

Mobilizing sanitation credit through urban SHGs *a Case of MAVIM, Maharashtra*

MAVIM's work in Jalna showcases how access to sanitation credit has helped women in SHGs to secure access to safe sanitation for their families.



Mahila Arthik Vikas Mahamandal (MAVIM)
महिला आर्थिक विकास महामंडळ (माविम)
(महाराष्ट्र शासन अंगीकृत)

December
2018

Center for Water
and Sanitation

C-WAS

CEPT
UNIVERSITY

p a s performance
assessment
system

Contents

Acknowledgements

1. Need for sanitation credit for safe sanitation

II. Project brief and role of MAVIM-CMRC

III. Project implementation

IV. Lessons learnt and way ahead



Sonali constructed a toilet and a bathroom by taking a sanitation loan. The total construction cost was approximately Rs 50,000. Sonali built the toilet to avoid defecating in the open.

*Sonali,
a sanitation loan recipient from Chananzira, Jalna*

Foreword

MAVIM has taken up the mission objectives of Swachh Bharat Mission of eliminating open defecation and eradicating manual scavenging. Sanitation and good hygiene are fundamental to health, survival, growth and development. However, these necessities are still a luxury for many of the world's poor people. Efforts to prevent death from diarrhoea or to reduce the burden of such diseases as Ascaris, dracunculiasis, hookworm, schistosomiasis and trachoma are doomed to failure unless people have access to basic sanitation. Lack of basic sanitation indirectly inhibits the learning abilities of millions of school-aged children who are infested with intestinal worms transmitted through inadequate sanitation facilities and poor hygiene. To address this MAVIM initiated the idea of sanitation credit and piloted the project with support of Centre for Water and Sanitation (C-WAS), CEPT University Ahmedabad.

I am delighted to share with you this report which highlights the need for affordable sanitation credit to tackle the problem of sanitation and good hygiene. I would like to acknowledge the exceptional work done by MAVIM Community Management Resource Centre (CMRC) in Jalna City, Maharashtra. The success of this pilot project gives me confidence to scale this project across Maharashtra.

Would like to thank Centre for Water and Sanitation (C-WAS), CEPT University Ahmedabad for their continued support. A special thanks to Meera Mehta, Dinesh Mehta, Arwa Bharmal, Dhruv Bhavsar, Upasana Yadav and Jigisha Jaiswal who through their tireless work prepared this report.

Ms. Shraddha Joshi

Vice Chairman and Managing Director,
Mahila Arthik Vikas Mahamandal (MAVIM)

EXECUTIVE SUMMARY

A demonstration case project for mobilizing household sanitation credit for individual toilets was implemented by MAVIM with support from C-WAS, CEPT University. The project is in Jalna city, Maharashtra. It has already completed disbursement of toilet loans to 207 women as on October 2018.

The SHG members from MAVIM's CMRC in Jalna were linked to various banks for sanitation credit. The loans were through SHGs and demonstrated that very high repayment rates can be achieved for sanitation loans. Women have built good quality individual household toilets, often along with bathrooms.

The project has successfully demonstrated that with the provision of affordable sanitation credit, households were able to get access to sanitation. The model for sanitation credit is sustainable and can be scaled up through MAVIM's other CMRCs throughout Maharashtra.

ACKNOWLEDGEMENTS

Access to sanitation credit is crucial for the success and sustainability of achievements of Swachh Bharat Mission for urban areas. While there have been great strides in access to sanitation credit in rural areas, this has not been common in urban areas.

MAVIM in this pilot project, has successfully demonstrated use of credit for sanitation through its Community Management Resource Centre (CMRC) in the city of Jalna in Maharashtra. This experience can be scaled up by MAVIM through its 54 CMRCs across cities in Maharashtra. This will contribute significantly to ensuring sustainability of SBM achievements in urban Maharashtra.

We would like to thank the entire team of MAVIM and CMRC for taking up this innovative and challenging project, designed as Results-based Funding.

A special note of thanks to Ms Shraddha Joshi MD, MAVIM and Ms. Kusum Balsaraf General Manager, MAVIM for taking up this challenging project. From MAVIM headquarters Ms Gauri Donde-Program Manager provided overall management. The project team included Ms Shital Laad-DO, Mr Umesh Kahate-DCO, Ms Meenakshi Ghayal and all Sahyoginis and Community Resource Persons of CMRC, Jalna.

This report was prepared by a team including Meera Mehta, Dinesh Mehta, Arwa Bharmal, Dhruv Bhavsar, Upasana Yadav and Jigisha Jaiswal.

Dr. Meera Mehta and Dr. Dinesh Mehta
C-WAS, CEPT University



Section I: Need for Sanitation Credit

Context of Swachh Bharat Abhiyaan and Swachh Maharashtra Abhiyaan

Since the launch of the Swachh Bharat Mission (SBM), in 2014 in India, emphasis has been laid on sanitation and cleanliness in urban areas. The SBM aims to make the country open defecation free by October 2, 2019. Providing access to individual toilets has been one of the key components of the mission. Maharashtra initiated the Swachh Maharashtra Mission for Urban areas (SMMUA) in May 2015. SMMUA has achieved its ambitious target of making all ODF cities. However, many households still rely on community toilets. The sustainability charter launched by the Chief Minister in the presence of the President of India envisages universal access to individual household toilets. This was recognized as a key development priority by the Maharashtra Government. This will also contribute to Maharashtra achieving its sanitation SDGs.

Need for sanitation credit

The SBM and SMMUA allocations by the Government of India and Government of Maharashtra cover only 80% of households estimated to be defecating in the open as per the Census of India 2011. In Maharashtra, this is estimated to be about 0.8 million households. To move towards universal coverage of individual toilets, an estimated 2.6 million additional households will need to get access to resources to build their toilets.

The incentive subsidy of Rs. 12,000 is only about 30% of the total cost of constructing a toilet in urban areas in Maharashtra. Also, as only 50% of the subsidy is available upfront, bridge financing is needed. Our studies also suggest that there is a demand for sanitation credit and this potential but latent market needs to be explored. The demand has been primarily triggered by the Swachh Bharat Abhiyan and the increasing aspiration of urban households to construct durable toilets and bathrooms. These observations also resonate with field experiences in the cities in Maharashtra where technical support is being provided to cities to become ODF and ensure sustainability.

According to a recent statewide survey in Maharashtra, a large proportion of the respondents who completed toilet construction revealed that the SBM subsidy amount was not enough to cover the entire construction costs. The respondents who were in the process of constructing toilet and those who had still not applied for SBM indicated that lack of finances is the biggest challenge they face in initiating or completing the toilet construction. Thus, access to sanitation credit can provide the needed impetus to achieving universal access to individual toilets in urban Maharashtra as envisaged by the Government of Maharashtra in its ODF sustainability charter.

