

August 2024

WSS Enterprise Impact Guidelines | Policy

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Purpose

This document provides guidance for measuring and reporting Water.org's impact through water supply and sanitation (WSS) enterprise financing. These guidelines apply to any enterprise operating within the WSS value chain that accesses financing via either Water.org's Financial Institution or Infrastructure business lines.

These guidelines contain the following:

- Types of WSS enterprises covered by these guidelines
- Water.org's role, intervention design & MEL Action Plan requirements in WSS enterprise lending
- When and how to count capital mobilized and people reached
- Process for adding new measurement requirements

These guidelines provide general guidance on when and how to count capital mobilized and people reached, but do not cover every possible scenario. As Water.org's work with enterprises evolves, the guidance will be updated to reflect work.

Important: When the borrower is a **household** that takes out a loan for a water or sanitation improvement, please refer to Water.org's [WaterCredit Impact Guidelines](#) for guidance on approved improvement types, how to count people reached and how to count capital mobilized. The WaterCredit guidelines are also applicable to institutions outside of the WSS service value chain including schools, clinics, places of worship, and places of work.

Important: These guidelines focus on when the capital is mobilized to finance water and sanitation improvements. Please refer to the [Capital Investment Guidelines](#) for details on how to count and track Water.org's efforts with capital investments.

Types of WSS enterprises covered by these guidelines

Water.org is mandated to remove financial barriers for WSS enterprises so that they can improve water supply and sanitation services to their customers. These enterprises include utilities and other types of service providers that operate within the water supply and sanitation value chain. These guidelines also apply to interventions with government entities responsible for WSS project development and management (e.g. those that enter into agreements with the enterprises listed below). Below are examples of types of enterprises that may borrow capital in order to finance improvements:

- Networked (also called centralized) utilities and/or service providers that employ a pipe-network to deliver water and/or sanitation services to customers. They can vary in ownership and operating structure including public, private and community-based and range in size from very small (< 100 connections) to very large (millions of connections). This includes piped water utilities, water treatment plants, piped wastewater networks, and sewage and/or wastewater treatment plants.
- Non-networked (also called decentralized) WSS service providers such as bulk water suppliers, non-piped water kiosks, delivery of water to households via tanker truck, and desludging transport to waste treatment plants.
- Product providers including those who process raw materials into products necessary for water and sanitation access. Examples include, but are not limited to, manufacturers of water tanks, water pumps, meters, water filters, pipes, valves, and sanitation products.
- Product, technology, service companies (PTSs) that provide technology solutions to networked utilities or non-networked enterprises to expand or improve WSS service provision to customers. Examples include companies that establish internet of things (IOT) to monitor and regulate water flow, non-revenue water detection technology, digital platforms, smart metering etc. It includes companies that provide maintenance or repair services for water / sanitation infrastructure.
- Enterprises or individuals that provide construction services such as engineering, procurement, construction companies and/or masons, pipe layers, borehole drillers, etc. These enterprises are often referred to as EPCs.
- Companies that specialize in the manufacturing, installation, and or servicing of rainwater harvesting systems for various purposes.
- Companies that specialize in water quality testing and analysis services to ensure water safety and compliance with regulatory standards and that advise on water quality management, regulatory compliance and best practices

This list is not comprehensive. Additional types and examples of WSS enterprises may be identified as Water.org's work progresses.

Water.org's role in enterprise lending

Water.org's primary focus is on removing financial barriers faced by WSS enterprises. Intervention design and Water.org's role in the intervention determines the type of impact that can be counted and attributed to Water.org.

Water.org must provide evidence that our activities contributed to any outcomes and impact reported and claimed by Water.org. It is important that intervention leads develop MEL Action Plans (MAPs) documenting the changes occurring as a result of Water.org's activities and capital mobilized. Additionally, diagrams or visualizations identifying the various stakeholders, their role, and flow of capital can help communicate the intervention design and Water.org's value add.

