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Impact Investing in Action: From Catalytic Capital to Commercial Returns While Solving the World's Water Crisis — *Tony Stayner, Excelsior Impact Fund*

It is an embarrassing disconnect that most of us in the US walk around with a supercomputer in our pocket while 2.5 billion people globally do not have access to the basic services of clean water and/or sanitation. Besides the human suffering, the annual cost to the global economy is at least \$323 billion.

Global nonprofits Water.org and WaterEquity together are tackling this challenge through innovative financial solutions. Driving their transformative impact is the insight that those living in poverty already pay significant sums for access to water and a toilet and that a large segment of those in need could gain access through affordable finance.



Water.org uses philanthropy as a catalyst to unleash commercial capital. By offering small grants and technical assistance to microfinance institutions (MFIs), they spark commercial lending for water and sanitation. Nearly 90% of the 6.6 million loans to date are to women, and the repayment rate has been a remarkable 99.6%.

Water.org established WaterEquity in response to requests from MFI partners for more affordable capital to lend for Water and Sanitation Supply (WSS). The first-of-its-kind asset manager exclusively focused on solving the global water crisis.

WaterEquity's first two funds, both concessionary to investors, have deployed \$68 million through 30 debt investments in financial institutions and water and sanitation enterprises across India, Indonesia, and Cambodia. They have successfully reached 1.6 million emerging consumers with access to safe water or sanitation, while exceeding the return expectations they set with investors.

It took Water.org 20 years of drilling wells to reach its first million people. Now by making affordable loans available, Water.org reaches more than 2 million

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a quarter—30 million people to date. By showing that it is profitable for MFIs to make WSS loans, they draw commercial capital to the sector.

As of June 2020, Water.org has helped mobilize \$2.4B to the sector. Commercial capital would not have found this opportunity without the work of Water.org and WaterEquity, and it is a big part of their impact.

Water.org's next exciting innovation is to use philanthropic guarantees to entice private banks to enter the WSS loan market either directly or by purchasing assets from MFIs, freeing them up to make additional loans.

My wife and I have been philanthropic donors to Water.org since 2005, have invested in each of WaterEquity's funds, and plan to be a guarantor. Operating at scale to improve public health, enhance gender equality, protect the environment, and ensure vulnerable communities around the world are more resilient to the impacts of climate change, we consider this our most impactful investment. With the pandemic showing how central water, sanitation, and hygiene are to our health, this work is more important than ever.