This clearly highlights the need to mobilize additional resources mainly through household credit. This demonstration case of Jalna is an effort in this direction. It shows how provision of sanitation credit to women in SHGs through MAVIM can bring positive results in bridging the finance gap and achieve increased access to safe and good quality individual toilets.



Section II: Project Brief and Role of MAVIM-CMRC

About the 'MAVIM Sanitation Credit Project'

SBM has unlocked the latent demand for toilets in urban areas in Maharashtra. However, it is important to bridge the finance gap for toilet construction and achieve universal access to individual toilets. In this context there is a need to demonstrate successful mobilization of sanitation credit for individual toilet construction.

The MAVIM Sanitation Credit Project aims to showcase how provision of sanitation credit through SHGs can lead to successfully achieving increased access to good quality individual household toilets. The Project will help in understanding both opportunities and challenges to scale up sanitation credit in urban Maharashtra. It is designed as an output-based aid as 50% of project funding to MAVIM is provided after the loans are disbursed to women in SHGs for toilet construction.

The MAVIM Project acts as a model for achieving scale, including strategies ranging from initial origination support to specific FIs to implementation of policies such as sanitation in priority sector lending by the Reserve Bank of India.

The Project aims to help banks, policy makers, microfinance institutions and women empowerment organizations to better understand demand for sanitation credit through SHGs and take steps to minimize the risks for commercial bank lenders. Its focus is to undertake a pilot demonstration of household sanitation credit for toilet construction. The project is designed as an output-based aid approach.

Project Stakeholders

Centre for Water and Sanitation (C-WAS), CEPT university has been supporting the Government of Maharashtra in implementing its program for urban sanitation under the SBM. One of its activities involves exploring financing options for urban sanitation, to help increase sanitation access for poor and low-income households. C-WAS engaged MAVIM to demonstrate household sanitation credit using the SHG-Bank linkage program for constructing individual toilets.

Mahila Arthik Vikas Mahamandal is State Women Development Corporation of Maharashtra known as MAVIM. MAVIM is working with aim of 'Women Empowerment'. It is established in 24 Feb, 1975. It is registered under section 25 of companies' act 1956. It is administered by Women & Child Development Dept. of Maharashtra. Objectives of MAVIM is mobilizing and building organization of women, enhancing capacities by providing trainings, increasing self-confidence and strengthening entrepreneurship among women and making credit and markets accessible to them. The corporation also seeks to improve women access to education and increase their participation in decision making and governance.

MAVIM has gained experience in providing stability and sustainability to the SHG movement in the state. MAVIM is implementing women empowerment and sustainable institution development program through four verticals named as Grassroots institution building, Micro finance services, Livelihood & micro enterprise development, and Women empowerment. MAVIM has created 315 people's institutions - Community Management Resource Centres (CMRC). These CMRCs generate revenue from services that they provide to SHGs, and 80% of CMRCs have become self-sufficient. In an age of subsidy

driven development this is a unique model of community owned and community managed institutions. CMRCs have been highly successful in convergence and have mobilised Rs.252 crores through Government programmes and schemes especially in the area of livelihood improvement and social protection.

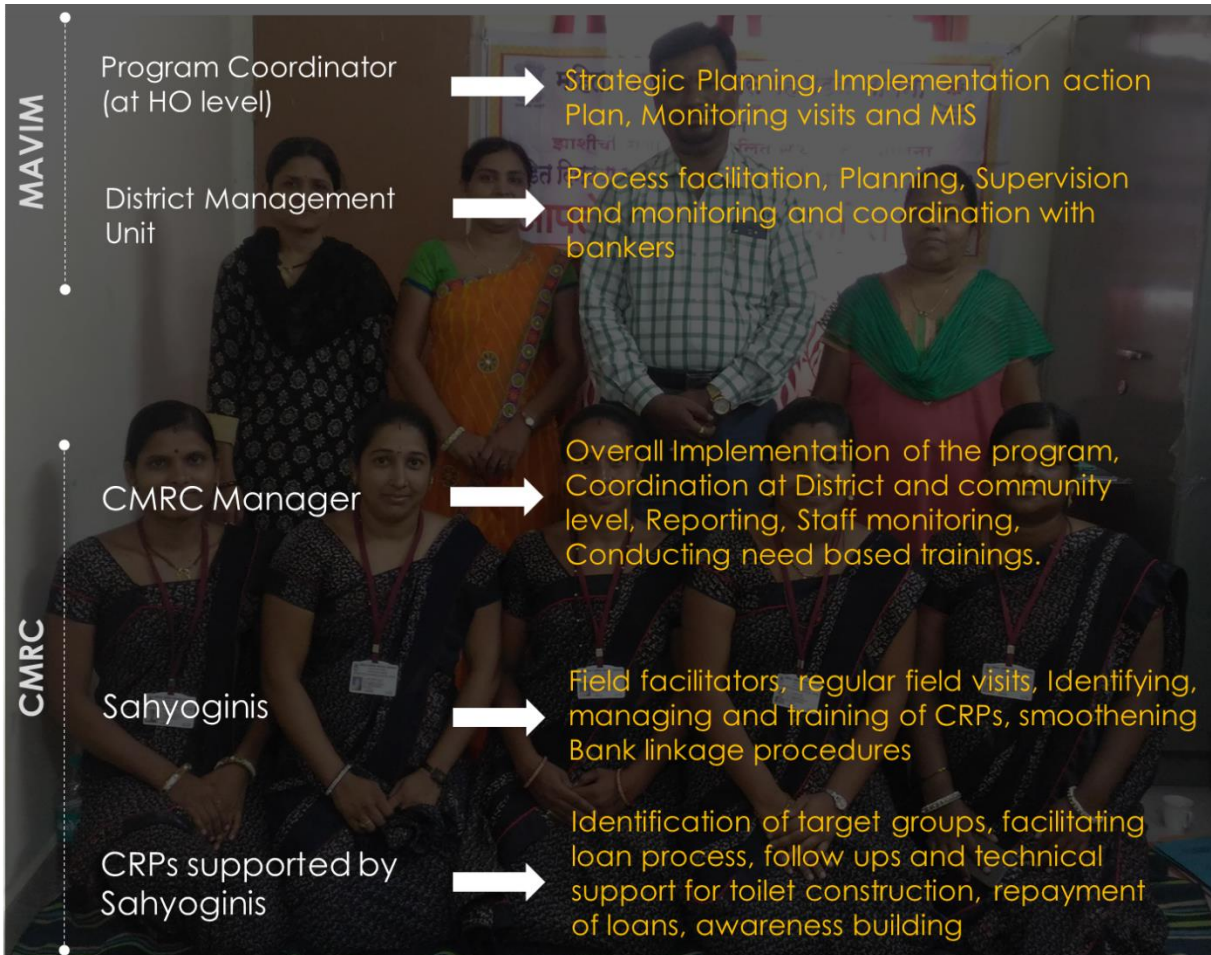
MAVIM's Outreach

MAVIM has its presence in all the 35 Districts of the state. MAVIM is working in 10 thousand villages and 251 urban cities across 35 District of Maharashtra. As on October 2018, 1.17 lakhs SHGs have been mobilised consisting 14.04 lakhs women. MAVIM has been highly successful in forging partnerships between CMRCs and private sector banks and nearly 84% of SHGs have an outstanding bank loan. The repayment performance has been consistently above 98%. Thus women have been accessing credit for a variety of purposes.

