

PRESS RELEASE

Incofin launches first ever blended finance fund focused on safe drinking water

- This pioneering fund will have financial and social impact and will be an “impact first” blended fund.
- It will invest in strong growth companies. The fund aims to provide safe drinking water to 30 million people, mainly in Africa and Asia.
- The fund’s first close reached EUR 36 million in commitments, with the intention to double this in upcoming closings.

Antwerp, Paris, March 16 2023, Incofin announces in the lead-up to the UN 2023 Water conference and World Water Day, the launch of the Water Access Acceleration Fund (W2AF). W2AF is a private equity fund focusing on safe drinking water, with EUR 36 million of commitments. The blended fund aims to provide 20 billion liters of water to 30 million people, mainly in Africa and Asia. W2AF invests in innovative water businesses that provide affordable, safe drinking water to underserved populations. The committed capital comes from a diverse pool of private and public investors, including Danone along with BNP Paribas, the U.S. International Development Finance Corporation (DFC), Norfund, the Danish development finance institution IFU, and international foundation Aqua for All. The U.S. Agency for International Development (USAID) provided catalytic funding to enable a first-loss tranche through the INVEST initiative.

W2AF is the first private equity initiative in a sector that is traditionally financed by governments, donors and foundations. The fund aims to demonstrate the financial viability of the safe drinking water market worldwide. It has a blended finance structure – an approach to use part of the public and private donor funds to attract capital from private investors. W2AF hit EUR 36 million in commitments at this first closing and aims to achieve total capital commitments of EUR 70 million in subsequent closings.

W2AF goes the last miles

Today, more than two billion people do not have access to safe drinking water. Inadequate or unreliable access to safe water is a harsh reality for many, especially in large parts of Africa and Asia. Piped water is in most countries a common way to get water to consumers, but where piped networks are unavailable or unreliable, people rely on wells or community water supply systems. Mostly women and girls have to walk, sometimes for miles, to reach the nearest water source. A growing world population, together with rising consumption and climate change threatens to increase water access inequality even more.

More and more, local entrepreneurs are coming up with promising market-based, yet affordable solutions. W2AF plans to invest in various decentralized solutions, such as water kiosks, which deliver safely treated drinking water in gallons to the home or to the local store. In addition, the fund will invest in water pipe infrastructure and water technologies. The investments will contribute to delivering safe drinking water to low-income communities around the world.

“Drinkable water is a luxury we too often take for granted. Yet, 2.2 billion people today do not have access to safely managed drinking water. Meanwhile, there are talented water company owners who know how to solve this problem but can't find an investor who aligns with their vision to help them scale up. That's why Incofin created the Water Access Acceleration Fund (W2AF), to address the growth capital needs of these entrepreneurs, and to prove that the drinking water sector is investment-ready, even when targeting low-income people.” **Dina Pons**, Managing Partner Incofin and W2AF Fund Relationship Manager.

“In a context where 1 in 3 people in the world do not have access to safe drinking water, we consider that it is crucial to join forces with public and private actors and scale up financial and social impact. Water is a key pillar of our mission to bring health through food and drink. While with our water brands like AQUA, Bonafont, Volvic, we aim to deliver the healthiest hydration options, we know water access is not a reality for all. Building on the experience of our impact fund Danone communities, we are today going a step further in supporting innovative social businesses dedicated to water access issue, and we hope other actors will soon join us.” **Henri Bruxelles**, Chief Sustainability and Strategic Business Development Officer of Danone

“Blended finance is critical to achieve universal access to water. Safe drinking water enterprises complement public efforts serving low-income communities in emerging markets. These enterprises struggle to access capital to scale and become sustainable. By making impactful water investments, W2AF will pave the way for other private and public investors. Participating in W2AF aligns with our mission to accelerate access to safe drinking water by catalysing private capital”, said **Josien Sluijs**, Managing Director of Aqua for All.

“Norfund is delighted to play a part in setting up this first-of-its-kind fund and contribute to developing new ways of mobilizing the needed capital to provide access to safe and affordable drinking water. Norfund has ambitions to invest further in this sector that is essential for people's health, but also for job creation, and we see this fund as an important step in building a larger portfolio”, says **Delphine Gilbert**, Investment Manager at Norfund.

“We are very happy to join W2AF that aims at improving affordable and safe water access for underserved low-income population in South Asia and Africa with a Just Transition approach, a very innovative initiative in the impact investing space. Indeed, W2AF's theory of change focuses on the safe water value chain which addresses both social and environmental issues with substantial positive

*impacts: avoiding preventable diseases, fostering gender equality, plastic bottles reduction, CO2 emissions avoidance, With this investment, BNP Paribas continues to gradually deploy the EUR 200 million of its own capital that it pledged for companies with strong social and environmental positive impact.”, **Laurence Pessez**, Head of Group CSR at BNP Paribas.*

*“W2AF investments in innovative water businesses will advance water security by providing affordable, safe drinking water to millions of people in Africa and Asia. The fund will work to address the fundamental problem of access to clean water, which is increasingly scarce due to climate impacts such as excessive heat and drought. We are proud to be a part of this investment that meets DFC’s mandate of financing solutions to the most critical challenges facing the developing world today”, said **Jake Levine**, Chief Climate Officer at DFC.*

