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No Waterloo, if Matt Damon's Around

Actor's Water.org is reshaping product portfolio of MFIs

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Matt Damon — the Hollywood actor who shot to fame and acclaim with films like Good Will Hunting, the Bourne series, Invictus and, most recently, Elysium, and also rated as one of the sexiest men alive by People magazine — is amazed and amused by the demi-god status of south Indian film stars.

As he travelled across cities and villages of Tamil Nadu over the last weekend, Damon was intimidated and overwhelmed by the huge cutouts of film stars, so ubiquitous to the south, staring down at him. "Huge billboards with

just your face... they are almost gods here kept on a pedestal," he quips.

It's not that he isn't adored in the West, but such deification of actors is unheard of. Also unheard of, in India, is the type of work that Damon is engaged in, besides acting. Damon is the co-founder of the non-profit Water.org, which has lately brought to the development sector innovations like WaterCredit, a markets-based approach to address the water and sanitation crisis, especially in Asia and sub-Saharan Africa.

In India, WaterCredit is extending philanthropic grants to microfinance institutions (MFIs) to build capacity.

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GOODWILL HUNTING: Damon at a slum in Bangalore

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Capacity is being built in areas like staffing, refining business model, loan products and IT systems.

The objective is to have these MFIs extend loans for water access and construction of toilets, and at the same time, motivate and empower individuals and communities without access to regular credit markets to address their own needs. "Once MFIs cover their startup costs with philanthropic capital, they are then ready to scale and go to the market to bring in commercial capital," he told ET in an exclusive interaction. Water.org, for instance, has been handholding Guardian, an MFI promoted by the NGO Gramalaya in Tiruchirappalli district, and it recently managed to independently attract commercial capital of \$1 million (about ₹6.5 crore). In the process, Water.org is reshaping the product portfolio of MFIs in India, which pivot around giving income-generating loans. "This (Guardian) is the first MFI in India dedicated wholly to water and sanitation loans," says P Uday Shankar, regional director-South Asia, Water.org.

Water.org has been working with 20 Indian MFIs over the past few years, and has reached 250,000 people. These MFIs have been all-purpose ones, where loans for water access and sanitation facilities are part of a broader portfolio. "The pipeline of MFIs we are building are becoming more bankable," says Gary White, co-founder of Water.org. "We can match them with impact investors."

Adds Damon: "We hope to reach a million in India alone by 2016." Like most celebrity do-gooders, Damon too started with supporting NGOs and expending money on, as he says, "drilling wells" in water-starved communities of Africa. He soon realised, as wells went into disrepair and disuse, that philanthropic models aren't sustainable. "Straight charity is not going to get all the way there," he says. He, therefore, teamed up with White, a water expert and engineer, to co-found Water.org in 2009 with a clear strat-

agem of harnessing market forces to address the huge challenge on hand: globally, over 780 million people lack access to water and 2.5 billion are without acceptable sanitation facilities.

The idea is to move away from charity and subsidy-driven approaches of seeking "beneficiaries" to creating "customers" at the bottom of the pyramid, with financial power, rights, responsibilities and energy to design their own futures.

The poor, whether in rural or urban areas, usually end up paying more for water than the average citizen; 15 times more, insists Damon. A well-designed product or service, catering to the specific needs of the poor, can make a world of a difference to them. According to White, more often than not, top-down models don't work, whether in India or elsewhere. He recalls his experience of seeing latrines built for free being used to store grains and farm implements, and not for the purpose of defecating. While the duo has been creating a new space at the intersection of water, sanitation and microfinance, they are also moving away from the traditional metrics — health outcomes, school days gained, more time spent on work — that are well known and well documented in the water and sanitation context.

A new set of RoIs (return on investment) that factor in market forces to measure catalytic impact is being devised — for instance, the amount of commercial capital that has been leveraged and whether the philanthropic cost per person reached is diminishing. "The philanthropic cost per person reached was around \$36 when we started work," explains Damon. "We brought it down to \$24 and we think we can drive it down to \$10. The philanthropic capital deployed so far has leveraged \$5 million from the community itself and commercial capital of over \$24 million. WaterCredit has reached 840,000 people globally." The innovative approach adopted by Water.org has attracted like-minded corporate partners over the years. US-based PepsiCo Foundation recently made a grant of \$8 million to Water.org to help it scale up the model across

India. It's the largest contribution made by the PepsiCo Foundation in its 50-year history. "Market solutions appeal to corporations like PepsiCo, for what we have is a sure way to address market failure," says White. It also helps PepsiCo, which has made considerable strides in water stewardship over the past few years, meet its own sustainability target of reaching out to 6 million people with access to clean water by 2016.

Vivek Bharati, the executive director of PepsiCo India who accompanied Damon and White on their field visits, was appalled to learn that loan sharks and moneylenders often charge annual interest of 125% on loans taken for the construction of toilets. It was a learning experience for Damon too as many MFIs, given the present churn in the sector, cited their inability to raise capital as a serious impediment to growth. "Access to cheap capital is critical as MFIs can lower interest rates to borrowers from the present 26% or so to increase and expand coverage," says Bharati.

Damon and several partners of Water.org held a series of brainstorming sessions in India where they discussed, among other things, the possibility of collaborating with municipal bodies. "I will also have to tap impact investors back home in the US willing to accept lower returns on their investments here in promising MFIs," says Damon. "It may require some cajoling and advocacy."

It may not be too difficult for Damon, given his star status and the growing recognition of his work in the developmental sector. He is among a small clique in Hollywood, including his actor-friends Ben Affleck, George Clooney, Brad Pitt and Angelina Jolie, who are spending time, money and efforts for the underprivileged of the world.

"Clooney has a satellite he pays for with his personal money to help prevent war crimes in Sudan and spy on Omar Al-Bashir, (who is) charged with war crimes; and Ben has been doing wonderful work in the conflict areas of eastern Congo," says Damon, to demonstrate the varied interests of his cohorts in Hollywood.