

## RLI INVESTMENT SNAPSHOT

### MINA WATER COMPANY



<b>Reason for Selection:</b>	Mina Water Company was selected as a representative company of a critical industry, wherein durable solutions for forcibly displaced populations are needed. Furthermore, Ethiopia is facing a severe drought which is complicating host access to and humanitarian provision of clean water for refugee communities. The company is well placed geographically for access to input materials, as well as distribution routes for the finished product.
<b>Location:</b>	Jijiga, Somali, Ethiopia
<b>RLI Business Category:</b> <sup>1</sup>	R3: Refugee Supporting / R4: Refugee-Supporting, Host-weighted
<b>Company Background:</b>	<p>Mina Water Company was established in 2018 under the parent company East Hub Food and Beverage Industries. They have been operational since 2020.</p> <p>Mina Water produces natural and purified water sourced from the mineral-rich streams of the Faafan Mountains. It has a production capacity of up to 10,000 bottles per hour using modern filtration systems and rigorous quality inspection. The company offers free delivery within a 100-kilometer radius of Jijiga.</p>
<b>Industry/Sector:</b>	Fast-moving consumer goods
<b>Products and Services:</b>	Bottled water
<b>Management Team:</b>	Mohammed Ali, Support Operation Officer
<b>Employees:</b>	80 employees, of which 25 are female.
<b>Market Overview and Trends:</b>	<p>Clean and safe drinking water is a nation-wide issue. High demand (e.g., the compound annual growth rate for bottled water in Ethiopia is forecast to increase 16.40% annually between 2020-2025<sup>2</sup>) is met with insufficient supply.</p> <p>Despite Ethiopia having abundant water resources, key water stress metrics indicate the country is “water stressed”. Total annual renewable water resources per person in the country amounts to 1,162 m<sup>3</sup>, which is below the</p>

<sup>1</sup> This is the category RENEW believes the company could occupy after receiving appropriate technical assistance support. The concept of refugee-lens investing (RLI) is new to Ethiopia, as such, there are very few companies operating in the formal sector of the studied secondary cities that currently meet the RLI criteria.

<sup>2</sup> WM Strategies. Ethiopia: Bottled Water Market to Grow at CAGR of 16.40% until 2025. 2021. [LINK](#).

	<p>Falkenmark Water Stress Index (FWSI) threshold for “water stress” and just above the threshold for “water scarcity”.<sup>3 4</sup></p> <p>While there are currently 97 water bottling companies in Ethiopia (a significant increase from the last decade when there were only six companies), the companies are still unable to fully meet demand as the country’s population continues to rapidly increase and climate change continues to put stress on certain regions.<sup>5</sup></p> <p>Bacterial contamination of groundwater has also been identified in Jijiga, heightening the demand for bottled water. Residents that can afford bottled water are using it for both drinking and cooking. More broadly in the Somali region, water supply coverage is estimated at 59.7%, lower than the national average of 68.5%. The need for water supply becomes particularly acute in the dry season and has been exacerbated in recent years by drought.<sup>6</sup></p>
<p><b>Estimated Investment Needs*:</b></p>	<p>The company is seeking \$2M to double its production capacity and expand its distribution network to serve more customers.</p>
<p><b>Target Funding Source(s):</b></p>	<p>Foreign investors, impact investors, angel investors, local banks.</p>
<p><b>Investment Opportunity:</b></p>	<p>Unsafe water is a significant contributor to disease and malnutrition worldwide. This recognition has led to the proliferation of the industry, particularly in developing nations where water contamination is the leading cause of death.<sup>7</sup></p> <p>As such, Ethiopia’s rapidly growing population equates to a need for large quantities of safe, affordable drinking water.</p> <p>These factors alone present an interesting investment case. In addition to high local demand, there is also significant opportunity to capitalize on the export market of drinking water, in particular to arid countries such as Somalia and South Sudan.<sup>8</sup></p> <p>Mina also has the benefit of proximity to a key input - plastic manufacturer and supplier of bottles. Mina is able to purchase its bottles directly from a local producer, thereby cutting costs, minimizing risk and maximizing efficiency.</p> <p>From a RLI perspective, this investment presents the opportunity to not only engage refugee and host communities in the labor force, but also to maximize safe water production and distribution in the country.</p>
<p><b>RLI Social Impact Opportunity:</b></p>	<p>Water is a basic human right and access to affordable, quality water is a critical need that is currently not being adequately met in the region. An investment in Mina could support improved health outcomes and overall wellbeing for refugees and host communities.</p> <p>Through strategic RLI network support, water companies such as Mina could not only expand their operations to serve more clients and employ more host and refugee community members, but also develop partnerships with humanitarian and development agents to maximize impact and access to local refugee settlements.</p>

<sup>3</sup> Winrock. USAID Ethiopia Water Resources Profile Overview. 2021. [LINK](#).

<sup>4</sup> Note: the FWSI measures water scarcity as the amount of renewable freshwater that is available for each person each year – a country is said to be experiencing *water stress* when water availability is below 1,700 m3 per person per year; below 1,000 m3 is considered *water scarcity*; and below 500 m3 is *absolute or severe water scarcity*

<sup>5</sup> Yikal, Elisabet, Feleke Zewge and Bhagwan Singh Chandravanshi. Assessment of the Quality of Bottled Water Marketed in Addis Ababa, Ethiopia. 2019. [LINK](#).

<sup>6</sup> UNICEF/JICA. Wash Mission to Somali Region. [LINK](#).

<sup>7</sup> Yikal et al. 2019.

<sup>8</sup> *Ibid*.

	<p>The struggle to provide clean water is becoming increasingly acute due to the severe drought plaguing the country coupled by the massive internal migration taking place as a result of the ongoing conflict. Companies such as Mina are critical actors in the efforts to increase access to clean, affordable drinking water for refugee, IDP and host communities.</p>
<b>RLI Support Strategy:</b>	<p>An investment from the RLI network, accompanied with appropriate technical assistance coaching, could expand both employment capacity as well as market reach to underserved communities.</p> <p>Technical assistance support could target route to market strategies, refugee-employment and support strategies and general capacity building to ensure operational sustainability.</p> <p>This will require initial awareness raising for the industry about refugees' right to work and the benefits of incorporating these populations into the value-chain, from employees to customers.</p> <p>There is also an opportunity to develop mutually beneficial relationships between humanitarian organizations and Mina Water company, as there is a high demand for safe water in refugee settlements. The RLI network could leverage its connections to initiate these types of partnerships, wherein organizations such as World Food Programme could enact their local procurement mandates to purchase water from a local water supplier such as Mina.</p>