Elevating Impact:

Benefits of the Water for Good and Lifewater International Merger

WATER FOR GOOD®

2024 - 2025

Merger Information

Elevating Impact:

Benefits of the Water for Good and Lifewater International Merger

Summary

In early 2024, Water for Good and Lifewater International decided to merge, believing that this historic union would amplify their positive impact and achieve greater good. We now have more than one year of combined operations, and the new Water for Good has made significant steps forward to bring sustainable access to safe water and improved sanitation and hygiene to communities in need. The integration of the two organizations has amplified our strengths, and we are serving more people, more effectively, and with greater financial efficiency.

Integration has specifically resulted in five key benefits:

1. **Enhanced service delivery and financial efficiency, with $3 million in annual cost savings, and $20 million in benefit over time.**
2. **Shifted 28% more leadership and resources closer to the work.**
3. **Transformed program structure, 28% cost reduction, and capacity-building in CAR.**
4. **More reliable water services for over 1.2 million people.**
5. **Increased global influence and brand reach, creating $500,000 in new funding opportunities in the first year.**

These highlights offer a snapshot of the benefits that Water for Good has experienced as we have integrated the two historic organizations into a new combined venture.

Additionally, in Appendix A you will see that we were able to accomplish this while increasing the number of people served. New water beneficiaries and sustainability beneficiaries are expected to increase 8% and 14% respectively from 2023 to 2025 while overall expenses will have decreased 20% over that same period. This report is a work in progress as we complete the integration in 2025.

Below is a deeper look at how we're thoughtfully stewarding resources, introducing innovative WASH-focused programming, and building long-term capacity to ensure that every dollar and every effort delivers lasting impact for the communities we serve.

Key Benefits of the Merger

1 ***Enhanced service delivery and financial efficiency, with $3 million in annual cost savings, and $20 million in benefit over time.***

The merger of Water for Good with Lifewater International significantly enhanced our capacity to serve more people more effectively. This increased impact is underpinned by substantial financial benefits. The merger will result in $3 million in annual cost reductions, leading to total savings of $20 million over multiple years. These savings will allow us to allocate more funds directly to our programs and initiatives.

Key to these financial gains are headquarters cost savings. The elimination of redundant HQ positions and the relocation of positions from the US and France to Africa will save $1.46 million in personnel costs annually. Additionally, the combined organization will save $325,000 by not filling positions that were open at the time of the merger. A further $203,000 in annual operating expenses has also been removed from the budget. In total, these savings from headquarters provide significant financial relief, enabling greater investment in our core mission.

Savings are also being realized in our Central African Republic (CAR) operations. A restructuring of contracts and consolidation of redundant positions in CAR will generate annual savings of over $1 million. These savings will further bolster our financial position and enhance our ability to serve the community without reducing the number of people reached. The total ongoing cost reduction, calculated using a 15% discount rate (cap rate), is valued at $20 million.

