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The 4th Cambodian Water Conference & Exhibition

Water.org Program in Cambodia

November 29-30th, 2022

Phnom Penh, Cambodia



The Power of Water

Water connects every aspect of life. Access to safe water and sanitation can quickly turn problems into potential – empowering people with time for school and work, and contributing to improved health for women, children, and families around the world.



We are Water.org

We are breaking down the barriers between people and access to safe water and sanitation. We are an international nonprofit organization that has positively transformed more than 51 million lives around the world.

Founded by Gary White and Matt Damon, Water.org pioneers market-driven financial solutions to the global water crisis. For 30 years, we've been providing women hope, children health and families a future.

51 million

people reached with safe water and sanitation



17

active countries



US\$4 Billion

Capital Mobilized



FOUNDATION



PARTNERSHIP



Our Work in Cambodia

2015 - Present



WATER.ORG CAMBODIA

SIMPLE AND SUSTAINABLE PROGRAM MODELS

Program Models	Partners	Description
WaterCredit	Financial institutions (MFIs) lending to low-income households and SMEs	Technical and financial assistance to financial institutions to develop household and SME loans to finance water & sanitation improvements.
WaterConnect	Private Water Operators (PWOs)	Technical and financial assistance to peri-urban & rural water utilities to improve operations and finance new water connections to low-income clients.

WaterCredit: Direct impact

We partner with local banks and MFIs to add loan to water and sanitation to their portfolios through our technical assistance, connections and small grants, where needed.

These partners with our support, then mobilized fund from investors, and lenders so they can provide small, affordable loans to people and/or small businesses in need of water and sanitation improvements.

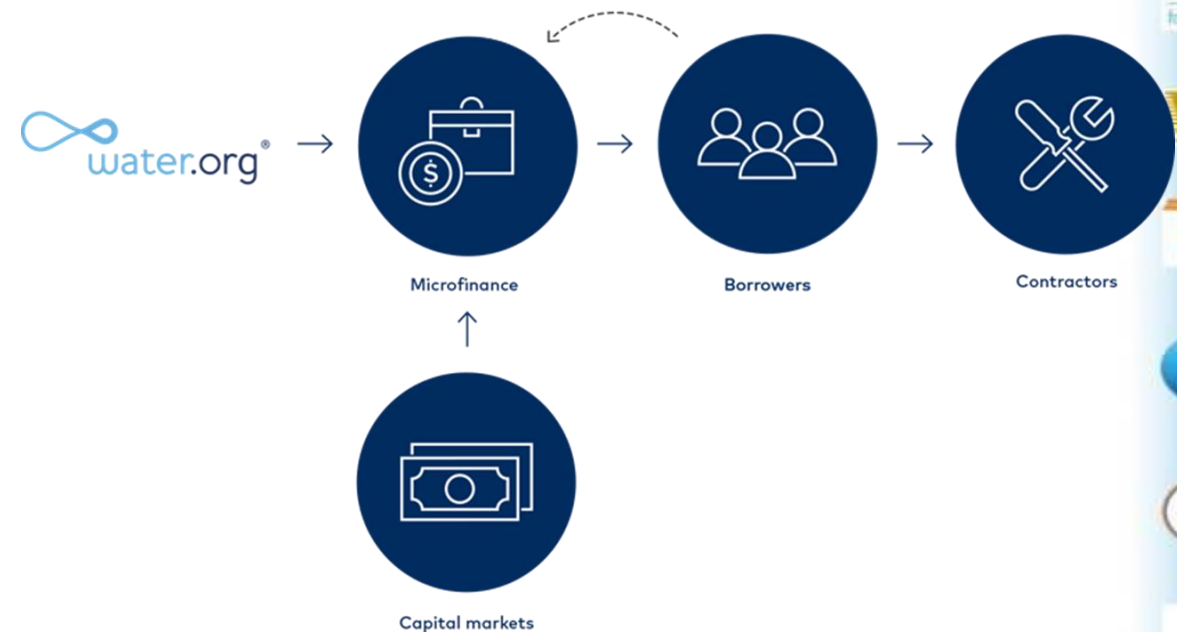
These loan uses for solution such as taped toilet, storage tanks or piped connections to their homes.