S No	Indicators	Rural	Urban	Total
1	Total Villages	10,495 villages	250 Cities	10,495 Villages + 251 Cities
2	Total No. of Self Help Group Formed	92,799	24,911	1,17,710
3	Total No. of Members	11,30,328	2,73,699	14,04,027
4	Village Level Committees /Village Organisation /Area Level Federation	8,851	220	9,071
5	Community Managed Resource Centre (CMRCs)	348	13	361
6	Micro Livelihood Plan (MLP – Producer Groups)	5,134	11	5,145
7	MLP Members	1,28,287	275	1,28,562
8	Social Enterprises Activity	496	-	496
9	Total No. of Saving of SHG (Rs.)	5,05,70,21,987	42,94,63,204	5,48,64,85,191
10	Total Amount of Internal Lending (Rs.)	32,94,24,90,324	83,96,84,636	33,78,21,74,960
11	Total No. of SHG Taken Loan	77,023	20,676	97,699
12	Total loan taken from bank (Rs.)	2,168 Cr.	59 Cr.	2,227 Cr.
13	CMRC Contribution towards expenses	31,01,46,939		31,01,46,939

Role of MAVIM and CMRC

MAVIM's key role for the project is to support the CMRC in implementation and monitoring the project. The overall responsibility of implementation in the city is with the CMRC.



The sahyoginis (Health Coordinators) and Community Resource Persons (CRPs) are the key field personnel for successfully implementing the project on ground with the support of CMRC Manager and District Co-coordinating officer (District Management Unit of Jalna). The CRPs were selected from the SHGs mainly based on their interest and capacity.

Project Area

C-WAS and MAVIM agreed on project design and signed an agreement in November 2017. Under this project MAVIM was engaged to mobilize 250 sanitation loans along with completion of toilet construction, linkage with FIs for sanitation loan and conducting awareness generation programs. Given the presence of a strong CMRC, Jalna was selected as the location for the pilot.

Jalna is a Class A municipal council in the district of Jalna. It is situated 60 kms from Aurangabad city. It is an important handloom and power loom center. There is a big unit of MIDC on the eastern part of the city which houses many industrial units. Due to job opportunities in the city migrants from adjoining small towns have settled in Jalna.

Demographic details (2011)		Access to Sanitation (2011)	
Population	2,85,577	HHs with Individual toilets	38,638
Area (sq. km)	81	HHs dependent on CT/PT	1,286
Number of HHs	53,126	HHs defecating in open	13,202
Number of Slum HHs	9,600		
% of Slum Population	18%		

Source: Census of India, 2011

Swachh Maharashtra Status (as on July, 2018)	
Number of applications Received	16,200
Number of applications Verified	10,005
Number of applications Approved	7,325
Number of Toilets Constructed	5,173

Access to sanitation was low in the city with approximately 34% of households defecating in the open in 2011. With the on-going Swachh Maharashtra Mission over 5,200 toilets have been constructed since 2015. However, only 70% of approved applications have resulted in completed toilets.

In case of Jalna city, many women who do not have toilets have applied for subsidy under the Swachh Maharashtra Mission. However, they have not completed and thus not received the final installments. This was one of the factors that triggered the demand for sanitation credit.

MAVIM Operations in Jalna District

No of Working Block	5	Amount of Internal Lending	28.8 INR Cr
Total Working Villages	187	Amount of Bank Loan	48.0 INR Cr
Active CMRCs	7	Total Savings of SHGs	15.4 INR Cr
Number of SHGs	2,197		
Number of Women members	25,765		
Number of Women Entrepreneurs	15,320		

Source: Above figures are for FY 2016-2017

Source: Data sourced from DCO Office, MAVIM-Jalna. Data is upto November 2017

Details of CMRC of Jalna Block

Rural			Urban		
No of Working Villages	28		No. of Nagar Palika	01	
No of Rural SHGs	324		No. of Urban SHGs	265	
Number of Women members	4,141		Number of Women members	2,865	

