

A Partnership to Quench the World's Thirst



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Collaboration and innovative finance models have helped Water.org bring safe water and sanitation to millions of people.

Philanthropy has always been a passion of mine, and working with Matt and Gary at Water.org truly opened my eyes to how philanthropy can be an effective tool to improve people's lives. I'm honored to have developed a relationship with such an incredible organization that impacts the lives of millions worldwide. — **Stephen J. Cloobek**

Stephen: Matt and Gary, it's been a fabulous year partnering with you and your team. Since making a public commitment to supporting Water.org, I've gained a deep understanding that there's nothing more fundamental than the need for safe water and sanitation. For those new to the issue, can you elaborate on this?

Matt: We live in a complex and interconnected world. To solve some of the biggest challenges we face, such as ending extreme poverty, we must address and finally end the global water and sanitation crisis for billions of people around the world. Water is already one of the most fragile natural resources on the planet. For most developed nations, water is starting to feel like a looming crisis, one that is sparking important debate.

Being a California resident, I know that drought is undeniably a real issue. But for nearly a billion people on the planet, the water crisis is happening now. Every day, parents have to make near-impossible decisions and tradeoffs. Waterborne illnesses, nearly all preventable and many tied directly to lack of adequate sanitation, are leading causes of death for children under 5.

Access to safe water and sanitation makes a life-changing — and often lifesaving — difference. It's the catalyst that empowers young girls to go to school, women to become more economically productive and children to live healthier, longer lives. Investments in safe water and sanitation also provide an 8-to-1 economic return in terms of increased GDP. I can't think of another issue as big, impactful and solvable as water and sanitation.

Stephen: As an entrepreneur, I have a particular appreciation for financial innovation. Can you explain your unique approach to solving the water crisis?

Gary: We've been committed to identifying and dissolving the barriers that separate people from water and sanitation since 1990. Through decades of experience, we know that financing is one of the biggest barriers preventing people around the world from connecting to the grid or investing in other, non-networked solutions. Thus, our mission has really become focused on ensuring that financial services for water and sanitation are ubiquitous and affordable for the world's poor. This may be the most promising and scalable opportunity to end the crisis sooner.

Our belief is grounded in direct experience. We created WaterCredit, a microfinance solution that uses small loans to empower individuals to address their water and sanitation needs. To date, we've ended the water and sanitation crisis for millions of people worldwide. The loans have a 99 percent repayment rate, and more than 90 percent of our borrowers are women. Since 2004, we've invested \$10.9 million in philanthropic capital, which has in turn unlocked an additional \$97 million in commercial and social capital for loans. Charity, if directed in a catalytic way, can initiate and accelerate market-based solutions.

Stephen: Matt, you and I share many values, especially when it comes to philanthropy. What are your thoughts on the power of strategic partnerships to drive social change?

Matt: Our partnership is a great example. Your diligence and tough questions really challenge our thinking, and your support of Water.org's New Ventures Fund fuels our ability to innovate in our work worldwide. A shared vision combined with experience and leadership makes this partnership truly powerful and unique.

I would advise anybody getting started in philanthropy to find something they're really interested in and then find partners with the capability and vision to effect change. There are so many issues people can get behind. Rather than start a new initiative, join forces with someone and combine your strengths and expertise. I also think it's important for people who want to get involved in philanthropy to give themselves permission to be

a student. I'll never be the guy with three engineering degrees and 20-odd years of experience in the field, but I can go to school on the issues, and that's what I've done.

Stephen: Gary, you've been working in this space for more than 20 years. What's next for sanitation and water?

Gary: We're really excited to have just launched our first WaterCredit Investment Fund, or WCIF. After years of working with microfinance institutions to spur new forms of lending for water and sanitation, we realized there was a significant opportunity to bring social impact investing capital into the market and scale this work even further.

The ability to discount market-rate returns in exchange for creating critical social impact that addresses the most basic human needs, we believe, is an important opportunity for the social impact investing community. Through the WCIF, we will demonstrate that social impact capital can be raised and deployed in the context of water and sanitation solutions, all while providing a financial return. We hope that the WCIF serves as a powerful signal to social impact investors that they should take a closer look at water and sanitation as an exciting and emerging space.