WaterCredit – small loans, big impact

Water.org technical assistance to partners supports the following activities:

- **Loan Product Design** – development of WSS loan product(s)
- **Pilot & Refinement** – implementation at pilot branches, training staff, identifying supply chain and stakeholders
- **WSS Operations** – long-term business strategy, identifying sources of funds, refresher trainings
- **Monitoring** – monitoring activities to ensure the product is delivered sustainably



Collective impact

We work with partners across sectors, including water & sanitation and finance sectors, to expand access to affordable financing for water and sanitation. We provide technical assistance, share best practices, and collaborate with stakeholders so they can develop, implement and scale effective solutions.



System impact

We work with governments, sector institutions and other partners at a systems-level to influence policy and practice changes that increase the flow of capital for household water and sanitation solutions.



CAMBODIA - PERFORMANCE TO DATE



1.9M

People reached

85%

Women borrowers

\$500

Average loan size

7

7 Partners with
country-wide coverage



WaterEquity identifies investment opportunities in the water and sanitation sector that offer competitive risk-adjusted returns and measurable social impact. More specifically:

We invest in financial institutions to help them scale their water and sanitation microlending portfolios.

We also invest in enterprises and infrastructure in emerging markets delivering access to safe water and sanitation solutions to low-income communities.



WATER.ORG CAMBODIA

WaterCredit Programs

- Support financial institution partners in scaling up WSS loan products for Households and Water Utilities.
- Build capacity of the Cambodian Microfinance Association (CMA) to deliver WaterCredit technical assistance to its members to facilitate greater sector uptake of WSS financing by exploring the angle of fintech and target areas with low access to safe water and improved sanitation.