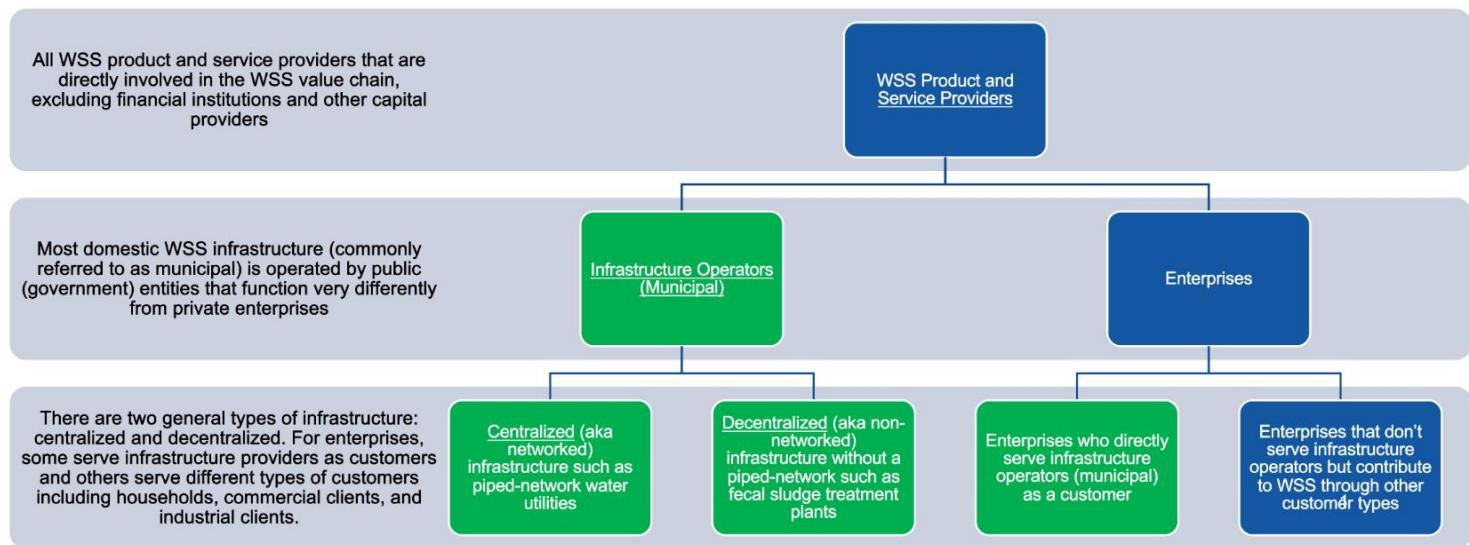
Activities carried out by Water.org and/or subsidized by Water.org include, but are not limited to:

- Providing financial institutions with technical assistance to build loan product offerings for WSS enterprises. These interventions will typically fall under Water.org's Financial Institution business line.
- Building enterprises' financial and operational readiness by assisting with business and project preparation; financial modeling; building capacity for financial and operational management; supporting demand assessment, generation, and marketing activities.
- Supporting infrastructure projects through feasibility studies, project proposals, etc. to prepare enterprises for capital provider consideration.
- Evaluating water management financing measures and facilitating climate audits linked with financing alternatives.
- Connecting enterprises to capital providers for infrastructure investment opportunities

- Facilitating and/or conducting impact assessments to help meet the enterprises' ESG goals, including the creation of climate frameworks, climate audits, quantifying climate impact.

Intervention design and MEL Action Plans (MAP)

WSS enterprise work falls under both Water.org's Financial Institution (WaterCredit) and Infrastructure business lines. In general, enterprises such as operators that provide water and sanitation services, or the enterprises that directly service the infrastructure operators, fall within Water.org's Infrastructure business line. Enterprises that don't serve infrastructure operators, but that contribute to the WSS supply chain in other ways typically fall under Water.org's Financial Institution business line.



All interventions that anticipate impact from enterprises must align with Global Impact's strategic guardrails, unless otherwise approved by the Chief Global Impact Officer. Reach out to the GI Business development team for the most recent strategies to ensure that proposed interventions are within the strategic guardrails.

