

# The WaterCredit Initiative

*Accelerating Water Supply and Sanitation  
Markets for the World's Poor*

March 2011



# What is Water.org?

- **1990: WaterPartners International (WPI) founded to address water and sanitation crisis**
- **July 2009: H2O Africa Foundation + WPI = Water.org**
  - Co-founders Gary White and Matt Damon
- **Works with local implementing partners (water, sanitation and hygiene (WSH) NGOs and microfinance institutions (MFIs)) to execute effective, sustainable programs**
- **Active in South Asia, Africa, Americas**
- **Promotes a mix of grant- and credit-based financing models**
- **WaterCredit is one of Water.org's “signature” innovations**

# The World Water Crisis: Health and Economic Toll

## Human Suffering

- 890 million lack access to safe water
- 2.5 billion lack access to adequate sanitation

## Economic Toll

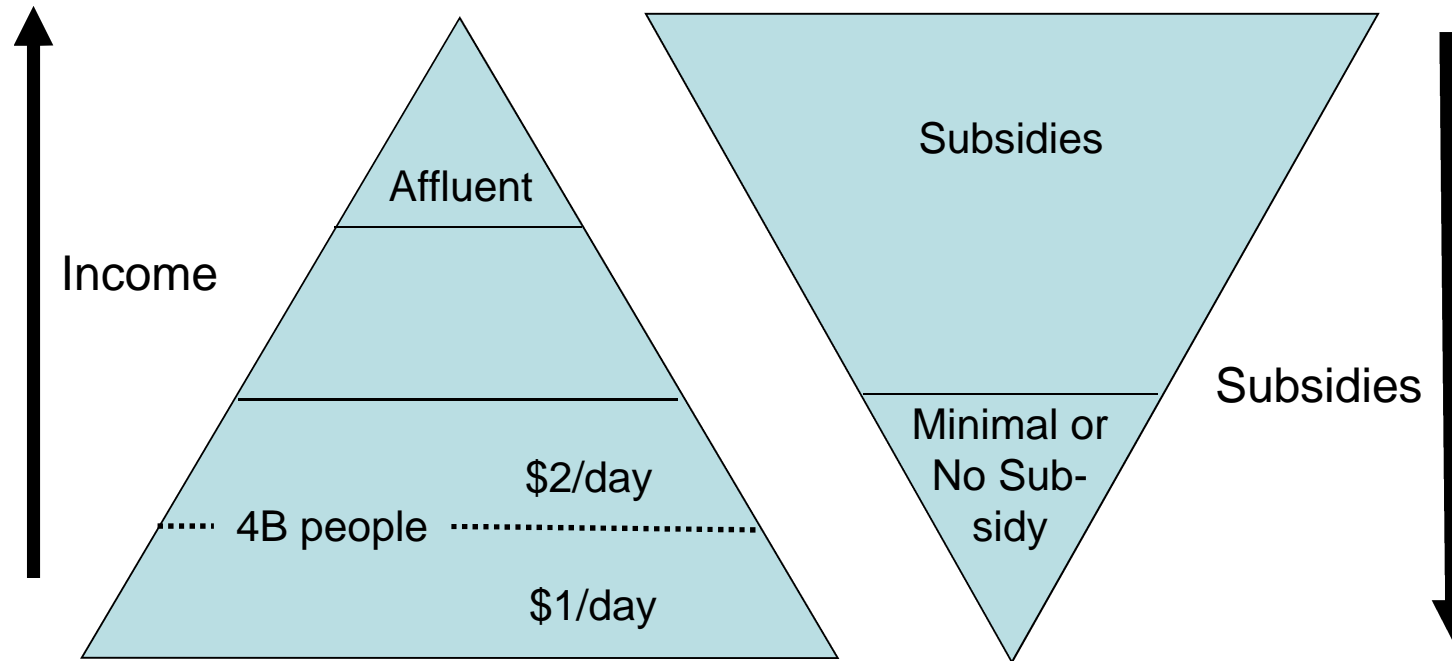
- Up to 25% of income purchasing water
- 200 million hours spent each day collecting water
- 440 million school days lost each year

# Current WSH Financing Characteristics

- **Grant/subsidy driven**
- **Philanthropy insufficient (Gates estimates \$12B in demand)**
- **Little leverage of willingness-to-pay (estimated 300-400M people)**
- **Current financial models are not scalable**
- **Wide-spread market distortions**
- **Water mafia and loan sharks for urban communities**



# Water Subsidies Are Upside Down



**On average the poor pay 12x more per liter of water than those connected to water utilities**

# What is WaterCredit?

- **Links the WSH and MF sectors**
- **Catalyzes demand-driven safe, sustainable and affordable WSH solutions**
- **Loan products**
  - **Water connections and meters**
  - **Toilets and sewerage connections**
  - **Water harvesting tanks**
  - **Irrigation**

# Why WaterCredit?

- Bridge MFIs and WSH
- Educate and accelerate the market
- Need for “smart subsidies” to create new markets
- Drive social capital and commercial capital into the WSH ecosystem

