



## WASH INVESTOR SHARING SERIES: Investor Meeting with Incofin Investment Management

Luxembourg, 16 November 2023  
Meeting moderated by Jack Strosser

How can financial institutions like asset managers and banks effectively identify and evaluate potential investments in WASH (Water, Sanitation, and Hygiene) projects? This involves understanding the criteria for worthy projects, learning from other investor processes, and addressing challenges in sustainable water infrastructure development, particularly in underserved communities.

As an attempt to shed light on these questions (and more), the e-MFP WASH Action Group is organizing a series of closed 'Investor Sharing Sessions' where investors can share and openly discuss their investment experiences in the WASH sector. In the first of these sessions, which took place at the European Microfinance Week 2023 in Luxembourg, we invited Kapil Kanungo, Private Equity and Fund Development Manager at [Incofin Investment Management](#) (Action Group member) to talk about Incofin's recent investment in Rite Water Solutions in India, conducted through the new investment facility [The Water Access Acceleration Fund \(W2AF\)](#). Participants in the session included e-MFP WASH AG members and other investors working in the sector.

Kapil presented W2AF and the investment through 2 videos – links, and replied to the questions prepared by the moderator, which was followed by a discussion with the participants.

### Incofin Investment Management, W2AF and Rite Water Solutions Key takeaways

Incofin is a global impact investor dedicated to promoting financial inclusion and sustainable development. Acting not only as an investor, but also managing and creating impact-oriented funds, Incofin offers advisory services in fund management and technical assistance to foster capacity building. Their focus is on creating value that benefits investors, partners, portfolio companies, and the communities they impact. Incofin is looking for other investors to join the push to scale up Rite Water Solutions.

W2AF is the world's first water-focused blended finance impact fund, designed specifically to address the [funding gap currently](#) ongoing in the water sector, with a focus on 'patient capital'.

Founded in 2006, Rite Water Solutions is an [ISO 9001:2015](#) certified company in India, specializes in delivering pure drinking water solutions through a [host of technologies](#). As an EPC contractor, the company works on government projects across various regions, addressing water contamination in



rural and urban areas. The company also integrates solar energy and IoT technology in water, agriculture, and energy sectors, adapting their approach to various settings including industrial areas.



Rite Water has installed over 5,200 community water purification plants and laid 1,067 kilometers of drinking water pipelines. Additionally, Rite Water has served over 5,100 villages, created upwards of 1,080 livelihood opportunities, supplied safe water access to 400,000 households, and positively affected 144,000 women, alongside purifying 10 million liters of water daily and recycling 40 million liters of wastewater annually. Their efforts have increased clean water supply by 2 liters daily per consumer (see latest impact report [here](#)).

### Key takeaways

In the session, the characteristics of the Rite Water company that make it an attractive investment as well as the risks and challenges encountered by Incofin in the investment process were discussed.

Among the attractive qualities of Rite Water as an investment are its 'mom-and-pop' nature (founded by a father and son), and its solid financials and business plan. Incofin ultimately wants to help Rite Water attain a higher quality scale of business, with the ultimate objective being to list the company publicly. Along the way, Incofin is supplying technical assistance towards these ends, as well as testing and implementing novel technologies to reduce water waste.

The main investment risks identified related to political and liquidity risks associated with the work with government projects, but also mentioned were execution and funding risks (lack of collateral). These risks need to be managed in a complex stakeholder environment involving the investee company, the relevant government institution, and the end-users of the water services.

Incofin, in its operational regions, explores market opportunities due to growth capital demand, ensuring internal alignment of processes across teams in different countries, and outlining the procedure leading up to due diligence. The case of Rite Water Solutions, backed by Incofin's innovative investment through W2AF, exemplifies the dynamic potential and positive impact of financing sustainable water solutions in emerging markets.

**For more information on the Investor Sharing Session with Incofin and participation on future sessions, please contact [jlstrosser@gmail.com](mailto:jlstrosser@gmail.com) or [jafonso@e-mfp.eu](mailto:jafonso@e-mfp.eu).**