



## WaterCredit

WaterCredit provides access to affordable credit, empowering the poor. Water.org has catalyzed \$4 million in capital from commercial banks.

## WaterCredit Initiative

The WaterCredit Initiative represents the creation of a new space at the intersection of water and sanitation and microfinance. By catalyzing small loans to individuals, entrepreneurs and communities in developing countries who do not have access to traditional credit markets, WaterCredit empowers people to immediately address their own water needs. As loans are repaid, they can be redeployed to additional people in need of safe water and sanitation.

## Big Idea for a Big Problem

The cost to bring safe water and sanitation to the world's poor is staggering. For decades, generous philanthropy has been attracted to the cause but little progress can be seen at the macro level. There will never be enough charity to solve the water crisis. Those living in absolute poverty will continue to require charity-driven subsidies, but for the poor with some financial means, WaterCredit allows them to step up and accelerate change in their own communities. More than 300 million people lacking access to safe water could meet their own water and sanitation needs if they had access to affordable credit.

## Water as an Investment

**WaterCredit dollars go further.** Investments made by Water.org leverage far more funds to meet water and sanitation needs than traditional grant-driven expenditures. Over a 10-year period, five times as many people will have water with WaterCredit in a Revolving Loan Fund model, than with a similar amount of grant funding.

**Empower the poor.** WaterCredit loans empower the poor to address their own water needs, on their own timetable. Also, by establishing creditworthiness, the poor are able to take out additional loans from commercial lenders.

**Free up limited grant resources.** WaterCredit frees up grants to go where they are needed most – to the poorest of the poor.

**Foster sustainability.** As subsidies in water projects increase, sustainability decreases. With WaterCredit, users have a financial stake in their water supply solutions and a greater incentive to ensure proper operation and maintenance.

**Philanthropic investments in WaterCredit stimulate commercial lending.** One of Water.org's local partners in India spurred such high demand for WaterCredit loans and had such strong repayment rates, it is now able to source local commercial capital. To date it has secured loan commitments from an Indian bank of nearly \$2 million to fund water and sanitation loan portfolios, of which \$1 million has been loaned.

## Early Successes

The pilot projects for what would become WaterCredit began in 2003 in the urban slums of Dhaka, Bangladesh, and then in rural Tamil Nadu in southern India in 2004. In 2005, WaterCredit expanded to Kenya. Pilots were made possible through the financial support of the Open Square Foundation and the Michael & Susan Dell Foundation. A recent \$4.1 million grant from the PepsiCo Foundation is allowing Water.org to significantly expand and develop WaterCredit.

## Program Metrics

*as of August 1, 2010*

**Total investment:** Water.org has invested \$2.3 million in WaterCredit programs.

**Implementing partners:** Fourteen all located in Asia and Africa.

**Commercial capital stimulated:** \$5 million in capital from commercial banks.

**Disbursed loans:** Borrowers have taken out \$3.1 million in WaterCredit loans.

**WaterCredit beneficiaries:** More than 182,000 people have benefited from WaterCredit.

**Number of loans:** 24,000 to borrowers

**Loan repayment:** 98 percent.

**Average loan size:** For households, the typical loan size is USD\$130.

**Average cost for a water connection:** USD\$110.

**Average cost of a home latrine:** USD\$125.

**Borrower interest rates:** Between 10-24 percent annual

**Interest rates borrowers would otherwise be forced to pay to loan sharks:** 125 percent

**Repayment periods:** Between 12 and 24 months.

**Demographics:** Approximately 90 percent of all borrowers are women.

*Types of WaterCredit Programs:* Grants for Revolving Loan Funds; “smart subsidies” to start up credit programs; and credit enhancements/guarantees for commercial borrowing.

## Future Plans

Water.org does not aspire to be the water bank to the world. Instead, we see our role as accelerating natural market processes. This means fostering relationships between microfinance institutions and non-governmental organizations in the water and sanitation sector to help them understand each other better. In other places, we may provide standby letters of credit to back loans made by microfinance institutions, encouraging them to enter the sector by mitigating their risk until they understand the space better. Using microfinance, Water.org is acting as a catalyst to introduce markets to the water and sanitation sector. This same approach has been proven in many other sectors, and we are highly encouraged by the results we have seen.

### About Water.org

Co-founded by Matt Damon and Gary White, Water.org is a nonprofit organization that has transformed hundreds of communities in Africa, South Asia, and Central America by providing access to safe water and sanitation. Water.org traces its roots back to the founding of WaterPartners in 1990. In July 2009, WaterPartners merged with H2O Africa, resulting in the launch of Water.org. Water.org works with local partners to deliver innovative solutions for long-term success. Its microfinance-based WaterCredit Initiative is pioneering sustainable giving in the sector.

For specific questions about how you can support Water.org, send an email to [info@water.org](mailto:info@water.org).



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