

Charity Finance Directors Group – Risk conference

Nov 2009

How WaterAid dealt with the impact of the recession

I will try and tell a story about how we

- Made sure we kept our focus on our mission
- Set out to inspire our supporters to do even more to transform lives despite the recession
- Still planned for growth
- Maximised our opportunities

Intro to WaterAid and what we do

WaterAid was established as an NGO 28 years back by the Water Industry after they had attended the first UN Decade on water and were outraged that people were dying in developing countries due to lack of safe water.

We have a very clear focus - safe water, improved hygiene and sanitation as the first step out of poverty.

Our core principles are - long term sustainability through using appropriate technology and local management.

We are not direct implementers – we don't make sanitation platforms or dig holes ourselves – we support local organisations (our partners) to develop their skills to deliver these services as that is about sustainable change.

And with our partners we work together to influence governments and development policy makers through campaigning and consumer action. Supply and demand.

We work in 15 developing countries – 8 in sub Saharan Africa; 4 in South Asia.

Last year our partners delivered safe water to a million people and sanitation to over 2 million as well as influencing policy.

We also campaigned with considerable success to raise the importance of increased attention and investment in safe water and sanitation as essential ingredients for human development and an end to poverty.

Without safe water people will get needlessly sick and children will die. Without decent toilets girls drop out of school at puberty.

Some of our supporters helped us with these messages by taking to the empty plinth in Trafalgar square dressed as a turd to call for the right to water and sanitation for all.

And to remind us that 2.5 billion of the world's people don't have a toilet - in fact this wonderful giant toilet still graces our office reception...

Others joined our 'flash squat' to call on governments to help reduce poverty by investing in toilets.

So through campaigning and fund raising our income last year grew by 9% to £44m.

Original strategy - Global strategy

In early 2008, along with WaterAid Members in Sweden, America and Australia, we started developing a new Global Strategy for 2009-2015.

We wanted to do more because we had done better than planned in our 2005-2010 Strategy.

In fact our income target £30m annually by 2010 had been reached in 2007/08 when our income increased by 30%. This exceeded our forecast and meant we were in an enviable position of being able to extend our coverage and reach.

We embarked on scenario and strategic planning as we wanted our plans to be bigger and more ambitious to drive our fundraising.

Our scenario planning in Feb 2008 helped by a strategic analyst that had worked with Shell - we identified climate change, escalating food costs and the changing power dynamics with the rise of the BRICs (Brazil, Russia, India, China).

What we did not identify was the economic recession and the significant drop in the value of the GBP.

There we were in the summer of 2008 planning for significant growth, carrying out feasibility studies in 8 new countries of Sub Saharan Africa when the pound dropped in value and the cost of delivering our plans increased by over 20% in some of the countries where we work.

So what did we do?

We honoured our existing commitments to our country programmes and local partner organisations as the last thing we wanted to happen was to stop the planned work to get safe water and sanitation to poor people. We were lucky as we had the reserves to do this but we did slow down on the new countries.

We made an organisational decision to focus on our mission and vision rather than focusing on our dodgy banks and we avoided doom and gloom.

We focused on our work to transform lives by improving access to safe water and sanitation rather than focusing on the economic slowdown. We went on a mission to inspire more support.

Of course we made sure we had enough cash and that we were organisationally viable and we looked for efficiency gains in our running and fundraising costs.

We took the opportunity to look even harder at using our resources as effectively as possible and we deferred non essential spend.

As all our work is about investing in sustainable long term solutions we were clear that if we did not keep investing in fundraising and communications we would not be able to grow and deliver our planned work – we would not be able to secure our foundations - and we practised our value of being courageous and holding our resolve to do whatever we can to bring safe water and toilets to people.

We know that the people that suffer the most in global recessions are invariably the poor and marginalised – older people, disabled people i.e. the people our partners work with so for us to cut back was not right.

At our annual supporters meeting in Oct 2008 our supporters said they were delighted we were focused on what we are here for and our plans to transform lives inspired them – they didn't want to hear about the recession.

In fact our supporters continued to do wonderful things to bring the money in.

They were still dressing up as camels to run the marathon. Or swimming with sharks. And singing for water.

Heartened by this, we took the risk to send out an unplanned 'supporter wide' appeal earlier this year which highlighted the difficulties as a result of the fall in the value of the pound.

This brought in over £280,000, giving us a ROI of almost 5:1 (better than the benchmark of 4:1 for a warm mailing).

We followed the theme up in our magazine Oasis which we mailed 4 weeks later and raised an additional £100,000 – Oasis typically raises c£15,000.

We also took advantage of reduced rate advertising on DRTV and on the tube, which brought in significant numbers of new supporters and at a ROI much better than normally anticipated.

We did the same with loose inserts and took advantage of “short term distress” media buying saving 22% on average.

However there have been some huge challenges as legacy income and recruitment of new donors has slowed.

What’s more, as the majority of our income comes in UKP, it was very hard to know how to budget to achieve our plans for 2009-2010 given the fluctuations in the value of the GBP and the local currencies we manage.

We carried out our contingency planning against a range of exchange rates, forecasts on inflation and the trends we might see in income levels. It also tested our risk appetite.

In the end we decided on £1 = \$1.5 which has served us well. The danger was of becoming obsessed with watching the value of the £ on a daily basis!

Some funders have also responded positively when we explained that the grants they had provided would no longer finance the planned work. DFID offered some early financing and the Big Lottery agreed to provide additional funds where it was clear that the downturn had adversely affected delivery of their grants.

We were also lucky enough to take on new staff and volunteers as a result of redundancies due to the recession. One volunteer who came from AMEX scoped out the potential of investment in high value fundraising which led to a new programme that is offering significant potential.

Another came from a water company and was a firm supporter so has been a great asset in helping us with rental negotiations.

We also worked harder than ever to build our existing relationships and upped our game on supporter retention as it is so much cheaper to retain supporters than find new ones. We designed a programme that is purely based on giving feedback to supporters – no ask.

We've had some great feedback on this and our retention levels remain in tact – losing less than 10% of all regular givers each year.

WaterAid is very fortunate in our partnership with water companies who in turn really value the positive stories we bring to their staff and contractors about transformed lives.

The Thames Water 'Love Water' Ball earlier this year raised a staggering £630,000 for our work – the most ever raised for WaterAid from a single event.

At our recent 2009 Annual supporters meeting there was huge enthusiasm for us to set ourselves some very ambitious targets as laid out in our new Global Strategy. With 2.5 billion without toilets (40%) and nearly a billion without water there is a lot to be done.

The new Global strategy will stretch us as it requires us to double our income globally by 2015.

To achieve this we will need to lift our game even more and this year we have invested in leadership development across the organisation and revised our global staff policies to ensure we can attract the right people.

So, in conclusion:

1. Keep focus on mission and those that we are here to serve – in our case poor people without water and sanitation
2. Inspire our supporters and our staff to do even more
3. Ensure good business planning, maximise efficiency and cash flow management
4. Keep investing in communications, fundraising and staff
5. Be courageous and live your values
6. Capitalise on opportunities
7. Keep positive