Source: Data sourced from DCO Office, MAVIM-Jalna. Data is upto November 2017



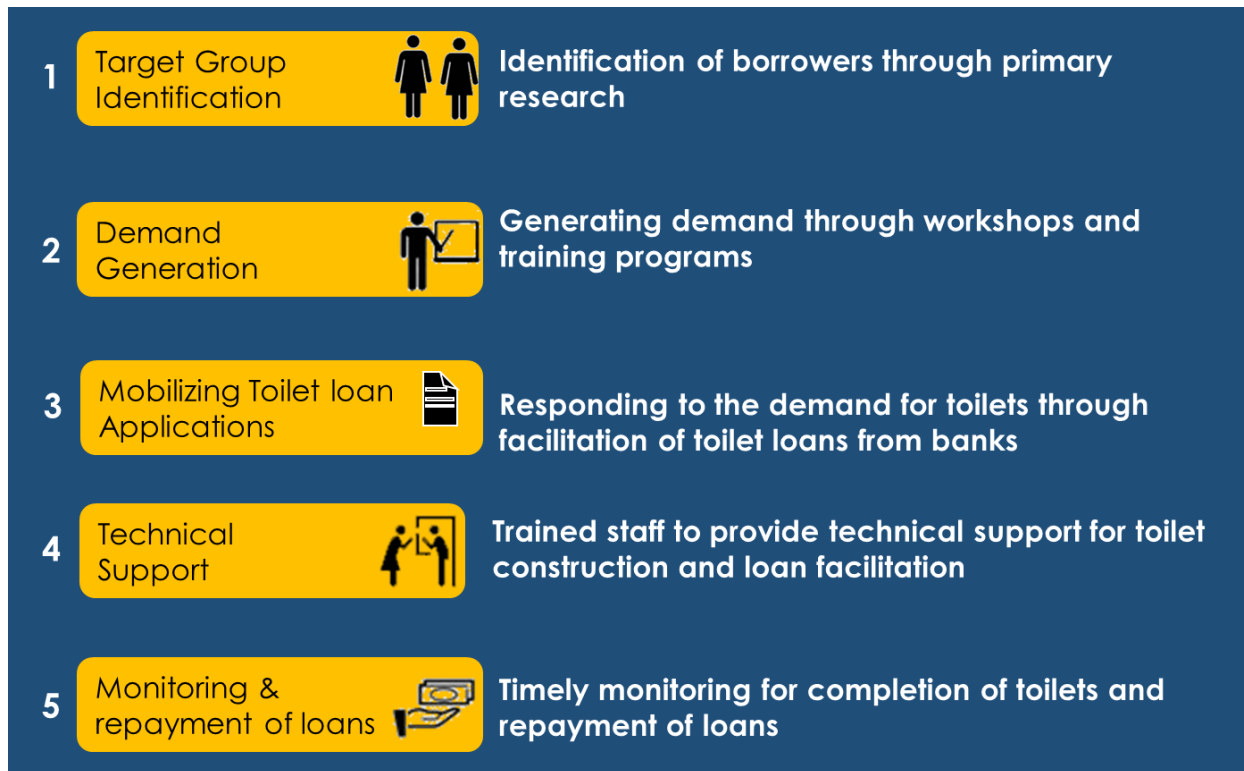
Location of CMRCs in Jalna District



Section III: Project Implementation

A 5-Step Process for Project Implementation

A five-step process was followed for implementation of the project. This was developed based on field experience of MAVIM for similar projects. MAVIM has a strong presence in Jalna through its CMRC. There are 265 active SHGs in Jalna city that work with this CMRC. Project implementation mainly focused on demand generation, mobilizing toilet loans from banks, toilet construction and ensuring timely repayment of loans to banks.



Project implementation focused on effective monitoring

1

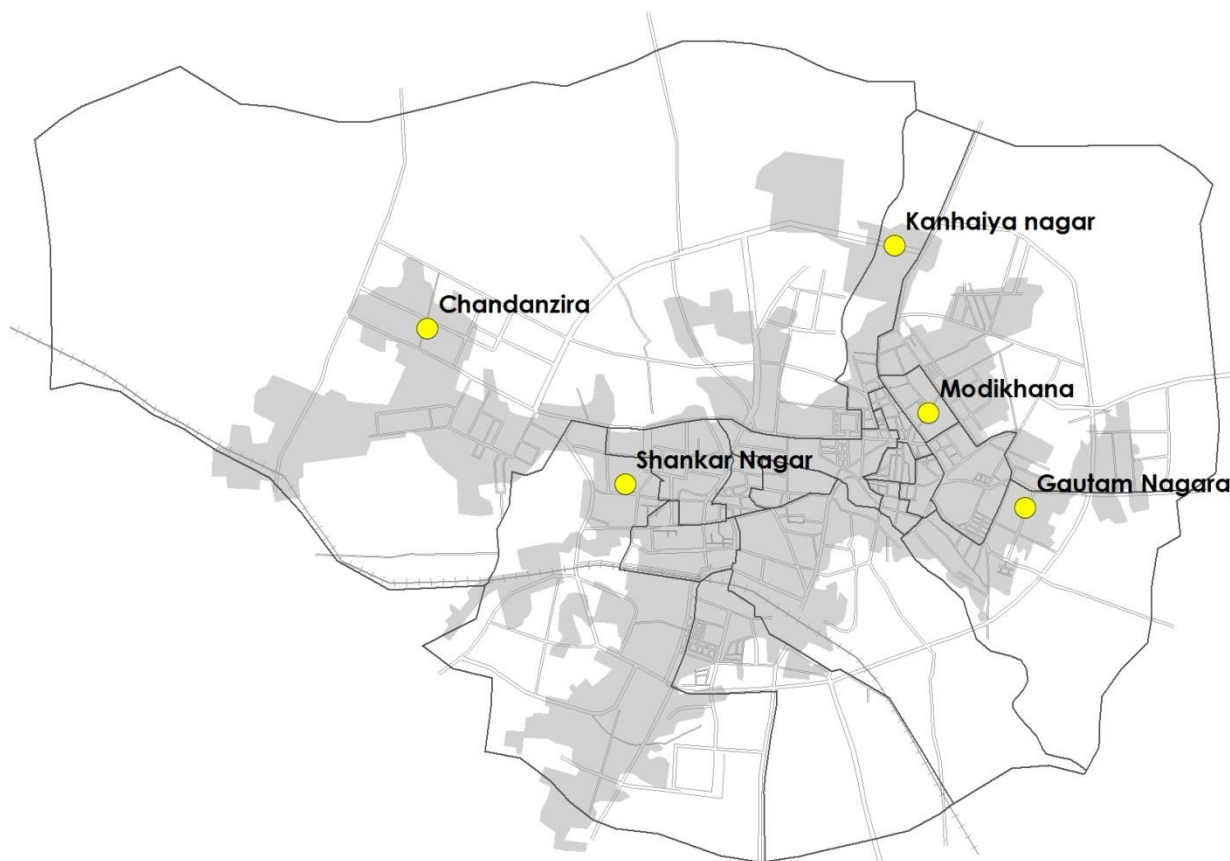
Target Group Identification



Identification of borrowers through primary research

As a first step towards implementation of the project, a specific target group was identified by the district coordinating officer of MAVIM along with the CMRC manager. To start with, target localities where MAVIM-CMRC have a strong presence were shortlisted. These included Chandanzira, Bhimnagar, Gautam Nagar, Modikhana and Shankar Nagar. Maximum toilet loans were taken by the SHG members residing in Chandanzira, located on the eastern periphery of the city, with less and poor condition of community toilets.

A survey was conducted by the MAVIM-CMRC team and areas were identified based on the presence of demand for individual toilets mainly in slums as well as an active network of MAVIM-CMRC SHGs formed under National Urban Livelihoods Mission (NULM).



Key Areas of Operation of the CMRC for Sanitation Loans



After identification of target areas, programs were held to raise awareness about sanitation and importance of having individual toilets. Focus group discussions proved to be effective in addressing issues and questions raised by the SHG women. An IEC expert was engaged for this activity who was responsible for conducting awareness generation sessions. Apart from meetings, street plays and door to door visits were also conducted.

The programs were attended by most SHG members who did not own an individual toilet and by DCO-MAVIM, CMRC Manager as well as sahyoginis and CRPs.



