



## UNACEM

invests in Yaqua to facilitate access to drinking water

**In order to address** the serious lack of access to drinking water in Peru, Asociación UNACEM has invested in Yaqua, a social business working on solving this problem in vulnerable areas of this country. It has also mobilized other entrepreneurial players in this direction, thus dynamizing the national social-business and strategic-philanthropy ecosystem.

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### LOCATION:

National-Peru



### MAIN PARTNERS:

- Asociación UNACEM
- Fundación Eduardo y Mirtha Añaños Scotiabank
- Grupo Transmataro BBVA Continental
- Ernst & Young
- Nestlé
- ISM Industrias San Miguel
- Grupo El Comercio



### SDGS ADDRESSED:



### SECTOR:

Water, sanitation, and hygiene



### TYPE OF INVESTOR/SILO:

Corporations and companies  
with social investment programs



### FINAL BENEFICIARIES:

- Children, adolescents, youth, and women
- People living in poverty and/or extreme poverty
- Rural communities



### MOTIVATION/PROBLEM TO TACKLE:

Access to drinking water.



### NON-FINANCIAL SUPPORT OFFERED:

- Business model and/or strategy
- Governance
- Operational (marketing, logistics, IT, sales, purchases, legal)



### DURATION:

2013

-present



### TYPE OF FINANCING:

Donation

### RESOURCES INVESTED

USD 14,000 approx.

### KEY RESULTS AND IMPACT:



1300

families  
benefited.

### Five Peruvian regions

covered by social  
infrastructure  
works: Iquitos,  
Amazonas,  
Huancavelica,  
Ayacucho, and  
Cajamarca.



USD 159,000 approx

invested by Yaqua in drinking-water supply works.

4,122,000

bottles of water sold in the  
Peruvian market.



300,000

bottles donated for emergencies (El Niño event  
and COVID-19).



## BACKGROUND AND CONTEXT

According to its Ministry of Agriculture and Irrigation, Peru is one of the eight countries in the world with the highest volume of fresh water. The Amazon river, the largest in terms of streamflow and the longest worldwide, flows through this country. Peru is also home to Lake Titicaca, one of the largest lakes in South America. Moreover, 71% of tropical glaciers in the globe are found in this country. Still, it is among those who suffer the most due to a lack of access to water.<sup>1</sup>

Around 7 to 8 million Peruvians do not have access to drinking water. These were the findings of a study conducted by Oxfam, which concluded that 70% of the Peruvian population inhabits an area where only 1.8% of drinking water can be found.<sup>2</sup> This means that one in every three Peruvians cannot access this resource. In addition, according to the National Institute of Statistics and Informatics (INEI), 61% of the population lacking water supply lives in rural areas.<sup>3</sup>

Many families source water with tank trucks, which exposes them to diseases such as diarrhea, intestinal helminthiasis, cholera, schistosomiasis, atopic dermatitis, among others. These are the main causes of morbidity and death in Peru, according to the head of the Epidemiology Bureau of the National Institute for Children's Health (INSN).<sup>4</sup>

For this reason, and under a model of investment in social-purpose organizations, Asociación UNACEM supports Yaqua, a social business working on solutions to this problem in vulnerable areas of Peru. The association has provided tailored finance in the form of donations and organizational capacity building to this social business, contributing to bridging the drinking-water-access gap in Peruvian communities.

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<sup>1</sup> Ministerio de Agricultura y Riego, (s.f.), El agua en cifras. Accessed at: <https://www.ana.gob.pe/contenido/el-agua-en-cifras>

<sup>2</sup> Oxfam, (s.f.) Entre 7 y 8 millones de peruanos no tienen acceso a agua potable. Accessed at: <https://peru.oxfam.org/qu%C3%A9-hacemos-ayuda-humanitaria/entre-7-y-8-millones-de-peruanos-no-tienen-acceso-agua-potable#:~:text=a%20agua%20potable-,Entre%207%20y%208%20millones%20de%20peruanos%20no%20tienen%20acceso,ricos%20del%20mundo%20en%20agua.&text=As%C3%AD%2C%20en%20nuestro%20pa%C3%ADs%20la,de%20agua%20que%20se%20produce>