About MAPs

MAPs document Water.org's contribution, expected outcomes of the intervention, key performance indicators associated with the outcomes, and a verification process for validating any impact reported. Staff should use the MAPs to identify relevant indicators for each individual intervention with measurement and verification plans.

- For Infrastructure led interventions, a MEL Action Plan (MAP) must be developed during the design phase and updated throughout the intervention as needed.

Out of scope interventions:

- Industrial wastewater focused interventions
- Agricultural water/wastewater interventions
- Interventions that do not directly reach those living in poverty
- Interventions that do not have a repayable financing component

- For Financial Institution led interventions (ie WaterCredit) where more than 20% of the estimated people reached directly is the result of enterprise borrowers, a MAP must be developed.

When a MAP is developed, it should also be determined how the intervention page will be set up in the WaterPortal, data required, and the reporting template needed (upload, manual, etc.) Global Impact leads should work closely with Regional Insights Leads to assess how to set up the WaterPortal to most accurately capture WSS enterprise impact.

Click [here](#) for examples of MAPs for interventions with WSS enterprise impact on the "MAP" tabs. Over time WSS enterprise MAPs, indicators, and measurement plans will become more standardized.

How to count capital mobilized

Capital mobilization occurs when an enterprise *uses* a loan or equity investment to create, maintain or enable water or sanitation products or services. The capital mobilized can be used for either operational improvements or physical improvements. Water.org counts the capital mobilized, regardless of whether it is used for operational¹ or physical improvements². This is because the capital is flowing into and strengthening the overall WSS enterprise and/or WSS sector. Water.org must have played a role in facilitating, leveraging, or otherwise influencing the mobilization of the capital for it to count as capital mobilized.

Water.org will count principal loan amounts used for either physical or operational improvements and the capital must be repayable. Other types of capital, including but not limited to, non-repayable capital, donations in kind, public and/or government subsidies, donor grants, can be reported and tracked separately in the WaterPortal.

In scenarios where the enterprise does not use the full loan amount for WSS purposes, only the portion used for WSS related purposes should be reported and counted as capital mobilized. In cases where this is not possible, the intervention lead should work with the Regional Insights team to determine the amount of capital mobilized that can be counted.

Iterative approach

Over time, Water.org will develop and document standardized methodologies to be applied. Current methods and standards to count capital mobilized are found on the [Impact Guidance tab here](#). In cases where the scenario is not on the approved list or the method is yet to be fully developed, please refer to the impact scenario process section below and contact your Insights regional representative to develop a method.

Can we count capital invested for enterprises? Maybe! Check the [Capital Investment Impact Guidelines](#) to determine if capital can also be counted as capital invested.

How to count people reached

Counting people reached through enterprises can be challenging and is dependent upon multiple factors.

¹ Operational improvements refers to accounting, hiring and training staff, tariff billing and collection, etc.

² Physical improvements refers to infrastructure necessary for delivering WSS services

- When counting impact for people reached, the impact should adhere to Water.org's definitions of people reached directly and people reached indirectly. The full document, along with guidance on how to communicate the impact, can be found [here](#).
- The water or sanitation service must align with the Joint Monitoring Programme's definitions of basic or safely managed access (JMP water ladder, JMP sanitation ladder) to count the people reached.

Water.org's mission is to improve water and sanitation access for those living in poverty. Reaching people living in poverty remains a priority and core component of intervention design. However, WSS enterprises may not always exclusively reach those living in poverty. Until notified otherwise, Water.org will count all individuals who experience a change in their WSS access as a result of the intervention, regardless of their income.

How to count methods: an iterative approach

Unfortunately, we cannot use one single method across all enterprises to calculate the number of people reached. This is due to the wide variety of outcomes that may occur from our work with WSS enterprises. In many cases the enterprise and/or partner will not accurately know the number of people reached and Water.org will need to use an estimation method based on assumptions.

To count people reached directly, we must know the following:

- Type of WSS enterprise that took out the loan
- Loan amount
- Loan purpose
- That the loan resulted in improved and/or maintained WSS service and/or access
- Who benefited from the improved/maintained service

We must also be able to verify that the loan was used for the intended purpose. In cases where the loan is used for working capital, it can result in people reached directly if there is sufficient evidence that the people experienced a change in their water and/or sanitation access as defined in the People Reached definition document.