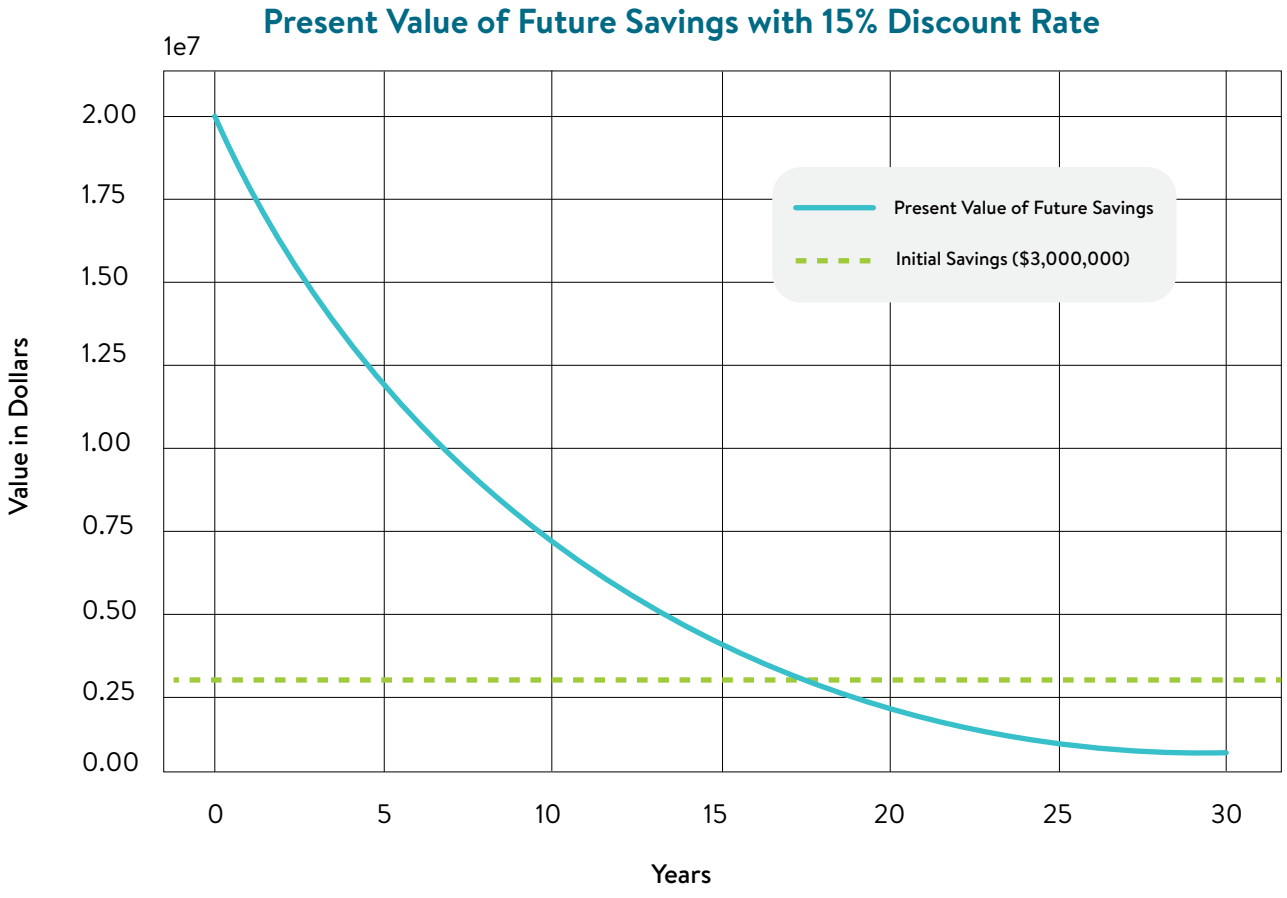
NOTE: The 15% cap rate is calculated using a Risk-Free Return Rate (RFRR) based on the 20-year US treasury bond rate of 5.1% plus a risk premium (ER) of 5.1%. An additional 5% is added to this rate as a company-specific risk factor (CS) to account for international market volatility.

These annual savings directly enhance our capacity to reach and support more individuals in need. The $3 million in annual savings equates to the ability to serve 50,000 people annually, based on an annual cost per person (cpp) rate of $60. $20M in ongoing savings translates to 332,000 people being served each year of a three-year program.

It's important to consider the cost of the merger itself. The total cost is estimated at $878,000, with $560,000 incurred in 2024 and $295,000 projected for 2025. These costs include restructuring, legal fees, program integration, marketing, branding, technology integration, and strategic alignment initiatives. The return on investment (ROI) is $20 million, representing a 22.7x return.

NOTE: ROI is calculated by dividing the valuation of the cost reductions ($20 million) by the cost of the merger ($878,000).

Return Rate (RFR)	5.1
Risk Premium (ER)	5.1
WRF Risk Factor (CS)	5.0
Cap Rate	15.2



Finally, the merger resulted in a one-time cost avoidance of $850,000 by redirecting donations designated for a new base of operations in CAR. This move further enhanced our financial stability and allows us to serve over 14,000 people over a three-year program.

These substantial cost reductions at both the headquarters and country levels will free up valuable resources, enabling us to invest more directly in expanding our programs and deepening our impact on the ground.