<sup>3</sup> RPP Noticias (28 de marzo de 2018), Uno de cada tres peruanos no tienen acceso a agua potable. Accessed at: <https://rpp.pe/politica/estado/una-de-cada-tres-peruanos-no-tienen-acceso-a-agua-potable-noticia-1113333?ref=rpp>

<sup>4</sup> RPP Noticias (28 de marzo de 2017), El agua es un bien escaso que el Perú no sabe administrar. Accessed at: <https://rpp.pe/peru/actualidad/la-falta-de-agua-potable-afecta-a-8-millones-de-peruanos-noticia-998969?ref=rpp>



## DESCRIPTION

Asociación UNACEM is a non-for-profit organization concerned with designing and implementing Grupo UNACEM's sustainability strategy (Private Social Investment and Corporate Social Responsibility). As part of its strategic social investing, it finances projects aiming to improve the quality of life of communities in surrounding territory.

Yaqua's business model revolves around the concept of a social enterprise. It is dedicated to selling bottled water and reinvesting its dividends in infrastructure to ensure access to this resource in communities where it is not delivered. Yaqua's finance model is self-sustainable, and all of its dividends are eventually reinvested in social infrastructure works with the same purpose.

Yaqua's first partners (investors adopting the strategic-philanthropy approach) were Asociación UNACEM (construction industry), Fundación Eduardo y Mirtha Añaños (mass-consumption industry), and Scotiabank (financial sector). They were later joined by Grupo Transmantaro, BBVA Continental, Ernst & Young, Nestlé, ISM Industrias San Miguel, and Grupo El Comercio.



## IMPLEMENTATION

Asociación UNACEM has a Management Committee that convenes once a week to discuss strategic aspects of the organization and decide how to make private social investments.

These investments begin with seed or venture capital that makes it possible for the Board of Directors to closely observe the social purpose organization (SPO), track its impact progress, and assess the social return. The exit strategy is executed when the organization attains the expected results, that is, when there is growth and progress.

It is expected that through these investments in social businesses, it will be possible to participate along the continuum of capital, transitioning from a more traditional type of philanthropy—directly donating to communities—to a more strategic one—investing in social businesses. Value is thus created in impacted

communities and the national social-business ecosystem itself, fostering the competitiveness, innovation, and sustainability of the interventions.

 **Tailored Finance**

Asociación UNACEM has invested around USD 14,000 (PES 50,000) in donations. This financing tool is used for legal reasons, considering that the association was incorporated as a non-for-profit private company. This modality forbids making equity investments, as this results in economic returns, and Grupo UNACEM’s bylaws state that none of the social-investment activities linked to the group should result in economic returns. In practice, as an internal management step, a negotiation with the social business is opened to define the association’s participation in the development of the project.

The foregoing has facilitated social investments by other companies in the framework of their own social-responsibility programs. These companies belong to the basic infrastructure, beverage bottling, and financial sectors—aligned with Yaqua’s nature. Consorcio Transmantaro directly invested in Yaqua in drinking-water infrastructure; Fundación Eduardo y Mirtha Añaños is in charge of Yaqua’s water bottling; and Scotiabank promotes investment in responsible management of water resources.



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 **Non-financial Support**

One of the most relevant aspects of this investment is the participation of the association in Yaqua’s Board of Directors and Advisory Board. This contributes to the development of a theory of change based on the collective participation<sup>5</sup> of the project’s final beneficiaries, the identification of management skills, and the subsequent participation in strategic decision-making related to common impact goals. It also contributes to the definition of a baseline for the project’s subsequent planned success.

<sup>5</sup> The collective-participation movement named Comités de Aguas (Water Committees) is a water-governance mechanism integrated by women heads of households and community leaders.

In addition, the organization was provided with training and support in communications, marketing, strategic consultancy, planning, development of new products and services, and change-management advice.