The awareness programs mainly aimed at:

- Highlighting importance of individual toilets
- How sanitation credit could be availed to construct individual toilets

The programs essentially focused on raising awareness towards ill effects of OD and lack of a toilet at home in terms of adverse health impacts, safety of women and children, and lack of convenience to elderly etc. Use of community toilets which are inadequate in numbers and not properly maintained was also discouraged.

The team briefed the SHG women about the 'Sanitation Project by C-WAS' and how sanitation credit could be made available for members who are ready to borrow. The process of application and repayment of the loans was explained to them.

Since most SHG women already have a fair understanding of lending and repayment it was easy for them understand sanitation loans. Various questions raised by women were answered in the session and issues, interventions were discussed.

3

Mobilizing Toilet loan Applications



Responding to the demand for toilets through facilitating toilet loans

After conducting awareness generation and training programs, demand generated through these efforts was met by facilitating access to sanitation credit for building their own toilets. The sahyoginis and CRPs were assigned specific clusters based on the target areas from which they were asked to help mobilize toilet loans.

The SHGs received loans from various Banks. ICICI Bank specifically provided toilet loans which were routed through the SHGs. Under this arrangement, women borrowers also benefit from interest subvention of 7% under NULM, and an additional 3% for SHGs under NULM. SHGs that borrowed from other banks have not so far received the NULM subsidy benefits. Using these funds from banks, SHGs provided loans for toilets to their members, using their normal internal processes. Of total loans, 60% were made by the ICICI Bank.

The loans through the ICICI bank was facilitated by conducting loan camps where Bank officials and potential borrowers were brought on a common platform by the MAVIM-CMRC team. These camps were organized on a designated date at the CMRC office. The SHG members were asked to carry required documents to facilitate quick disbursement. ICICI Bank officials conducted the necessary paper work for loan disbursement on that day which led to faster and convenient loan disbursement. Repayment by existing toilet loan beneficiaries was also conducted.

This was followed by effective monitoring to avoid defaults and late repayments. As the SHGs have been well trained by the CMRC in book keeping, monitoring and maintaining savings the repayment rates are expected to be high.



4

Technical Support



Leveraging trained staff to provide technical support for toilet construction and loan facilitation

Along with supporting SHG women to mobilize loans for individual toilets, the team also focused attention on providing proper guidance to SHG members who had borrowed loans for building their own toilets. The Sahyoginis and CRPs were trained before loans were disbursed. The training was for toilet design and proper quality of toilets based on user needs. The training of CRPs and Sahyoginis was conducted on a need basis to help them guide the SHG members.

A special toilet training program was conducted by C-WAS where a technical expert trained the CRPs and Sahyoginis regarding types of toilets, basic dimensions of septic tanks, basic cost of toilet construction was worked out according to households using them. Site visits to toilets under construction was undertaken to show how an ideal toilet could be constructed. A question answer session was also conducted to resolve queries of the CRPs and Sahyoginis.



Training for CRPs conducted at CMRC office in June 2018



Training for toilet construction by technical expert from C-WAS conducted in September 2018



The training was designed to suit the audience to make them aware of ideal toilet construction techniques, design of septic tanks and cost effectiveness,

The Sahyoginis and CRPs maintained a log on the type and status of toilet construction. This database was shared with the DCO-MAVIM on a monthly basis. They also carry out monitoring by taking regular follow ups with the borrowers at their weekly meeting and through field visits to their designated wards.



5

Monitoring & repayment of loans



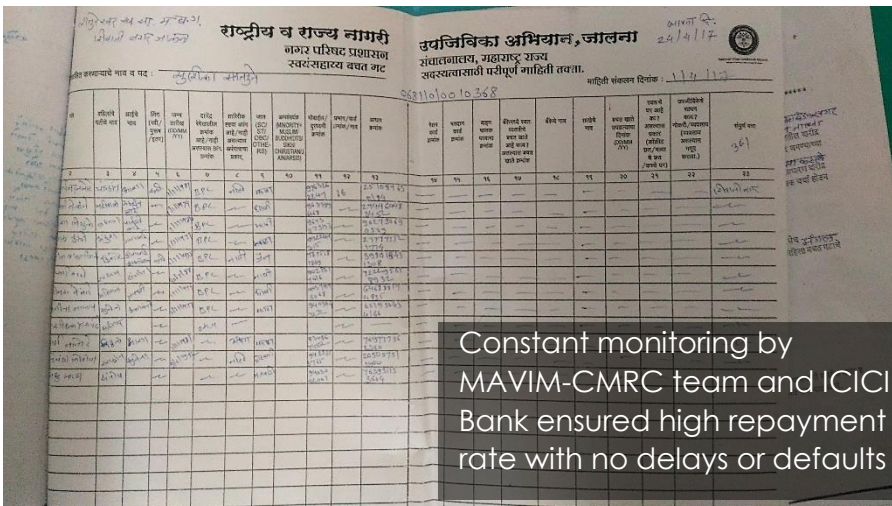
Timely and rigorous monitoring for toilet construction and loan repayment

After initiation of toilet construction, monitoring for completion of toilets and repayment of loans was carried out by the Sahyoginis and CRPs. A format was designed to monitor the progress which included: SHG name, number and name of members, and details of internal loans borrowed and repayment profile.

The monitoring form is signed by the SHG president, CRP and Sahyogini. The monitoring formats are then collected from all the CRPs and submitted to the accounts officer of CMRC. The accounts officer enters the data from the forms into excel sheets which is then submitted to the accounts officer of MAVIM after consultation with the CMRC manager.

Apart from MAVIM-CMRC, ICICI Bank also played a vital role in ensuring that installments were paid on time and there were minimum delays.

ICICI Bank	By MAVIM-CMRC	By SHGs
A daily MIS is generated based on the login id for each SHG.	The MIS generated is shared with MAVIM daily. If any SHG has not deposited the installment before 5 th of a given month, then MAVIM asks the CMRC to do a follow up with that SHG.	Regular follow up on repayment of loans is done in all SHG meetings
ICICI Bank conducts monthly follow-up with SHGs.	Names of SHG who have not made repayment is shared with Sahyoginis and CRPs by CMRC manager.	
	The sahyoginis and CRPs visit the SHGs and try to resolve the issue. If issue is not resolved, then it is reported to CMRC manager and then to MAVIM-DCO.	
	MAVIM-CMRC also maintains a log book of loan disbursement and their repayment. Data entry for these is done by the sahyoginis and CRPs with signatures from the SHG President and Secretary.	



Constant monitoring by MAVIM-CMRC team and ICICI Bank ensured high repayment rate with no delays or defaults

Details of Toilet Loans

By August 2018, 207 loans have been mobilized out of 250 loans committed under the project. Average cost of construction is approximately Rs 45,000, as most women aspire to construct a toilet and a bathroom. Loans have been mainly borrowed from ICICI Bank and other scheduled commercial banks.