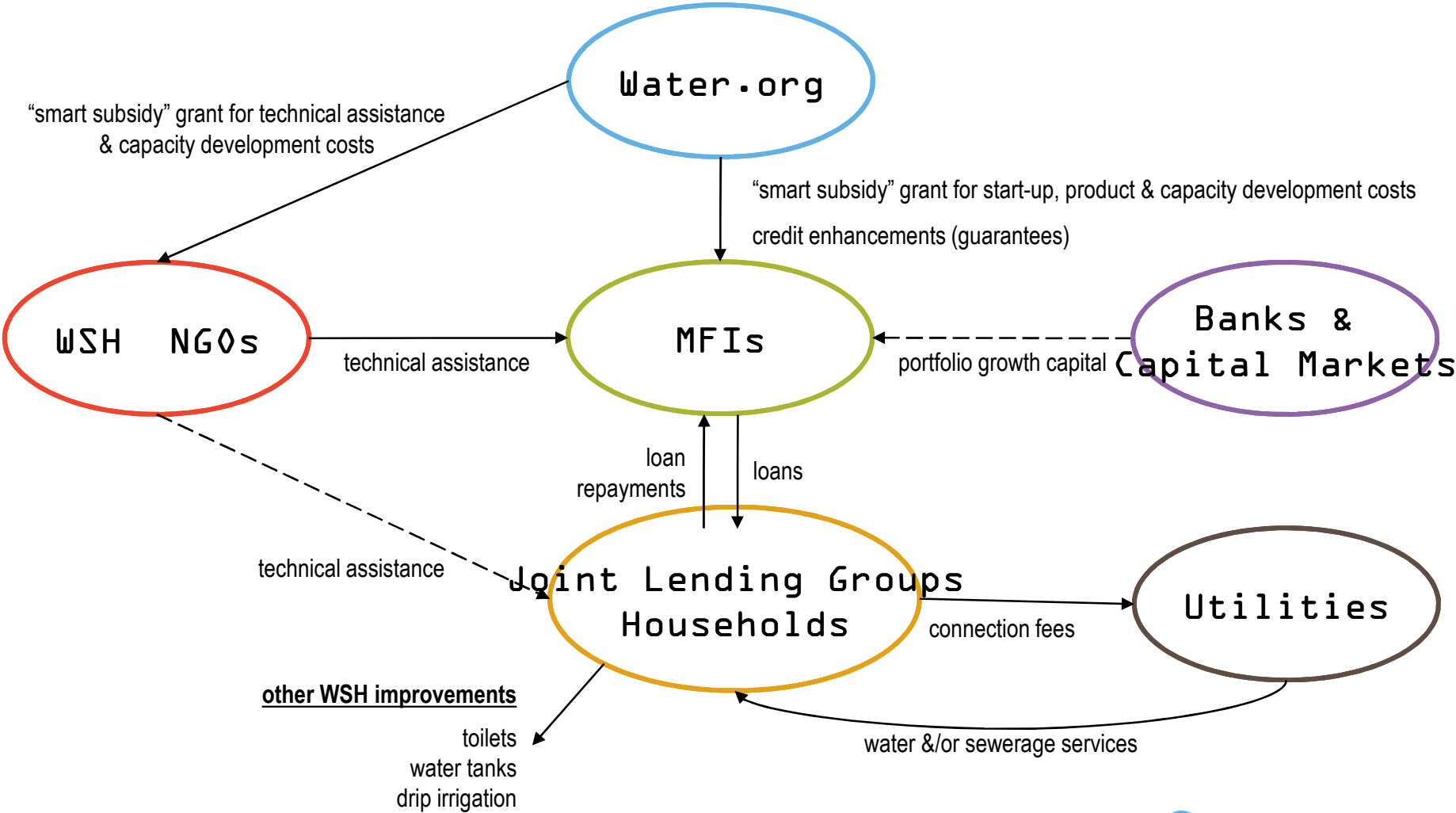
*The key to scaling: work within existing capital markets rather than providing cheap or free money.*

# WaterCredit History & Figures

- **2004: First projects**
- **2010: 14 WSH NGO and MFI partners**
- **2011: Planned expansion in SE Asia, E. Africa, Latin America**
- **Invested \$2.8 million**
- **NGO and MFI partners mobilized ~\$5 million in *additional* growth capital**
- **More than 275,000 people directly benefited (2011)**



# WaterCredit Model



# WaterCredit Impacts

- **Efficiently leveraged investments**
- **No need for loan sharks or water mafia**
- **Monthly outlays for water decrease**
- **Improved health of benefits**
- **Secondary spin-offs and “ripple effects”**

***A more efficient and economical WSH environment →  
more time for productive activities***

# WaterCredit: What Works?

- **Working with partners that can mobilize communities and spur demand**
- **Funding partner start-up costs with “smart subsidies”**
  - Capacity building, technical assistance, WSH market assessments, etc.
  - Not to subsidize infrastructure
- **Using WSH NGOs to provide training to MFIs and vice-versa**
- **Allowing MFIs to take lead with loan product structuring**
- **Loaning for smaller, simpler projects**
  - Individual- and household-level loans (current average size: \$150)

# WaterCredit Future

- **Partnership Characteristics**
  - Focus on scalable MFIs and areas with MF track record
  - Continued diversity of partner types
  - (Co-)Partnership opportunities and innovations
- **Financing Characteristics**
  - Smart subsidies
  - Guarantees
  - Engagement of banks and other FIs



# WaterCredit Future

- **Geographic Expansion and Scaling**
  - Deeper in India
  - West and East Africa
  - Latin America
- **Broader Cross-Sector Engagement**
- **Learning Platforms**
  - WaterCredit Website as Public Information Tool
  - WaterCredit Forum
  - WaterCredit Toolkits and Case Studies



water.org<sup>TM</sup>