

INNOVATION TO IMPACT

Celebrating Five Years of Success





Meet Nancy

She built a toilet at home. The barrier to a simple everyday act is gone. Now she can run her small business with confidence. Your investment transforms lives, creating a bright future for generations ahead.

Dear Friends and Supporters,

This year marks the fifth anniversary of the New Ventures Fund (NVF). We're thrilled to commemorate this special milestone with you. By affording us the critical opportunity to pilot, disseminate and scale innovative approaches to water supply and sanitation (WSS) finance, your investment empowers us to reach more people, more quickly, all while decreasing our philanthropic cost per person reached. Thanks to your visionary support and expert guidance, we have much to celebrate.

Highlights of our collective five-year impact include:

- **Innovation:** Piloted more than 20 initiatives to explore smart solutions to expedite sustainable access.
- **Expansion:** Brought WaterCredit to 8 new geographies.
- **Return on Investment:** Leveraged initial \$3.3 million investment from the NVF to secure \$30.3 million in long-term program funding.

The NVF also played an instrumental role in shaping the overall success of Water.org.

- **Efficiency:** Reduced the philanthropic cost per person reached with WaterCredit by 76 percent between FY11 and FY16.
- **Growth:** Projected to reach four times more people with WaterCredit in FY16 than in FY11.

Together, we're making enormous progress toward our shared vision—the day when everyone can take a safe drink of water and experience the dignity of a toilet. On behalf of the millions of people whose lives you've positively transformed, we thank you.



Sincerely,

A handwritten signature in black ink that reads "Gary White".

Gary White
CEO and Co-founder



A handwritten signature in black ink that reads "Jennifer Schorsch".

Jennifer Schorsch
President



ACCELERATION

A Five Year Analysis of Impact

Together, we aren't just making strides against the water and sanitation crisis, we're accelerating its extinction. Your generous support fuels our ability to reach more people, more quickly, all while decreasing our philanthropic cost per person reached. The water crisis won't solve itself; we won't rest until it's done.

INNOVATION

20+

NVF initiatives launched to find new, smart solutions to expedite access to safe water and sanitation.

EFFICIENCY

76%

reduction in philanthropic cost per person reached with WaterCredit between FY11 and FY16.¹

EXPANSION

8

new geographies entered thanks to NVF supported market research and pilots: *Bangladesh, Brazil, Cambodia, Ethiopia, Ghana, Indonesia, Peru and the Philippines.*

GROWTH

4x

more people will be reached with WaterCredit in FY16 than in FY11.²

REACH

2.3 Million

people will be reached with safe water and/or sanitation by 2022, as a result of NVF initiatives.

LEVERAGE

9.2:1

Leveraged initial \$3.3 million investment from the NVF to secure \$30.3 million in long-term program funding.

¹ Philanthropic cost per person reached with WaterCredit was \$15.48 in FY11 versus \$3.74 in FY16 (as of June 2016).

² Total number of people reached with WaterCredit was 307,426 in FY11 versus 958,827 in FY16 (as of June 2016).



**New
Ventures
Fund:**

**FY16
Project
Summaries**

Your investment supported several important projects that ensure we aren't just making strides against the water and sanitation crisis, we're accelerating its extinction.

GOAL

Collaborate with policy makers and regulators to expand the enabling environment for WSS finance.

ACCELERATING IMPACT THROUGH GLOBAL ADVOCACY

The people we serve are our priority. Their stories highlight the positive, transformational impact of WSS finance. This year we met with world leaders to demonstrate that affordable financing for water and sanitation for the poor is an innovative and cost-effective approach to achieving United Nations Sustainable Development Goal (SDG) #6—ensuring access to water and sanitation for all. We also worked to influence the policies and practices of key stakeholders at a global and country level to create an enabling environment for WSS finance.

ADVOCATING FOR WSS FINANCE IN INDIA

In February, we partnered with the Ministry of Drinking Water and Sanitation, the World Bank and UNICEF to convene State regulators in Delhi for the Water Supply and Sanitation Financing Forum. This event served as a key opportunity to bring diverse stakeholders together to tackle the challenge of financing Swachh Bharat Mission (Clean India Mission).