Average Loan amount: Rs 10,040

Avg Loan Tenure: 9.5 months

Average time of toilet construction: 3.6 months

Average monthly installment: Rs 1,150

Average Monthly instalment as % of estimated monthly income: 12%

Toilet Construction

Most women have preferred to construct good quality 'durable' toilets using in-situ construction. Many have managed to overcome the space constraints and have added toilets, despite their small houses. Those who were able to afford and had space, have also added bathrooms. Most of the constructions have been done by local masons.

Quality of toilet construction



Meera has constructed a toilet in stages based on the funds that were available with her, a makeshift door of cement bags is being used currently, as her family has begun using the toilet. Cost of construction of the toilet was approx. Rs 60,000. She has borrowed Rs 10,000 from ICICI bank and Rs 5,000 as internal loan from the SHG



Neermala constructed a toilet and bathroom and has begun using it. Plastering, tiling and door fitting is pending which would be done once more funds are available. A water container has been used to store the water for using the toilet. Cost of construction of the toilet was approx. Rs 45,000. She has borrowed Rs 8,000 from ICICI bank and Rs 3,000 as internal loan from the SHG



Archana has constructed a toilet and bathroom with plastering and tiling. Access cover for opening the septic tank is also properly placed. Cost of construction of the toilet was approx. Rs 50,000. She has borrowed Rs 11,000 from ICICI bank.



Vandana has completed construction of toilet and bathroom. An overhead water tank is placed since the area does not have piped water supply. Cost of construction of the toilet was approx. Rs 50,000. She has borrowed Rs 15,000 from ICICI bank.

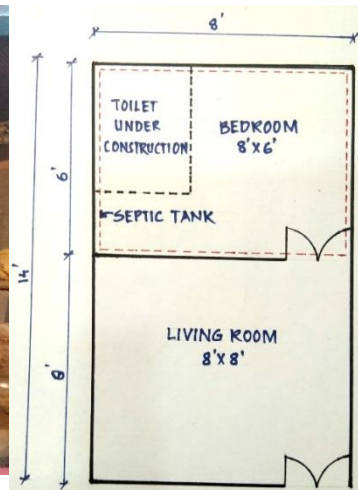
Quality of toilet construction



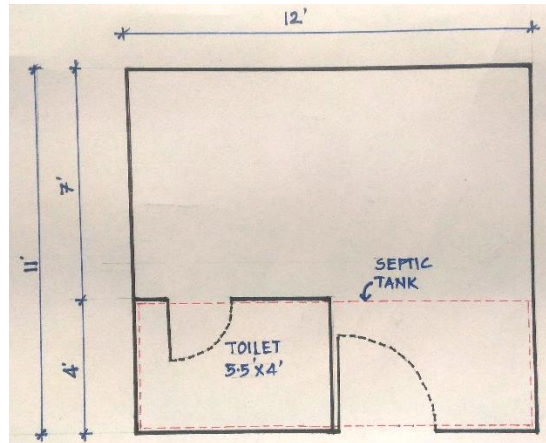
Many SHG women who have used additional sources or their own savings to build a toilet, have used plastering, tiling and other finishes.

Apart from the super structure of the toilets, septic tanks have also been constructed. These are generally of adequate size.

Toilet construction by SHG members having lack of space



Reshma initiated constructing a toilet in her 2-room house of approx. 11 sq.mt area. The toilet is being constructed in the bedroom. Cost of construction of the toilet was approx. Rs 60,000. She has borrowed Rs 11,000 from ICICI bank and Rs 5,000 as an internal loan from the SHG.



Suman has almost completed toilet and bathroom construction in her one room house of an area approx. 12 sq.mt. She has borrowed Rs 11,000 from ICICI bank and Rs 5500 as internal loan from the SHG.



Sarita, who is the president of the Area Level Federation has completed construction of toilet in her one room house. Cost of construction of the toilet was approx. Rs 30,000. She has borrowed Rs 15,000 as internal loan from SHG.

Apart from the super structure of the toilets, septic tanks have also been constructed. These are generally of adequate size.



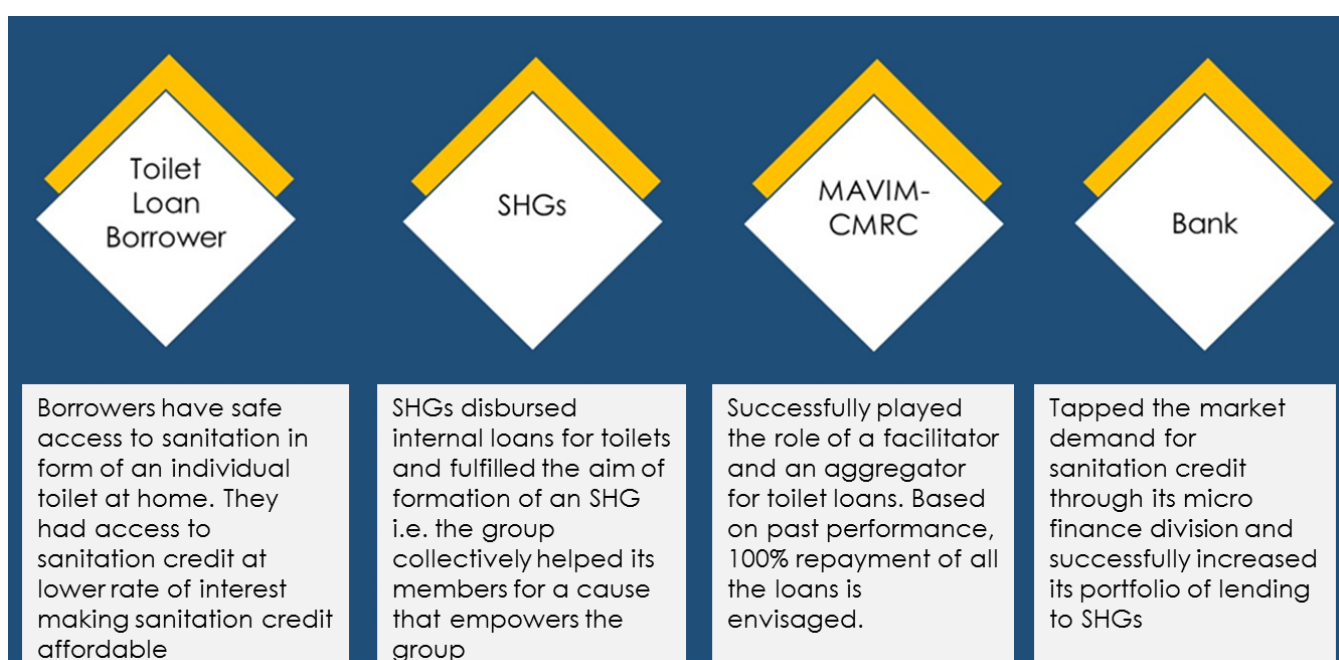
Section IV: Lessons Learnt and Way Ahead

Major Factors that Led to Success of the Project

Success of any pilot depends on the fact as to whether it has created a positive impact for all the stakeholders. The provision of sanitation credit to households has been advantageous to all the stakeholders- toilet loan borrowers, SHGs, MAVIM-CMRC and ICICI Bank.

