

The State of the Evidence Base on WASH Microfinance



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Water is the way

To break the cycle of poverty

To protect and save lives

To make a bright future possible for all

Every human being deserves to define their own future,
and water makes that possible



663 MILLION
PEOPLE
LACK ACCESS
TO CLEAN WATER



2.4 BILLION
PEOPLE
WITHOUT ACCESS TO
PROPER SANITATION



**MORE PEOPLE
HAVE ACCESS TO A
MOBILE PHONE
THAN A TOILET**

EVERY
90
SECONDS



**A CHILD DIES
FROM A WATER
RELATED DISEASE**



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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.

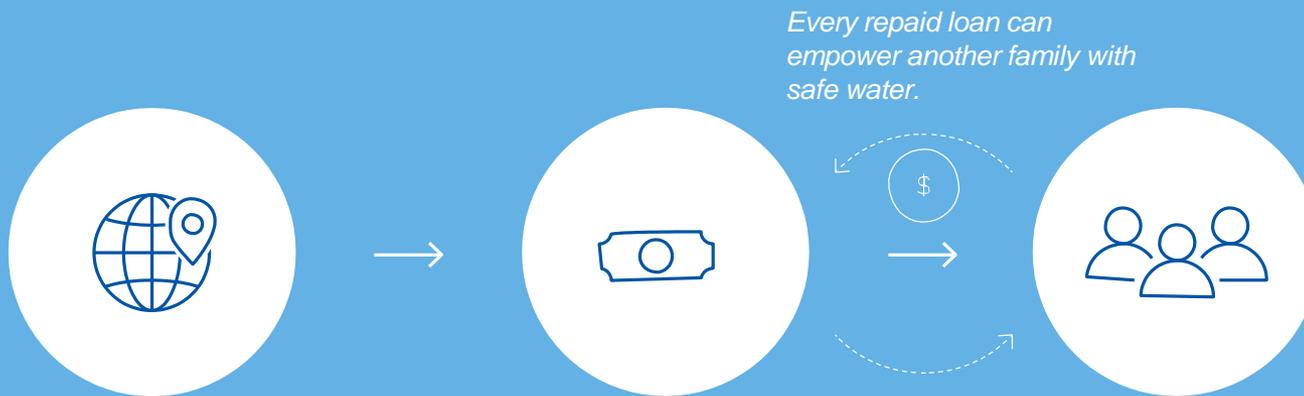


AN ENORMOUS MARKET FOR SMALL AFFORDABLE LOANS

565 MILLION
PEOPLE

\$12 BILLION
DEMAND

How WaterCredit works



We identify a region that is ready for a microfinance solution and then we partner with carefully selected financial institutions to provide affordable water and sanitation loans to a family in need.

These microfinance partners incorporate water and sanitation loans into their portfolio of offerings. We support them by providing product development training materials, awareness and sales strategies, as well as connections with others involved and technical assistance.

Borrowers use these small, affordable loans to put a tap or toilet in their homes and get access to local resources who can do the work.



OUR IMPACT

**8 MILLION PEOPLE
REACHED WITH
WATER/SANITATION**

**7.1 MILLION PEOPLE
REACHED WITH
WATERCREDIT**



Key Evidence Generated by Water.org

- **WATERCREDIT CASE STUDY: KENYA**
 - Water.org (October 2014)
- **FINANCING WATER AND SANITATION FOR THE POOR: HOUSEHOLD LEVEL FINANCING TO ADDRESS THE SANITATION GAP IN INDIA**
 - Water.org, World Bank (September 2015)
- **FINANCING WATER AND SANITATION FOR THE POOR: THE ROLE OF MICROFINANCE INSTITUTIONS IN ADDRESSING THE WATER AND SANITATION GAP**
 - Ikeda and Arney, Water.org, World Bank (October 2015)
- **WATER AND SANITATION MICROFINANCE OPERATIONS IN INDIA: AN ASSESSMENT OF CHALLENGES AND DETERMINANTS OF SUCCESS**
 - Tim Foster, Water.org, PepsiCo Foundation, Skoll Centre for Social Entrepreneurship (October 2016)
- **INCOME ENABLING, NOT CONSUMPTIVE: ASSOCIATION OF HOUSEHOLD SOCIO-ECONOMIC CONDITIONS WITH SAFE WATER AND SANITATION**
 - Lesley Pories, Water.org (2016)



Key client impact findings

Access to safe water and sanitation in India has helped clients to have healthier and more productive lives