2 *Shifted 28% more leadership and resources closer to the work.*

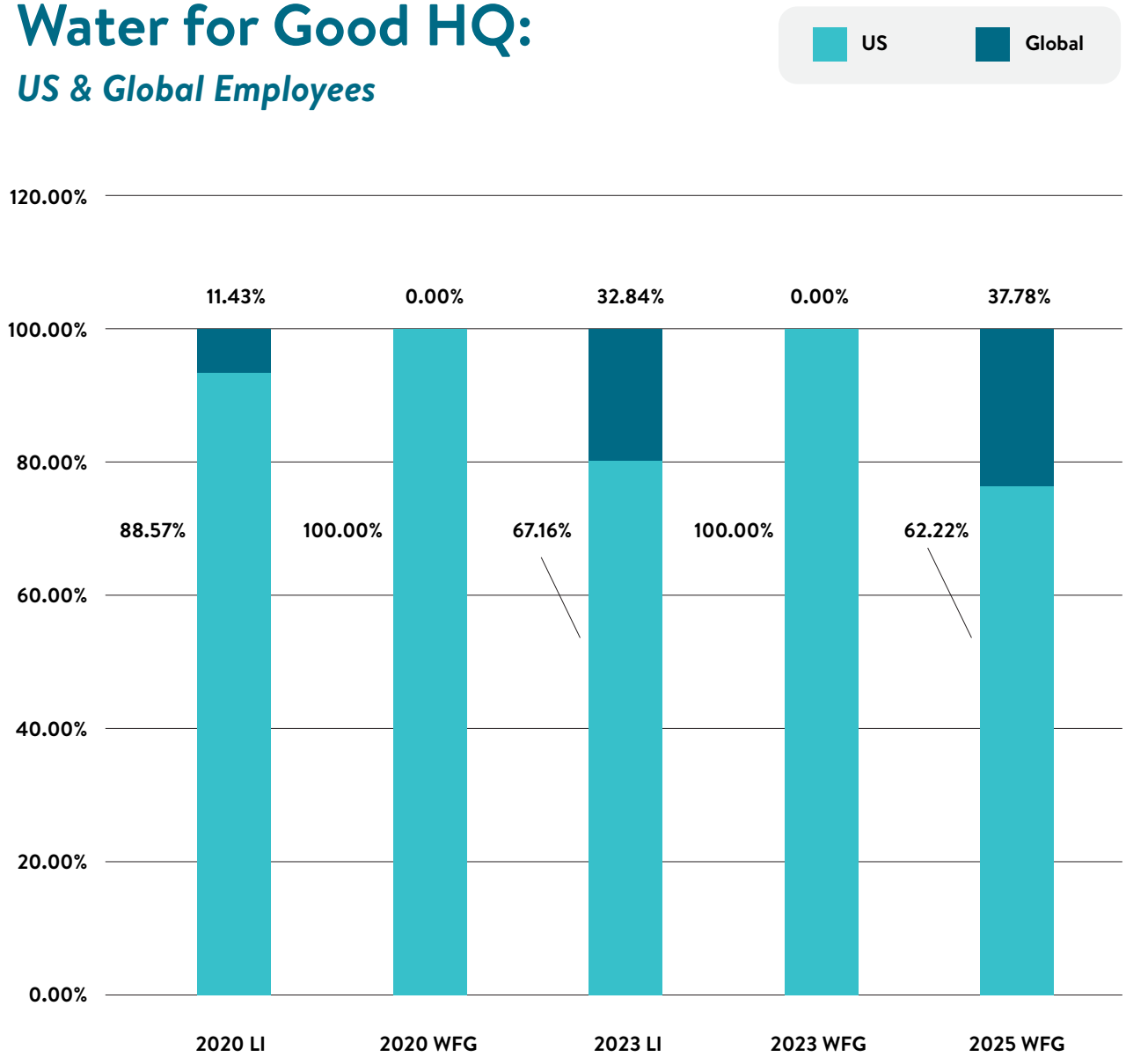
One of the most significant benefits resulting from the merger is the strategic shift of resources closer to the point of impact, particularly within our Addis Ababa headquarters. This move reflects a broader organizational commitment to maximizing the effectiveness of our work in the field. It's important to note that Lifewater International had already begun this transition in the years leading up to the merger, proactively reducing US-based roles and simultaneously expanding the Addis Ababa team.

To illustrate this, in 2020, Lifewater International had 31 US-based jobs, with 9 of those in Operations/Programs, and no employees in an Addis Ababa headquarters role. By the end of 2023, the number of US employees had decreased to 22, with 3.5 Operations/Program roles remaining in the US, and 9 employees based in Addis Ababa. The merger accelerated this shift – as of April 2025, the organization has 17 global headquarters staff, including five Country Directors and one remote employee in Tanzania, with 1.5 Operations/Program roles remaining in the U.S.

Financially, this restructuring is evident in the combined organizations' US & France budget, which decreased by 28% from $5.8 million in 2024 to $4.5 million in 2025. This realignment has directly contributed to an increase in job opportunities and promotions within Addis Ababa and our country offices. This underscores Water for Good's dedication to fostering local leadership and promoting global equity. In 2024 alone, there were 10 promotions within headquarters roles, with 6 of those in Addis Ababa, contributing to a total of 15 global promotions across the organization.

