

# Kansas City nonprofit taps into an innovative idea to solve global water crisis

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Kansas City native Gary White has been chasing clean water and rudimentary toilets for more than 30 years. You see, much of the world's poorest populations live without them even now.

Changing that has been his lifelong goal, one he pursues as co-founder of Water.org, a nonprofit in the Crossroads Arts District.

"It all goes back to social justice and the way I was raised in Kansas City," said White, 54, who took his first [water](#)-related trip in 1985 to Guatemala.

Clearly, this has been an astonishingly tough nut to crack.

Perhaps more astonishing is the solution White has come to. Charity can't solve the world's [water crisis](#), but investors can.

Water.org recently announced an investment fund with the goal of raising \$50 million this year to deal with the water crisis. The fund is open only to accredited investors, those who meet income or net worth levels set by the Securities and Exchange Commission.

Another fund opened to the public on Thursday, providing an alternative to an outright donation. The loan won't earn any interest for the person putting money into the fund and won't be tax deductible. But the individuals who lend money to the fund can ask to recover their loans in June 2020 or renew them.

Each effort will follow tenets learned over 15 years. In that time, Water.org learned how to use \$18 million it received from donors to entice investors into providing \$369 million to finance clean water and toilets for 6.1 million individuals.

White calls this "catalytic philanthropy." Instead of using socially motivated dollars to directly help a few individuals at a time, use the money to trigger a much larger market response, one that potentially can reach the same scale as the problem.

"It's not about the splash, it's about the wave. The wave keeps coming, and it grows," said John Tyler, general counsel of the Ewing Marion Kauffman Foundation and a lifelong friend of White.

## HILLSIDE TREK

White explained his market-response approach recently by recalling a trip he took in February to Lima, Peru.

There he met Dina Quispr, a poor woman who had bought water each day from a delivery truck in the valley. She also toted her family's entire water needs up a steep hillside, bucket by bucket, making many trips each day, day after day. The work falls overwhelmingly on women.

This was expensive water, too. It cost 13 times more than water flowing through a community water system some 50 yards from her home.

The obvious answer: Give this woman the few hundred dollars she needed to connect to the water system.

But what about the 663 million others around the world who similarly live without ready access to clean water? What about the 2.4 billion people who live without a toilet?

According to Water.org, solving the world's water crisis would take \$200 billion in donations each year for more than five years. And where could anyone find that kind of money?

White's revelation is that it can come from the poor, as customers.

Someone should lend that woman the few hundred dollars needed to tap into the local water supply. The money it would save her, plus the hours spent toting water each day that she could turn into productive labor or an education, easily would repay the loan.

"They seem like they need charity, but what they really need is just access to capital," White says.

Yet even this fails to happen. The task White's catalytic philanthropy tackled was one of nudging the market into action.

## SCALING UP

Water.org nudged the market by extending its philanthropy to microfinance lenders.

These are ventures that traditionally have made small, low-cost loans to buy a sewing machine, livestock or other productive assets to help lift borrowers out of poverty. As each loan is repaid, the money becomes available for another loan.

Water.org's insight was to get microfinancers to turn their sights on water needs by providing a bit of free support. It provided "smart subsidies" to help lenders identify markets, develop loan products and market the loans to finance individuals' access to [clean water](#) and toilets.

White calls the concept WaterCredit.

With Water.org's support, the microfinancers have been able to attract \$369 million from local investors to back the WaterCredit loans. The loans have helped 6.1 million people in Bangladesh, Ethiopia, Honduras, Indonesia, Peru and six other nations pay for water connections and toilets for their homes.

Water.org said 99 percent of the loans have been repaid, and an additional 1 million people are likely to receive loans this year.

With WaterCredit a proven concept, Water.org formed WaterEquity. Its goal is to attract money from investors, here and abroad, and then lend that money to successful WaterCredit microfinance partners so they can make more loans to individuals.

In the investment funds WaterEquity sets up, the microfinance partners will be obligated to pay the money back. It's capital for loans not a "smart subsidy" to get started.

Kansas City resident John Legg put money into WaterEquity's first investor effort, called the WaterCredit Investment Fund 1.