39%

Of women feel **SAFER**



57%

Experienced

**AN ECONOMIC
BENEFIT**



24%

Experienced fewer
ILLNESSES



23%

Increase their income due to
WOMEN WORKING MORE



18%

Enjoy reduced
MEDICAL EXPENSES



18%

Increase their income due
to **MORE PRODUCTIVE
DAYS**

Upcoming Water.org Plans to Generate Evidence

- **Impact Evaluation of WaterCredit involving 13 MFIs in India.**
- **Impact Evaluation of WaterCredit across Indonesia, Peru and Philippines**
- **Case study on impacts of WaterCredit in India**
- **Impact evaluation of WaterCredit in Bangladesh**
- **Profitability and sustainability analysis of MFI WSS portfolios in Bangladesh, India and Indonesia**



Water.org-Identified Gaps in WSS Microfinance Evidence Base

- **IMPACTS OF WSS MICROFINANCE ON DEVELOPMENT OUTCOMES**
- **SCANT EVIDENCE ON IMPACTS USING RIGOROUS METHODS**
 - Randomized Controlled Trials (RCTs) specific to WSS and microfinance
- **WILLINGNESS TO PAY STUDIES FOR WATER AND SANITATION SOLUTIONS**
- **BUSINESS CASE FOR WSS MICROFINANCE**
 - Profitability and sustainability studies
- **NEED MORE STUDIES ACROSS DIFFERENT GEOGRAPHIES FOR EXTERNAL VALIDITY**
- **MICROFINANCE FOR COMMUNITY WSS SOLUTIONS AND EDUCATIONAL INSTITUTIONS**



WaterCredit global metrics

Loan Profile

\$287

Average loan size

18

Average months to repay loan

99%

Repayment rate

Borrower Profile

91%

Of borrowers are women

64%

Of borrowers live in rural areas

46%

Of households living under \$1.90 per day**

Finance Leveraged

\$19.4M

In Water.org grants disbursed to partners

\$463M*

In WaterCredit loans made by partners for water and sanitation

24X

Multiplier effect; every \$1 invested in partners = \$24 towards a WASH improvement



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*\$428M from WaterCredit programs, \$35M WCIF & graduated partners

**Based on PPP (Purchasing Power Parity)

Water.org Programmatic Highlights

8M

People reached



\$10

Cost per person
based on Water.org
programmatic costs*



\$463M

Financing Mobilized



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*Cost per person is calculated using total programmatic expenses and total people reached to-date. Programmatic costs based on Charity Navigator's calculations for program related expenses.

WaterCredit global metrics

7.1M

People reached



6.3M through direct WaterCredit Programs
767K through WCIF & graduated partners

1.6M

Number of
Loans made



1.5M through direct WaterCredit Programs
156K through WCIF & graduated partners

\$463M

Loan principal
amount disbursed



\$428M through direct WaterCredit Programs
\$35M through WCIF & graduated partners





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Opportunity International Global Footprint

2016 Network Summary

5.1M

**Loans
Disbursed**

\$1.6B

Loaned 2016

\$320

**Average
Disbursed Loan**

99%

**Loan
Repayment**

95%

**Loan Clients
Are Women**

\$5.9M

**Savings
Clients**

\$215M

**Savings
Deposits**

9.6M

**Unique
Clients**



WASH Lending Across The Opportunity Network

Some successes, some challenges

Country	Philippines	India	Ghana	Uganda	Malawi
WASH loans made	21,000	33,500	150	5	210
Loans for household water	✓	✓	✓	✓	n/a
Loans for household sanitation	✓	✓	✓	✓	✓
WASH MSME	✓	n/a	✓	n/a	✓
Value of loan portfolio	£5,900,000	£4,810,000	£288,000	£4,400	£37,800
Date pilot started	2015	2013	2016	2017	2011
PAR>30 days	1.01%	0.38%	2%	0%	>10%
Scale up plans	Full rollout	Yes, subject to evaluation	Yes, securing funding	Pilot just starting	Discontinued Pilot



Areas for Future Research

Filling in evidence gaps to scale up WSS lending and attract capital

Gaps	Rationale
1. Social Impact	<ul style="list-style-type: none">✓ Business case is slowly building for MFIs✓ Social impact is key for MFI decision-making – more evidence needed of WSS role as ‘income enhancing’✓ Use as well as access
2. Other Products & Services	<ul style="list-style-type: none">✓ Beyond micro-credit to include savings, insurance etc.✓ How can we scale up WSS by engaging DFS?✓ What opportunities exist in the SME sector?
3. Beyond HH & community	<ul style="list-style-type: none">✓ Research has focused on household & community WASH✓ What role could microfinance play in sustainable WASH for institutions (e.g. schools, healthcare facilities)?✓ Inclusion of WASH in non-household settings in the SDGs



Opportunity's Education Finance Programme

150,000 education loans since 2012, impacting 2 million children



Uganda study:

11.4% of school improvement loans are invested in WASH



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