It also served as a platform to discuss strategies for implementing state-wide WSS financing across various states including Rajasthan and West Bengal and as a catalyst for the development of an innovative pilot program in Rajasthan, launching in late Fall 2016. This program will leverage existing business channels, public financing and new trends in digital finance to dramatically accelerate the accessibility of lending for water and sanitation.

We are excited that our advocacy efforts helped propel the Reserve Bank of India (RBI) to update their Priority Sector Lending guidelines for banks to include lending for water and sanitation facilities. Throughout 2016, we vigorously worked to raise awareness and support the successful implementation of this change. Building on this momentum, we continued working with the State Level Bankers' Committees and the regional offices of banks to drive this opportunity further.

BUILDING THE FOUNDATION TO ADVOCATE FOR WSS FINANCE IN ETHIOPIA + INDONESIA

In close collaboration with our partners on the ground, we began developing country-specific engagement plans for Ethiopia and Indonesia. In the year ahead, we'll build our public presence with key microfinance and government stakeholders, and identify opportunities to more closely collaborate with policy makers to expand the enabling environment for WSS finance.



BUILDING WATEREQUITY – A NEW SOCIAL IMPACT INVESTING INITIATIVE

We are a results-driven team of thinkers and doers, committed to breaking down the barriers between people and access to safe water and sanitation. Through WaterCredit, our microfinance institution (MFI) partners have achieved tremendous progress, disbursing more than one million loans and reaching four million people with safe water and/or sanitation. However, local, ongoing investment capital constraints still hinder these partners' ability to scale their WaterCredit lending efforts at a level that meets local demand at the Base of the Economic Pyramid (BOP). As such, we ventured into the social impact investing space to explore ways to address this critical barrier. With seed capital from the NVF, we launched our first pilot fund in 2014 – WaterCredit Investment Fund 1 (WCIF1) – to provide dedicated loan capital at concessionary rates to select MFI partners in India to help them scale their WaterCredit lending portfolios. This \$11 million Fund aims to reach more than 730,000 people in India with water supply and sanitation (WSS) services through its current investment portfolio.

Building on this, we launched WaterEquity in 2015— a first-of-its-kind social impact investing initiative to oversee the execution of WCIF1 and develop and manage several additional social investment funds. Given its unique social mission, we will spin off WaterEquity as a separate legal entity during fiscal year 2017. WaterEquity's next social investment fund, WaterCredit Investment Fund 3 (WCIF3), is a \$50 million Fund that will build on lessons learned from WaterCredit and WCIF1, and deploy capital to enterprises serving BOP WSS needs in India, Indonesia, Cambodia, and the Philippines. Through a strategic mix of investments, WaterEquity projects that WCIF3 could reach 4.6 million people with safe water and/or sanitation over seven years. Collectively with WCIF1 and WCIF3, WaterEquity anticipates reaching 5.2 million people.

GOAL

Attract and deploy large-scale social investment capital to high-growth, purpose-driven enterprises that can reach hundreds of millions of people at the BOP.



GOAL

Implement WaterCredit in new markets to accelerate access to safe water and sanitation for all.

EXPANDING WATERCREDIT TO NEW MARKETS

We put our energy into sustainable solutions that work at scale. Determining opportunities to expand WaterCredit to new markets is key to our ability to accelerate an end to the global water and sanitation crisis. This year we conducted market assessments and prepared market entry strategies to implement WaterCredit in Ghana and Tanzania. Thanks to your generous investment, we are poised to launch WaterCredit in these new markets in the upcoming year.

Your visionary support also allowed us to finalize a national market assessment for Pakistan and begin developing a unique market entry strategy to implement WaterCredit without having an in-country operational presence. If determined viable, this approach will provide a cost-effective way to implement WaterCredit in high-need markets within high-risk contexts.

GOAL

Determine opportunity to leverage digital financial services (DFS) to expand access to WSS finance globally.

RESEARCH + DEVELOPMENT: DIGITAL FINANCIAL SERVICES

As the digital financial services (DFS) industry continues to grow and evolve, it presents a unique opportunity to expand access to WSS finance globally. To learn more, we engaged a global consultancy to assess the DFS landscape and its applications in the WSS sector. The analysis paid particular attention to Africa, Latin America, South Asia and South East Asia, with an in-depth focus on Bangladesh, India and Peru. Through our research, we confirmed DFS could incentivize existing partners to offer WSS financing by lowering their costs and enhancing their ability to reach and serve poor households. The research also generated insights into other types of partners that we could engage beyond our current network. Next year, informed by these insights, we're poised to integrate digital finance into our WSS lending programs. We've already launched our first digital finance pilot with Equity Bank in Kenya and are now actively designing digital finance opportunities for Bangladesh, India, Peru and other countries.