Launched in 2014, the fund attracted \$11 million from socially motivated investors to expand the operations of six microfinance partners Water.org had worked with in India.

"That was the prototype. It was important to get it off the ground," Legg said.

The fund's lending began last year, and it is targeting a modest 2 percent investment return in the process. After a seven-year run, the fund will close and return investors' money. Legg said he is looking forward to whatever WaterEquity is doing then.

"Right now the money's in India helping people get access to sanitation and potable water. When that winds down, we'll do it again," Legg said.

The new \$50 million fund targets a higher but still modest 3.5 percent return for its investors. White acknowledges that remains below what investors could earn elsewhere, but he said it comes with a high social return.

The new fund will expand WaterEquity's programs in India and extend the investor-backed approach to Indonesia, Cambodia and the Philippines, where Water.org already works with microfinance lenders to address water and sanitation.

It also will provide financing for infrastructure companies, such as those that make toilets, install septic tanks and run water kiosks.

At some point, White said, WaterCredit loans will begin to generate a competitive rate of return. And that will allow the market to help the world's poorest populations, mostly women, to throw off their costly and labor-wasting struggles for water and sanitation for an economically efficient answer to life's most basic needs.

"The poor aren't a problem to be solved," White said. "They're the source of the solution."

## EARLY DAYS

White has come a long way to reach his WaterEquity initiatives. Kansas City area residents might remember his early fundraising dinners called Water for Life Events.

Back then, the nonprofit was called WaterPartners International and was based in Columbia, Mo. It had a different focus: to raise charitable

contributions so it could give the [money](#) to help build water systems in poor nations.

White credits his upbringing in area Catholic schools for his sense of social justice.

He also tells a family story that highlights the problem of the poor. His father, who was born in 1921, had lived in a rented Kansas City home that was not connected to the sewer system. When the city put that connection in, it levied a special assessment and the family could no longer afford the rent.

The first Kansas City Water for Life Event came in November 1990 and spread to other cities, including Seattle, San Francisco, Washington, D.C., and Chapel Hill, N.C., where White had earned degrees in engineering.

By 1998, WaterPartners International had raised a total of \$250,000. A worthy effort, but that wouldn't even pay Water.org's telephone and related communications bill, which was \$268,565 last year.

Water.org currently counts more than \$32 million in assets, according to its most recent audited financial report. It has 100 employees, including 60 in Kansas City. Others work in branches in Kenya, Ethiopia, Peru, Indonesia, Bangladesh, India and the Philippines.

White's efforts have drawn national attention. He received a 2009 Skoll Award for Social Entrepreneurship for developing the WaterCredit concept.

Time Magazine named White to its list of the 100 most influential people in the world in 2011, along with the likes of then-first lady Michelle Obama, North Korea's emerging new leader Kim Jong Un, and

WikiLeaks founder Julian Assange.

It is more than a footnote that Time's list paired White with actor Matt Damon. Damon had been on a parallel track, battling the water crisis in Africa, and the two merged their groups in 2009. WaterPartners International and H2O Africa became Water.org.

Damon does television commercials with sponsor Stella Artois, owned by Anheuser-Busch InBev. Stella Artois donates \$6.25 to Water.org for every limited-edition chalice consumers buy from those ads.

White said other donors to Water.org include the Ikea Foundation, whose contributions have totaled \$20 million; PepsiCo Foundation at \$13 million; and Caterpillar Foundation at \$10 million. The Kauffman Foundation is not a donor, White's friend Tyler explained, because its focus is exclusively within the United States, and Water.org operates only abroad.

Bank of America has provided a \$5 million no-interest loan to kickstart WaterEquity's new \$50 million fund.

White spends much of his time working with partners, speaking at forums and drawing attention to the cause. He had gone to Peru in February for a forum and took time to visit a WaterCredit project site.

These side trips to the field help White maintain an emotional connection to his work. It is also how he met Quispr, the woman who had needed a few hundred dollars to reach a water line just 50 yards away.

Thanks to the efforts of a Kansas City-based nonprofit 3,700 miles away, she'd gotten a loan and a water tap in her home.

No more toting buckets of expensive water uphill.

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