*“Lack of access to clean drinking water has profound consequences for billions of people in emerging economies, and we are far away from meeting the SDG 6 target on creating access to safe water for all. W2AF is an innovative tool to mobilise the needed private capital, which can speed up investments in private sector water companies and demonstrate that the water sector is financially viable. We are looking forward to being part of this initiative and make a positive impact by providing clean and affordable water to 30 million people”, said **Arent Christian Kjær**, Investment Director at IFU.*

Incofin Investment Management

Incofin is an independent emerging market focused impact investment fund manager, focused on financial inclusion, the agri-food value chain and safe drinking water, driven by a purpose drive inclusive progress and sustainable transitions. Incofin IM is an AIFM licensed fund manager and has over EUR 1.5 billion in assets under management. Incofin has a team of more than 90 professionals spread over its headquarters in Belgium and local investment teams in India, Colombia, Kenya and Cambodia.

As a leading impact investment firm, Incofin has invested (via equity and debt financing) over EUR 2.7 billion in more than 320 investees, financial institutions and SMEs in the agri-food value chain, across 65 countries in Asia, Africa, Latin America and the Caribbean and Eastern Europe.

www.incofin.com

Danone

Danone is a leading global food and beverage company operating in three health-focused, fast-growing and on-trend categories: Essential Dairy & Plant-Based products, Water and Specialized Nutrition. With a long-standing mission of bringing health through food to as many people as possible, Danone, with its portfolio of international and local brands like Actimel, Alpro, Danonino, Aqua, Bonafont... aims to inspire healthier and more sustainable eating and drinking practices while committing to achieve measurable nutritional, social, societal and environment impact. Through its impact fund Danone Communities, Danone has shown that it is possible to do business and social impact, with today a portfolio of 12 safe water enterprises that already reaches over 10 million underserved people every day.

www.danone.com

Aqua for All

Aqua for All is an international foundation operating primarily in Africa and Asia. For over two decades, we have worked towards catalysing an innovative, sustainable and inclusive water and sanitation economy worldwide. We believe that innovation, scalable solutions, and private capital are needed to bridge the service and financial gap to achieve SDG 6 – Water and sanitation for all. We use grants to accelerate access to water and sanitation for low-income households. We do this by supporting innovations and scaling up enterprises until they are investment ready. In addition, we use our funds to mobilise private capital to increase investments in water and sanitation. We are Making Water Count!

www.aquaforall.org

Norfund

Norfund is the Norwegian Investment Fund for developing countries. Our mission is to create jobs and to improve lives by investing in businesses that drive sustainable development. Norfund is owned and funded by the Norwegian Government and is the Government's most important tool for strengthening the private sector in developing countries, and for reducing poverty. Norfund's committed portfolio totals 3.1 billion USD in Sub-Saharan Africa, South-East Asia, and Central America. Norfund has four investment areas: Clean Energy, Financial Institutions, Scalable Enterprises and Green Infrastructure. For more information, please visit: www.norfund.no

DFC

The U.S. Development Finance Corporation (DFC) partners with the private sector to finance solutions to the most critical challenges facing the developing world today. We invest across sectors including energy, healthcare, critical infrastructure, and technology. DFC also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets. DFC investments adhere to high standards and respect the environment, human rights, and worker rights.

www.dfc.gov

BNP Paribas

BNP Paribas is the European Union's leading bank and key player in international banking. It operates in 65 countries and has nearly 185,000 employees, including more than 145,000 in Europe. The Group has key positions in its three main fields of activity: Commercial, Personal Banking & Services for the Group's commercial & personal banking and several specialised businesses including BNP Paribas Personal Finance and Arval; Investment & Protection Services for savings, investment and protection solutions; and Corporate & Institutional Banking, focused on corporate and institutional clients. Based on its strong diversified and integrated model, the Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, BNP Paribas has four domestic markets: Belgium, France, Italy and Luxembourg. The Group is rolling out its integrated commercial & personal banking model across several Mediterranean countries, Turkey, and Eastern Europe. As a key player in international banking, the Group has leading platforms and business lines in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

BNP Paribas has implemented a Corporate Social Responsibility approach in all its activities, enabling it to contribute to the construction of a sustainable future, while ensuring the Group's performance and stability.

www.bnpparibas.com

USAID

USAID is the world's premier international development agency and a catalytic actor driving development results. USAID's work advances U.S. national security and economic prosperity, and

promotes a path to recipient self-reliance and resilience. We partner with host governments, local and international private sector and non-governmental organizations, development assistance organizations, financial institutions, and other donors to foster enterprise-driven development.

www.usaid.gov

IFU

IFU, the Investment Fund for Developing countries, is a Danish impact investor contributing to green, just and inclusive societies as well as supporting the Sustainable Development Goals. IFU provides risk capital to companies operating in developing countries across Africa, Asia, Latin America and parts of Europe. Investments are made on commercial terms in the form of equity, loans and guarantees. IFU has co-invested in over 1,300 companies in more than 100 developing countries and emerging markets. Contracted investments total EUR 31 billion, of which IFU has contributed EUR 3.4 billion. Capital under management is EUR 1.7 billion.

www.ifu.dk