WaterEquity Global Access Fund
A HIGH IMPACT FUND

Delivering Access to Safe Water and Sanitation to Low-Income Families Across the World

WaterEquity’s Global Access Fund aims to address the global water and sanitation crisis by making debt investments in high-performing financial institutions that provide affordable water and sanitation financing to low-income consumers and enterprises. More than 785 million people – 1 in 9 – lack access to safe water and 2 billion people – 1 in 3 – lack access to a toilet. Water, sanitation and hygiene-related diseases are responsible for nearly 1.6 million deaths each year, including 297,000 children under the age of 5. The global water and sanitation crisis disproportionately affects women and girls, who spend a collective 200 million hours collecting water each day, preventing them from attending school or pursuing paid labor. Further, open defecation and shared sanitation facilities also make women vulnerable to gender-based violence.

The Global Access Fund is raising a total of $150 million and will invest in 30-35 financial institutions with water, sanitation and hygiene microloan portfolios across East Asia and the Pacific, Latin America and the Caribbean, South Asia and Africa. These financial institutions offer microloans to fund solutions such as piped water connections, septic systems and hand-washing facilities for families living in poverty. The fund aims to reach 5 million people directly and an additional 3 million people indirectly with improved access to water and sanitation. 100% of those reached will be living in poverty and 60% will be women.

The Global Access Fund will have a 2:1, debt-to-Limited Partnership Interest structure. The $100 million debt tranche has been committed by the United States Development Finance Corporation. The fund will have a 7-year term and will target a net IRR of 10-11% for LP Interest investors.

ABOUT WATEREQUITY FUND

WaterEquity is the first impact investment fund manager dedicated to ending the global water and sanitation crisis by raising and deploying capital to financial institutions and water and sanitation enterprises in emerging markets. The firm was spun out of Water.org in 2017 and to date, has managed two funds with a combined $60 million in AUM. WaterEquity has made 30 investments across India, Indonesia and Cambodia and has a less than 1% default rate on all loans. The firm has reached 1.6 million people with safe water or sanitation to date and aims to reach a further 8 million people with the deployment of the Global Access Fund. WaterEquity is a global team with headquarters in Kansas City, MO.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative new way for MCF donors to engage in impact investing through grantmaking. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards for-profit companies that are seeking to make positive social or environmental impact.
### FUND SUMMARY

**ASSET CLASS**  
Private Debt

**TARGET FUND SIZE**  
$150M ($100M in debt, $50M LP Interests)

**TERM**  
Seven years subject to two one-year extensions by the General Partner

**TARGET RETURN**  
10-11% net IRR

**GEOGRAPHY**  
East Asia and the Pacific, Latin America and the Caribbean, South Asia and Africa

**IMPACT AREAS**  
Access to water, sanitation and hygiene

**FUND MANAGER FEES**
- Management Fee: 1.75% on committed capital during years one through three
- Acquisition Fee: 1.20% of each investment made by the fund, including rollovers and extensions
- Monitoring Fee: 0.20% per annum on the aggregate amount of loans outstanding

**INVESTMENT FEES**
This investment recommendation will incur a fee of 0.40%. The fee is calculated on current asset balance.

**INVESTMENT THESIS**
- The global demand for water and sanitation microloans totals $18B. WaterEquity will tap into this demand by providing capital to high-performing financial institutions with existing water and sanitation microlending portfolios
- Microfinance investment vehicles are a proven asset class with low correlation to other asset classes, historic average default rates of around 1% and the potential to generate significant social impact and financial returns

**IMPACT THESIS**
- More than 785 million people lack access to safe water and 2 billion people lack access to improved sanitation. Women are disproportionately affected by this crisis.
- Access to safe water and sanitation is recognized by the United Nations as a basic human right and is linked to public health, gender equality, economic empowerment, education and climate resilience.

**ILLUSTRATIVE INVESTMENT**
Annapurna Finance Pvt. Ltd, a microfinance institution headquartered in Odisha, India, provides microloan products for water and sanitation in order to improve the health of households identified as below the poverty line.

Thanks to a previous investment from WaterEquity Fund II, Annapurna grew its water and sanitation microloan portfolio to $5.4M, in turn helping tens of thousands of low-income families gain access to safe water and sanitation.

Looking ahead, and with additional investment from the WaterEquity Global Access Fund, Annapurna is poised to expand its water and sanitation microloan portfolio to $30M and reach 670,000 people with safe water or sanitation over the next three years.

**STRENGTHS**
Leading impact investing fund manager focused on clean water supply and sanitation lending; more than 25 years of experience in the sector; target impact outcomes across health, education, gender equality, income and climate resilience; 100% loan repayment rate; most recent fund has net IRR of 5.22% (target: 3.5%)

**RISKS**
Fund subject to currency and geopolitical risks associated with local currency and emerging markets investments; investment strategy expanding geographic focus to 10+ new countries; full extent of impact of COVID-19 on microfinance sector unknown

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