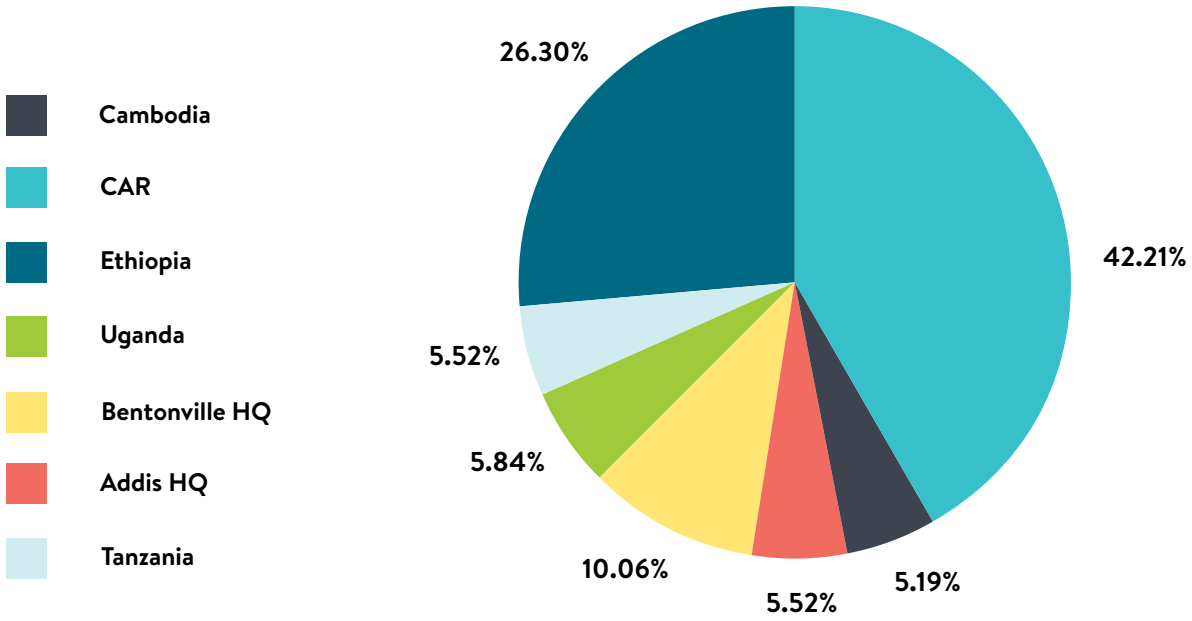
Water for Good HQ:

US & Global Employees



Headcount by Country & HQ

April 30, 2025



3 ***Transformed program structure, 28% cost reduction, and capacity-building in CAR.***

The merger has initiated a comprehensive transformation within our program structure in the Central African Republic (CAR) informed by the successful restructuring previously implemented in legacy Lifewater International countries. A key component of this transformation involves a strategic realignment of the CAR budget, with reductions planned over the coming years to maximize efficiency. Specifically, the CAR board approved budget was $4.3 million in 2024, $3.7 million in 2025, and is now projected to decrease to $2.9 million in 2025 and $3 million in 2026.

Importantly, these budgetary adjustments will not compromise our commitment to the community; the number of beneficiaries served will remain constant from 2023-

-through 2025. A significant programmatic enhancement is the introduction of the Vision of a Healthy Village (VHV) model in CAR. This model goes beyond simply providing reliable safe water, it also aims to achieve substantial improvements in sanitation and hygiene public health, with a projected reduction in childhood diarrhea rates of 30% to 90% or more.

To support these changes and improve overall effectiveness, we are aligning digital tools such as mWater, Business Central, and Business Central dashboards to streamline efficiency and communication. This created an opportunity to launch a pilot VHV program that will add significant value to the safe water supply initiatives and ensure maximum health benefits for the CAR population

90%

We have seen a remarkable 90% or more reduction in diseases related to unsafe water, sanitation, and hygiene in areas that have completed the VHV process. Families are healthier and communities are thriving!

Furthermore, the organization is leveraging cross-learning to enhance sustainability. By synthesizing valuable lessons on sustainability from programs across various countries, including CAR, we have been able to mobilize additional resources to strengthen these efforts.

Capacity building and collaboration are also central to the transformation. Cross-visits, online collaboration, and country team interactions are actively enhancing staff skills and overall organizational capacity. To facilitate this, the new VHV coordinator and CAR Country Director undertook a visit to Uganda to gain firsthand experience with VHV activities in the Mayuge program. This collaborative spirit extends to CAR leaders, who are now freely interacting with peers in other countries to share experiences and align their operational approaches.

Finally, to strengthen implementation capacity within CAR, the Addis Ababa HQ Engineering and Community Health team members have provided training to CAR staff on mWater and Water for Good engineering standards. This training is designed to boost in-country capacity to effectively plan and implement water supply projects.