Estimation methodologies must:

- Be tailored to each intervention with enterprise impact
- Be approved by Water.org's Insights team to ensure they are consistent and defensible (can be measured and verified).
- Be conservative and geographically specific to avoid over-reporting impact and reputational risk. Many donors are accountable to external stakeholders (their boards, the public) and ask for concrete evidence that their donation resulted in improved water supply and/or sanitation services access for those living in poverty.

Current methods and standards to count people reached are found on the [Impact Guidance tab here](#). This list will grow and become more standardized as we gain more experience over time. In the short-term, Water.org will apply available impact measurement methods from relevant existing interventions and tailor these methodologies to specific interventions as needed. It is important that intervention leads work closely with the Regional Insights team members to develop sound methodologies that are appropriate for the intervention design and are defensible. In cases where the scenario is not on the approved list or the method is yet to be fully developed, please refer to the impact scenario process section below and contact your Insights regional representative to develop a method.

Customer type matters

The customer type that is benefiting from the loan usage is important to know when counting people reached.

In scenarios where the customers are households, it is recommended that the enterprise provide the number of current unique households connected or served from the financed improvement. An average household size for that geography will then be used to estimate the number of people reached.

In scenarios where the customers are other entities (businesses, other WSS enterprises such as utilities, apartment owners, commercial areas, etc.), Water.org should use a standardized methodology to estimate the number of people reached. In these cases, sources and methodology must be documented in the MAP. Water.org will develop and apply appropriate methods as we work with different types of enterprises over time.

Whenever possible, enterprises that are able to estimate the average income of the people they reach should report this important metric. The field is on both the enterprise impact template and in the WaterPortal for enterprise impact reporting.

To the greatest extent possible, Water.org, WaterEquity, and WaterConnect will use the same methodology to ensure consistency across the family of solutions.

Double counting

When counting people reached, Water.org should avoid double counting whenever feasible.

There are several scenarios where double counting may occur:

- Two entities (such as an enterprise and a financial institution) serve the same population.
- An enterprise finances multiple improvements over time. If the same population is being served each time, we can count the improvement and capital mobilized each time but should avoid counting the customer base more than once.

Whenever feasible, intervention leads should identify opportunities for double-counting to occur. Ways to prevent double counting include:

- Identify potential double-counting risks in the intervention design and outline plans with the regional Insights staff to reduce risk.
- Track which geographic sub population is benefiting from the interventions' improvements, this includes enterprises and financial institutions.
- Track previous financing that an enterprise may have used to avoid repeatedly counting the same population.

Intervention leads should consult with Regional Insights team members to outline applicable ways to avoid double-counting. Depending on the data available, the Intervention lead can manually reduce impact in the WaterPortal to ensure that we do not overestimate our impact.

When reporting impact, never add people reached directly and indirectly together, as they may include the same populations and are two different indicators.

Impact scenarios: process for adding and updating measurement methods

The list of impact scenarios on the [Impact Guidance tab here](#) is the current list of drafted and approved methods for counting capital mobilized and people reached.

An impact scenario is based on the type of enterprise and what they do with the loan. The intent of the list is to develop standardized methods that can more readily be applied, thus saving staff time and ensuring impact is counted consistently. This list will evolve and grow over time.

Intervention leads should take the following steps when a new impact scenario is needed to forecast or count impact:

- Work with the Regional Insights team to verify that the current guidelines need to be updated
- Do preliminary research to identify recommended methodologies for counting/estimating impact
- Connect with Global Insights team with recommendation, see if it is globally applicable, affirm use or identify global recommendation
- Global insights to coordinate with WaterEquity and WaterConnect to see if they have anything existing and if not, if they are okay with proposed methodology
- Global Insights to connect with external parties if needed to develop method (Limnotech, climate consult, etc)
- Update guidelines and examples as needed

These guidelines will continue to be updated as Water.org's work with enterprises is refined. Please reach out to your Regional Insights Lead if you have any questions regarding how to count capital mobilized or people reached via enterprises.