The non-financial support provided by Asociación UNACEM to Yaqua is directly linked to the inclusion of communities themselves in the construction of water canals and reservoirs for water treatment and subsequent supply. This is a key element inasmuch as it encourages beneficiary communities to take ownership of the model and be participatively included in their own development scheme.

Eligibility criteria for final beneficiaries consist of the following: i) the community must show a multidimensional poverty index greater than 90% and a lack of access to water of more than 95%; and ii) the community must be prioritized as a high-impact area in reducing child chronic undernutrition. The latter is an essential aspect; it is based on the relationship between greater access to drinking water and decreasing child undernutrition rates.



## RESULTS

Asociación UNACEM measures impact by means of surveys. It tailors indicators according to the intervention and the SPO. Some of the monthly indicators it employs to measure Yaqua's outcomes and impact include i) social reinvestment goal with respect to product sales, ii) number of bottles sold per month, iii) amount invested in drinking-water-access infrastructure, iv) brand's positioning in the responsible-consumption segment, v) percentage of the population living in poverty covered by the program, vi) market share of the product, and vii) number of partners in distribution channels: supermarkets, drugstores, gas stations, eco-shops, coffee shops and restaurants, bars, gyms or yoga centers, distributors, universities, colleges, and companies.

Under this strategic-philanthropy model, financial and non-financial contributions by Asociación UNACEM and other investors has enabled Yaqua to sell 4,122,000 water bottles, allowing it to invest around USD 159,215 in drinking-water works. As a result, it benefits 1300 families in five Peruvian regions: Iquitos, Amazonas, Huancavelica, Ayacucho, and Cajamarca.



## LEARNINGS AND PERSPECTIVES

Asociación UNACEM has been a philanthropist since its creation in 2003. However, it has recently geared its efforts towards a more strategic form of philanthropy with the aim of making its interventions more sustainable, impactful, and innovative.

Investing in such SPOs allows it to diversify its strategic social-investment portfolio and simultaneously reach its private social-investment goals. It enables it to coherently execute an investing for impact strategy through its relationship with Yaqua. At the same time, it becomes easy for the association to move along the continuum of capital, making a gradual transition from a traditional philanthropic approach to a more strategic type.

From the social investor's perspective, the main achievement of this project has been the contribution to bridging the drinking-water-access gap in communities whose extreme poverty level is above 90%, communities which have been prioritized as high-impact areas in reducing child chronic undernutrition, and, in the case of Ayacucho, which show high poverty rates caused by the 1980s' internal armed conflict.

Community empowerment is another accomplishment as inhabitants get involved in the construction of drinking-water supplying infrastructure where they live, resulting in ownership and facilitating replicability. The participation of women who are heads of households in water governance is possible thanks to the creation of water committees that administrate the works.

A key learning is that this type of social investment has a higher impact and better results than traditional philanthropy because it channels investment through an SPO that can catalyze impact with greater sustainability. It thus contributes as well to strengthening the entrepreneurial ecosystem in Peru, targeting its investments based on a territorial approach closing social gaps, and ensuring the impact of the investments.

Lastly, a major learning is that COVID-19 has created the conditions for greater coordination between the investing for impact and the social-business ecosystems, making investment flows more strategic



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and oriented towards concrete and attainable outcomes. What is more, the situation has forced social investors to cut funds, making it the perfect time for them to forge new strategic partnerships with an approach that promotes territorial development and grassroots community empowerment. This incentivizes and encourages more investment flows—in partnerships or as joint ventures—towards SPOs like Yaqua.

The replicability potential is high given that the social-purpose business model has gained strength in Peru and that the investing for impact ecosystem is thriving. Currently, the volume of this type of investment amounts to USD 20 million. According to PECAP (Peruvian Association of Seed and Venture Capital),<sup>6</sup> 56 % of the funds are allocated to financial inclusion, while 12% of them go to projects improving social infrastructure.

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<sup>6</sup> <https://www.pecap.pe/>