4 *More reliable water services for over 1.2 million people.*

Each organization brought distinct and complementary experience from successful sustainability models for professional rural water services in the Central African Republic (CAR), Ethiopia, and Tanzania. Together, we are fostering a collaborative environment that promotes the exchange of ideas, lessons learned, and innovations—ultimately strengthening the impact of each program on the ground.

> *Together, we're now serving more than 1.2 million people annually across the Central African Republic, Ethiopia, and Tanzania with professional operation and maintenance services — ensuring safe, reliable water access for the long term.*

We are not only deepening this work in existing country programs but also laying the foundation for future success in new contexts. Our greater, combined experience will inform context-specific water service delivery model design in districts in Cambodia and Uganda, where we have yet to establish a preferred approach. Across contexts, we develop models that are scalable, replicable, and adaptable, ensuring the long-term sustainability of water services in rural and under served communities.

We have also enhanced the planning, design, construction, and monitoring of piped water systems. Water for Good has pioneered the use of modular pipe systems and inline chlorination, optimizing performance for rural areas with smaller populations. Lifewater International, on the other hand, brings experience with classic piped systems of varying sizes—serving both smaller and larger communities—and has developed an in-house water quality testing strategy. By combining these strengths, the merged organization can further optimize water systems, reduce the cost per person, improve system efficiency, and enhance the long-term sustainability of services across the regions we serve.

5

Increased global influence and brand reach, creating $500,000 in new funding opportunities in the first year.

Our most impactful and distinctive programs, namely the Vision of a Healthy Village (VHV) model and professional sustainable water services, are proving to be powerful catalysts for forward movement. They are attracting new funding, expanding our reach among peer organizations, and contributing to the evolution of sector best practices.

A key indicator of this growing influence is our acceptance to lead a session at the prestigious SIWI World Water Week conference in Stockholm, Sweden. This marked a first for the organization and provided a significant platform to showcase the VHV model as an innovative approach to household-level sanitation demand generation, alongside the innovative sanitation approaches of our partners.

Our enhanced profile is translating into increased financial support. Two influential foundations are currently considering providing their first grants to Water for Good, with potential initial funding valued at over $500,000. This includes the opportunity to co-design a pilot professional water service delivery model aimed at providing reliable, safe drinking water in new rural districts of the Amhara region in Ethiopia.

Importantly, the merger has allowed us to retain and strengthen existing funding partnerships. Water for Good benefits from a robust WASH donor network that includes esteemed organizations active in the WASH sector. These partnerships have been and continue to be critical in supporting our programs and ensuring their success. The merger enables the continuation and expansion of these vital relationships, allowing us to leverage shared expertise, resources, and financial support to achieve even greater impact.

Beyond our programmatic work and funding relationships, the merger has also strengthened Water for Good's engagement in key global networks.

These alliances are essential, bringing together resources, advocacy efforts, and technical expertise that are crucial for advancing integrated WASH programs. Through these collaborations, Water for Good is better positioned to accelerate district-wide WASH coverage, ensuring that entire communities can experience the transformative benefits of sustainable water and sanitation services. By combining our strengths and actively participating in these global initiatives, the combined organization is poised to lead the way in providing safe, reliable, and cost-effective water, sanitation and hygiene solutions to places that need it most.

Looking Ahead

The merger of Water for Good and Lifewater International has been a lengthy integration process, full of unexpected challenges and opportunities alike – but also a powerful convergence of passion, expertise, and resources. By capitalizing on significant financial efficiency gains, leveraging strong existing partnerships, and actively participating in global networks, the combined organization is poised to achieve an even greater and more sustainable impact in the lives of those who lack access to safe water, improved sanitation and hygiene. We are excited about the future and the increased potential to bring lasting change to under served rural communities.

Appendix A

WFG New Water Beneficiaries

COUNTRY	2023	2024	2025
CAR	57,500	51,000	43,600
KH	11,900	25,100	25,100
ET	68,100	82,000	90,600
TZ	28,100	21,600	21,600
UG	18,800	18,800	18,800
TOTAL	184,400	198,500	199,700

WFG Maintenance and Repair Beneficiaries

COUNTRY	2023	2024	2025
CAR	1,000,000	960,500	1,074,000
ET	82,700	110,000	138,000
TZ	25,300	39,000	53,000
TOTAL	1,108,000	1,109,500	1,265,000

	2023	2024	2025
OVERALL EXPENSE	**14,765,000**	**13,065,000**	**11,300,000 (-20%)**