The sanitation credit project has turned aspirations of owning a 'good quality' toilet for the borrowers into reality. Each stakeholder has gained positively from this project.

The project of sanitation credit for SHG women in Jalna is a true example of how access to sanitation credit can lead to a positive impact on the lives of women and their families.



For MAVIM-CMRC, the organization has showcased its potential through its well trained staff that presence of an aggregator and facilitator is imperative for successful implementation of this project. MAVIM's role as a facilitator for linking SHGs to the banks is one of the key drivers of this project.

ICICI Bank, through its micro finance division has addressed to the demand for sanitation by lending to SHGs. For ICICI Bank, this lending can be included to meet their Priority Sector Lending (PSL) requirements.

The project demonstrates a business case for SHG facilitators and for Banks for sanitation credit which has a high potential demand in the future. It is a sustainable model since each stakeholder gains in this process: women in SHGs, the CMRCs of MAVIM and the lender banks.

The success of the project can be attributed to:

Presence of demand for sanitation credit

Demand for sanitation was present in the city of Jalna, wherein there were households who did not have individual toilets. These households were dependent on community toilets and in certain cases used to defecate in open. Inadequacy and bad condition of community toilets and the good pathaks carried out by the municipal council has encouraged households to build individual toilets.

Involvement of MAVIM- CMRC who have a strong presence in their areas of operation

Active involvement of MAVIM-CMRC in Jalna. Well trained on-field staff of MAVIM-CMRC, training of CRPs and sahyoginis is conducted on a monthly basis to build their capacities for technical design of toilet construction as well as on loan disbursement and repayments.

Trained and Active SHGs

The SHGs involved in this project are the SHGs formed under NULM. MAVIM-CMRCs have a predefined process of formation and training of SHGs which ensures that the SHGs remain active, borrow loans for activities that have a positive impact on the borrower, proper book keeping and maintain savings. The CMRC teams also support to resolve issues within SHGs to prevent them from defaults or disruption within the group.

Training of SHGS over the time by CMRC has inculcated a strong sense of savings which has led to before time repayments by all SHGs. MAVIM supported SHGs maintain a high on-time repayment rate of 98%.

Linkage of SHGs with Banks

Linkage of banks with SHGs and routing the sanitation loans through the SHGs has been crucial for the success of the project. Most SHG members have borrowed on an average Rs 10,000 which is almost 22% of the cost of toilet.

For banks, lending for sanitation to SHGs is a good potential market since the lending to SHGs helps lower risks. The low operating costs are mainly due to presence of MAVIM-CMRCs who help in mobilization of potential borrowers and support measures to ensure repayment of the loans by the SHGs. It also helps to contribute to their Priority sector lending (PSL) targets.

Sanitation credit available at affordable rate of interest

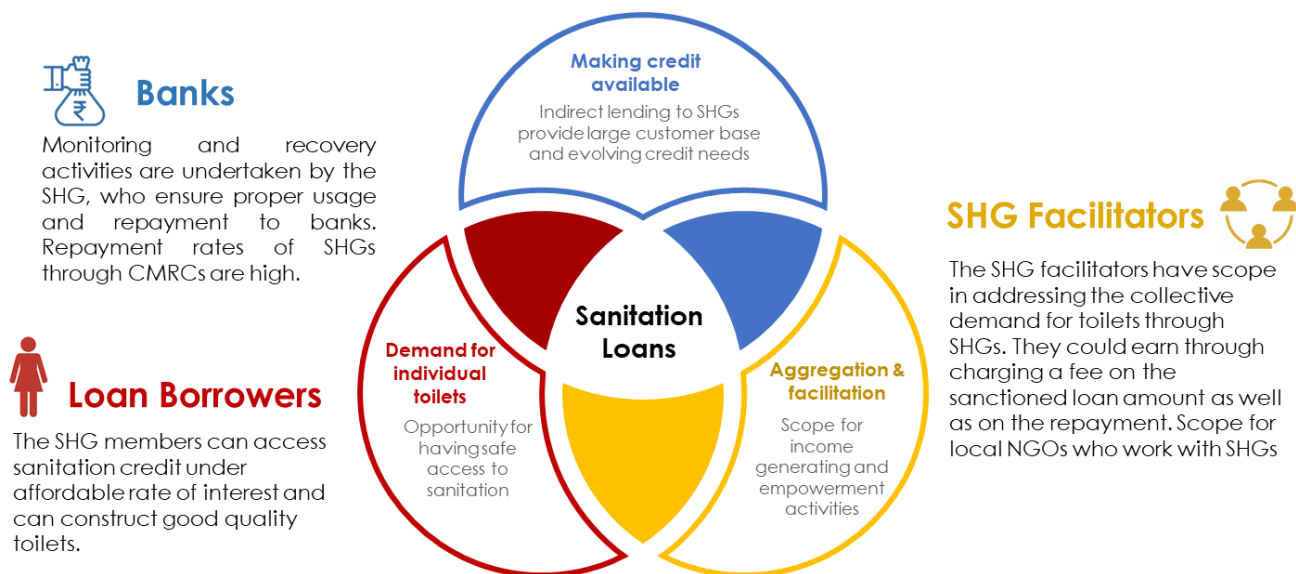
The SHGs involved in this project were formed under NULM and are eligible for an interest subvention of 7% on the loans that they borrow from the bank. An additional 3% of interest subvention is applicable since they are women SHGs. Hence the rate of interest from the ICICI Bank is effectively only 4% which is very reasonable for the SHG women. The payments for the interest subvention is done on quarterly basis by the municipal council. The payment is deposited in the loan account of the SHG with the Bank. Regular repayment for 3 months must be done by the SHG to be eligible for interest subsidies.

Lessons and Scope for Scalability

Some important lessons emerge from the sanitation credit project in Jalna which could be used for wider application across other urban centres in the state.

