and investment recommendation
5. Investment committee review and vote
KOPERASI MITRA DHUAFRA
(KOMIDA)

KOMIDA is an Indonesian microfinance institution founded in 2004 to provide access to capital for low-income women. It has 370,000 members and 153 branches in eight provinces. It launched water and sanitation lending in April 2015. Through March 2017, it has disbursed $3.1 million and reached 11,500 households with water and sanitation financing.

KOMIDA has the potential to scale water and sanitation lending to reach at least 74,000 households with a WCIF3 investment.
At WaterEquity, we recognize the potential that exists in the global capital markets. We also recognize that there is great potential in democratizing the opportunity to participate—allowing everyone to join in.

In addition to launching social investment funds, we make it possible for anyone to participate by making a loan on our website. This increases the capital flowing into our efforts. Plus, it accelerates awareness and adoption of our solution, creating a diverse and expansive group of believers. This is how we turn our efforts into a movement.

We recognize the power of a passionate group. A movement can do everything from shine a light on the problem to help sway political decisions. The democratization of the WaterEquity opportunity has the power to do just that.
We have the opportunity to do something extraordinary. To help end the global water crisis in our lifetime—giving women hope, children health, and communities a future.

Join us:

- Visit www.waterequity.org
- Email us at info@waterequity.org

JOIN THE MOVEMENT

an innovation of Water.org
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