EXPLORING NEW PARTNERS FOR WATER AND SANITATION LENDING

Our growing success partnering with MFIs to implement WSS lending gives us the confidence to calibrate and test other innovative financial inclusion models for rapidly increasing WSS penetration. As a results-driven team of thinkers and doers, we're looking at channels such as digital financial services (DFS), housing finance corporations (HFCs), small to medium-sized enterprises (SMEs) and other mechanisms whereby we might tap into and build a portfolio in water and sanitation. This year we began exploring new partnerships in Ethiopia with manufacturers; India with WSS service providers, digital payment banks, HFCs, Self-Help Groups (SHGs) and SMEs; Indonesia with manufacturers and utilities; Kenya with commercial banks and DFS; and the Philippines with water service providers.

By enabling our early-stage piloting efforts, your investment allowed us to refine new approaches to further democratize access to WSS finance. We will continue to deepen partnerships with some of these institutions so that we can reach more people with WSS services over time. Additionally, your support afforded us the unique opportunity to increase our understanding of key bottlenecks hindering our MFI partners' WSS portfolio growth. By successfully addressing these bottlenecks, our MFI partners are poised to distribute more WSS loans next year.

SPOTLIGHT: INDIA

India remains our largest country in terms of opportunity for impact. This year we engaged six new potential WSS finance partners—three commercial banks, two SHGs and one MFI. Thanks to your foundational support, we secured long-term funding to launch WSS lending with these new partners in the upcoming year. With our new partnerships solidified, we will expand WSS lending into Northern and Western India. Over the next five years, we estimate reaching between four to five million people with WSS loans through these new partnerships alone.

We also conducted research and confirmed a strong opportunity to partner with WSS service providers, payment banks and HFCs to implement WSS finance. We will solidify these partnerships in the upcoming year. By executing WSS finance through them, we believe we'll reach up to an additional four million people with WSS loans over the next five years.

GOAL

Continue assessing new partnerships, beyond MFIs, through which we can implement water and sanitation lending.

Shaping The Global Agenda

Throughout the year, we conducted targeted media outreach, participated in key speaking engagements, co-convened workshops, hosted forums and disseminated original research to expand the use of innovative finance models to achieve safe water and sanitation for all.



SELECTED SPEAKING ENGAGEMENTS

Financial Times Water Summit
Global Financial Leadership Summit
Global Water Summit
Milken Global Conference

Skoll World Forum
SOCAP16
World Economic Forum Global Agenda Summit
World Water Summit 8

GOAL

Encourage the use of innovative finance models to achieve safe water and sanitation for all.

FORUMS

India Ministry of Drinking Water and Sanitation's first-ever WSS Finance Forum

Rajasthan Financing for Sanitation Forum

ORIGINAL RESEARCH

[Income-enabling, not consumptive: Association of Household Socioeconomic Conditions with Safe Water and Sanitation](#), SIWI: At the Confluence (Aquatic Procedia), July 2016.

MEDIA HIGHLIGHTS

DAILY NEWS

theguardian

InStyle

KANSAS CITY
BUSINESS
JOURNAL

TOWN&COUNTRY



Forbes

THE
HUFFINGTON
POST



"Access to safe water and sanitation makes a life-changing — and often lifesaving — difference. I can't think of another issue as big, impactful and solvable as water and sanitation."

-Matt Damon, Co-founder

NEW VENTURES FUND COUNCIL: JOIN US

The New Ventures Fund Council is a group of visionary supporters who share Water.org's belief that innovation is needed to eliminate the global water and sanitation crisis. Their generous financial support and expert guidance enables Water.org to pilot, disseminate and scale innovative solutions that address the underlying causes of the water crisis. The Council meets annually to review the Fund's impact. They also serve as strategic partners to Water.org and act as global advocates for the issue. For more information, please contact info@water.org.