1. Need to build partnerships for sanitation lending

- Convergence of all the stakeholders at a single platform is important. Involvement and engagement of SHG Facilitators such as MAVIM-CMRC who act as aggregators for toilet loans is crucial.
- Banks can partner with SHG facilitators such as CMRCs who have experience of working with SHGs. Such partnerships would reduce risks for banks. These linkages also reduce the operating expenses of banks since aggregation and monitoring would be responsibility of the SHG facilitator.
- Banks could also have tie-ups with good service providers or contractors to ensure quality of toilet construction.
- There is a potential scope for additional revenue, by including insurance companies as stakeholders. This will also be beneficial for women who will gain access to health insurance.



2. Need for capacity building of FIs and SHGs focused towards sanitation lending

- SHGs and SHG facilitators need to conduct awareness generation programs on importance of sanitation to increase demand for individual toilets.
- Banks also need to educate and sensitize branch staff to change their perceptions about SHG lending and make a strong business case.

3. Designing a bundled loan product which includes sanitation component

- Banks need to integrate sanitation with other loan product such as home improvement loans. Housing finance companies that focus on low income groups could also be linked with such SHGs.
- Bundling of insurance product can also be explored which will give additional income.

4. Leverage available data and technology

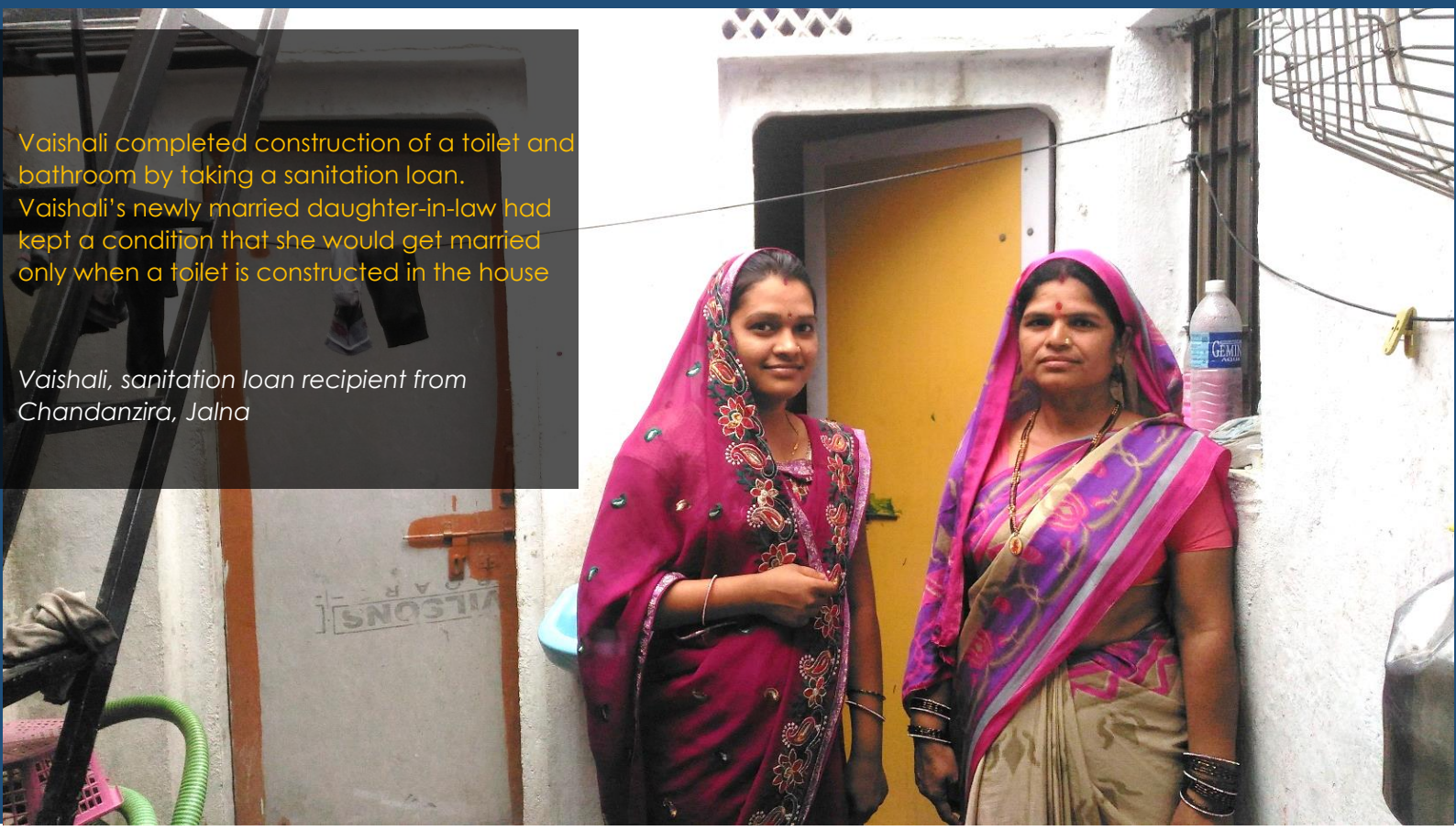
- As observed in the case of Jalna, ICICI Bank maintained a real time database of all the SHGs who had opened a loan account with them. The monitoring was jointly done by ICICI Bank and MAVIM to track repayments done by the SHGs. Such technology driven solutions should be adopted.
- SHG Facilitators and banks can leverage different sources of information on credit history and behaviour (such as NABARD's e-shakti, CIBIL, High Mark etc.)
- Digital technologies such as smartphones with apps to disburse and monitor loans could also be used.

Given the need for sanitation credit in future there is an opportunity to scale up this model across the state aligning to local conditions and requirements. Role of financial institutions and SHG facilitators would be the key factors for model to succeed.

MAVIM has a strong presence in Maharashtra with over 50 CMRC in urban areas. These provide an excellent opportunity to scale up sanitation credit for SHGs in urban areas. Such credit will help households to gain access to good quality individual toilets and help move urban Maharashtra towards universal access to improved household sanitation.

This report has been prepared as a part of the project on 'Bringing Sustainable and Equitable Sanitation Services to Small and Medium Towns in India' being funded by the Bill and Melinda Gates Foundation.

Centre for Water and Sanitation (C-WAS)
CEPT University,
Kasturbhai Lalbhai Campus, University Road, Navrangpura,
Ahmedabad – 380 009
Gujarat, India
Tel: +91-79-26302740
Fax: +91-79-26302075
www.pas.org.in



Vaishali completed construction of a toilet and bathroom by taking a sanitation loan. Vaishali's newly married daughter-in-law had kept a condition that she would get married only when a toilet is constructed in the house

Vaishali, sanitation loan recipient from Chandanzira, Jalna