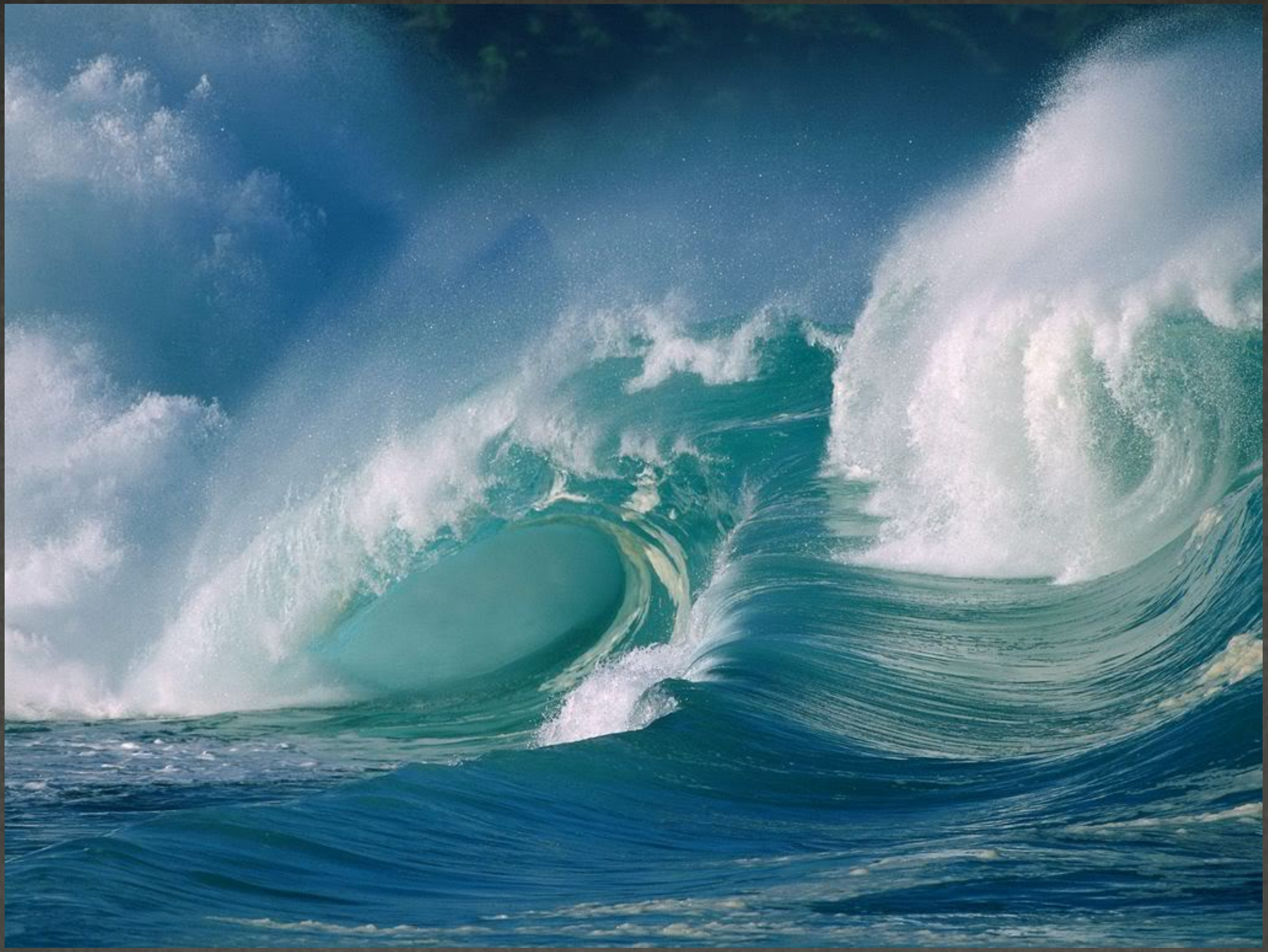

Watercredit 3.0:
The Platform Effect
From building individuals to building institutions

Key Issues

- $1B people without water
- $2.5B people without sanitation
- Current models have high costs and are not scalable
- High finance costs
- Human costs: health, education, dignity

The Vision

- 10,000 global co-ops facilitating service provision and delivery
- Dynamic, responsive institutions that change based on needs, and are less stagnant than one-off projects and dependencies on individual initiatives over time
- Carrying more than just water in the future – working within health, sewage, electricity, education as efficient mechanism of devolutionary power
- **100M people with access to clean water and sanitation in 5 years**

Existing Model

- Capitalizes on success of MFIs
- Scalable and takes advantage of Network Effects
- Opportunities for outside Capital
- Provides multiple opportunities for other services and growth.

Solutions: Reaching the Vision

- Build platform not products, based on existing local networks
- Aggregrate demand and create a market for aggregate supply solutions
  - lower the cost
  - create entrepreneurial solutions

Example Model: Sequencing, Priorities, and Features

- **Slum-based models and village based models**
- **Phasing**

1. Central Tap

2. Extend the branches to households

3. Once the branches installed, waste-water collection follows (less initial demand for sanitation)

- Use networks to extend to sanitation
- Phase sanitation as well: community options

- **Women collectors**

Platform Structure

- Challenge – How do we attract capital to a Co-operative to achieve scale?
- The Structure of the Co-operative Funding (a Water bank for the Community)

  - The Co-Op organized on the natural demographic or geography (one Bank for a slum = Dharavi, or a tribe = Kikuyu).
  - The Co-Op has individual portfolios consisting of people living in a village or in a ward of the slum.
  - **1st cushion**: The Water.Org gives the equity tranche or the first loss tranche
  - **2nd cushion**: Expatriate Capital. community tapped to provide funding, e.g. Kenyans living in Willesdon. They can invest in the Water Cooperative that serves their families and tribes/communities
  - **3rd cushion:** Then the third tier is provided by Philanthropic Capital.
  - **4th Tier: Then is the private capital** inserted on the top of all the cushions.

Risk Reduction to attract private capital

The private capital is incentivized due to reduction in risk as a result of:

- The lending of the Co-operative is to individual portfolios of wards/village and there are two levels of cross-default
- Cross default within the portfolio/ward/village
- Cross default across portfolios

Key Challenges

- Acquiring financing beyond philanthropic capital
- Mobilizing community action…organizing sustainable platforms
- Respecting local norms and culture
    - New innovations affect community dynamics

Next Steps/Actions

- Phase I: Identify 3-5 slums
- Criteria
  - Dense population
  - Homogenous community
- Phase II: Scale to 10-20 slums
  - Criteria expands: homogeneity may be expanded