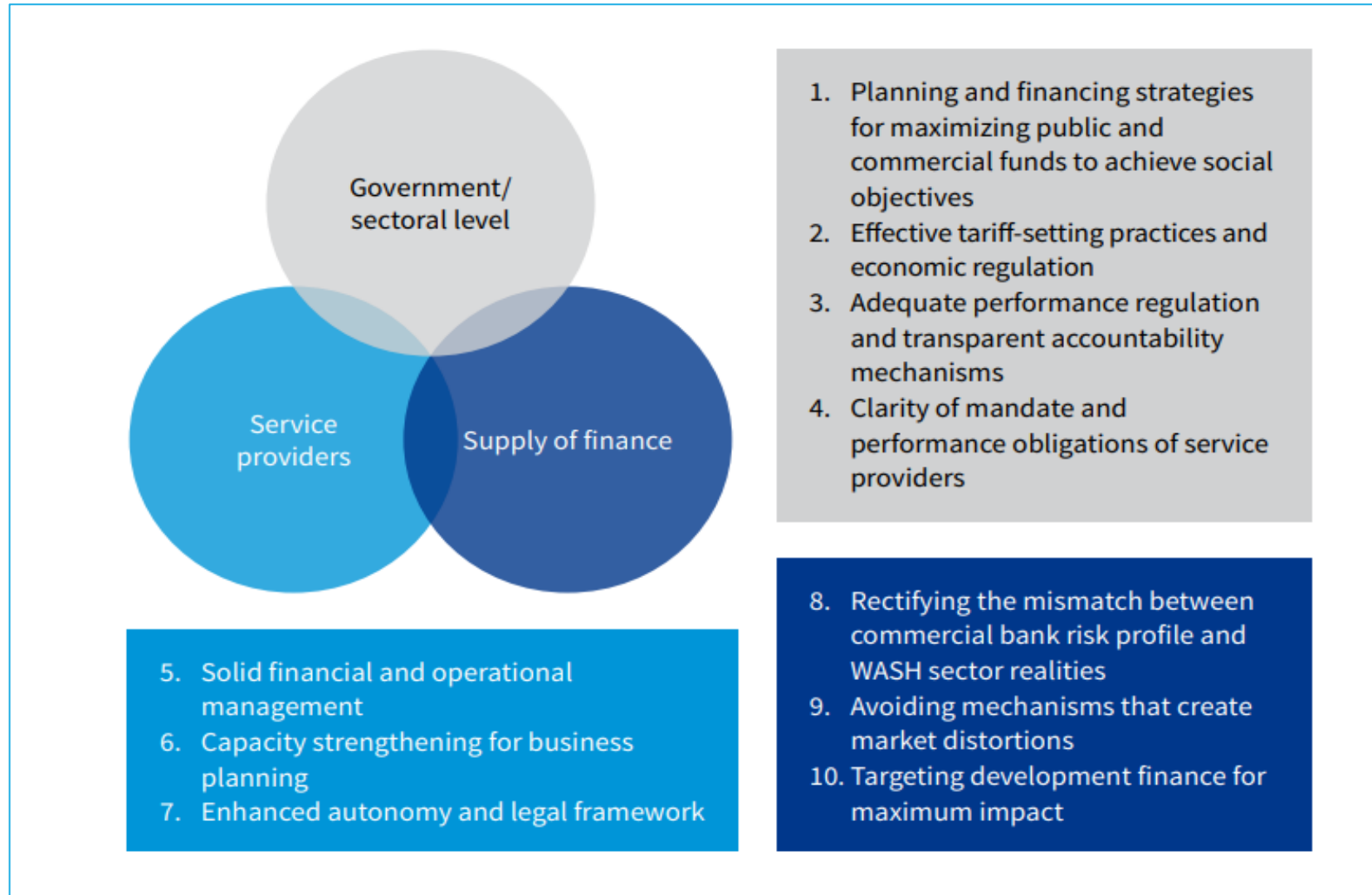
WaterConnect Programs

- Continue refining WaterConnect program technical assistance to Water Utilities
- Partnership with the Cambodian Water Supply Association (CWA) to deliver technical assistance its PWO members with focus on improving water quality, improve non-revenue water management and increase access to capital from banks and investors.

Other Programs

- Continue to facilitate linkage for access to capital for Water Utility and financial institution partners, and Investors.

Getting the Foundation Right



Source: Joint Working Paper by Water.org, the World Bank, and IRC, 2019

ACCELERATE FORMAL FINANCING FOR WATER AND SANITATION

Financing Model	Advantages	Disadvantages
Loan from financial institutions (Bank and MFI)	<ul style="list-style-type: none">• Lenders can allocate fund to finance water sector. MFI can also finance household• Term of the loan can be tailored to the need of borrower	<ul style="list-style-type: none">• Lenders need some forms of security.• Challenges on collateral. Well functioning of Credit Infrastructure can support.• For long term loan, bank can ask for 3rd party guarantee
National Financial Intermediary	<ul style="list-style-type: none">• Able to get wholesale finance on good terms.• A successful intermediary can exert financial muscle and benefits municipal sectors	<ul style="list-style-type: none">• Bureaucratic• Limited expertise in specific sectors
Output-Based Grant and Blended Finance	<ul style="list-style-type: none">• Softening the overall terms of a financing package by blending a grant with loan finance.• Grant for sponsor can covers studies, capacity building., etc.	<ul style="list-style-type: none">• OBA is grant aid offered for specific projects but is not fully disbursed until the sponsor can show the project is successfully completed and is up and running

ACCELERATE FORMAL FINANCING FOR WATER AND SANITATION (CONTINUE)

Financing Model	Advantages	Disadvantages
<p>Infrastructure Project Finance</p>	<ul style="list-style-type: none"> • Can raise large sums for major infrastructure project. • Security consists of project revenues. 	<ul style="list-style-type: none"> • Heavy overheads on each transaction (legal and due diligence fees). This normally for larger loan size.
<p>Equity Finance (Can be from individual, business, and investment fund)</p>	<ul style="list-style-type: none"> • For water utilities with sound finances, good cash flow • Financial risks are shared with the equity. • Strategic shareholder can bring value addition 	<ul style="list-style-type: none"> • Shares can be bought and sold, hence ownership or controlling interest can change.
<p>Bond</p> <p>For example, financial institutions can issue bond to finance climate resilience portfolio including WSS lending</p>	<ul style="list-style-type: none"> • The terms of the bond can be adjusted to match the expected cash flow of the issue. 	<ul style="list-style-type: none"> • The bond issuer has to have a good credit standing • Heavy overheads cost on bond issue implies large size of bond

Source: Financing for Water and Sanitation, EU Water Initiative

Thank You!

Water is the way

To break the cycle of poverty

To protect and save lives

To make a bright future possible for all

