

“Scaling up Sanitation Microfinance: What will it take?”



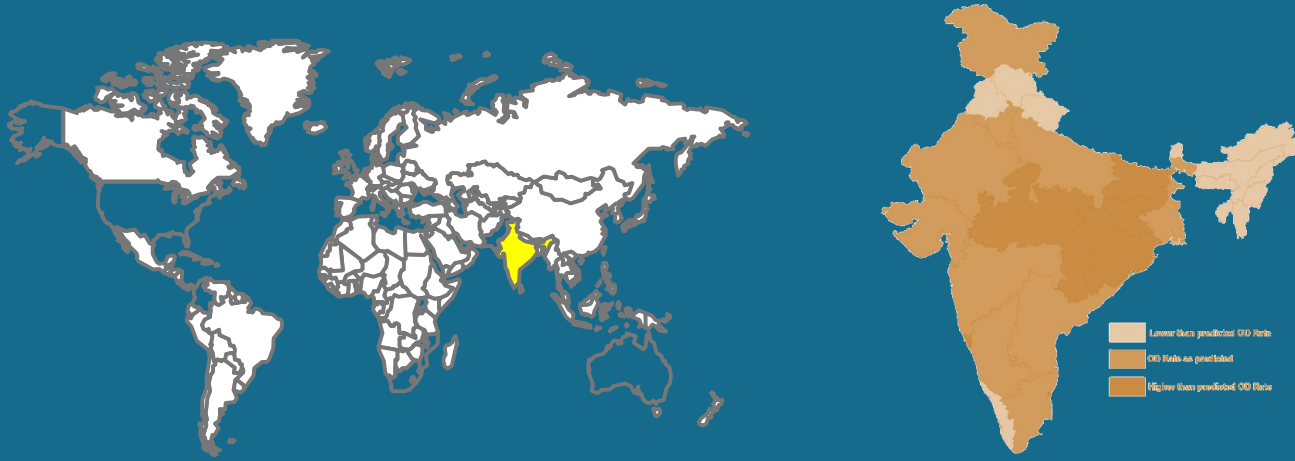
SANITATION MICROFINANCE

**TO MAKE INDIAN CITIES
OPEN DEFECATION FREE**

**27TH AUGUST 2015
STOCKHOLM WORLD WATER WEEK**

Sanitation Scenario- India

INDIA



29 States

7 Union
Territories

18.6% URBAN HHs WITH **NO** LATRINE FACILITY

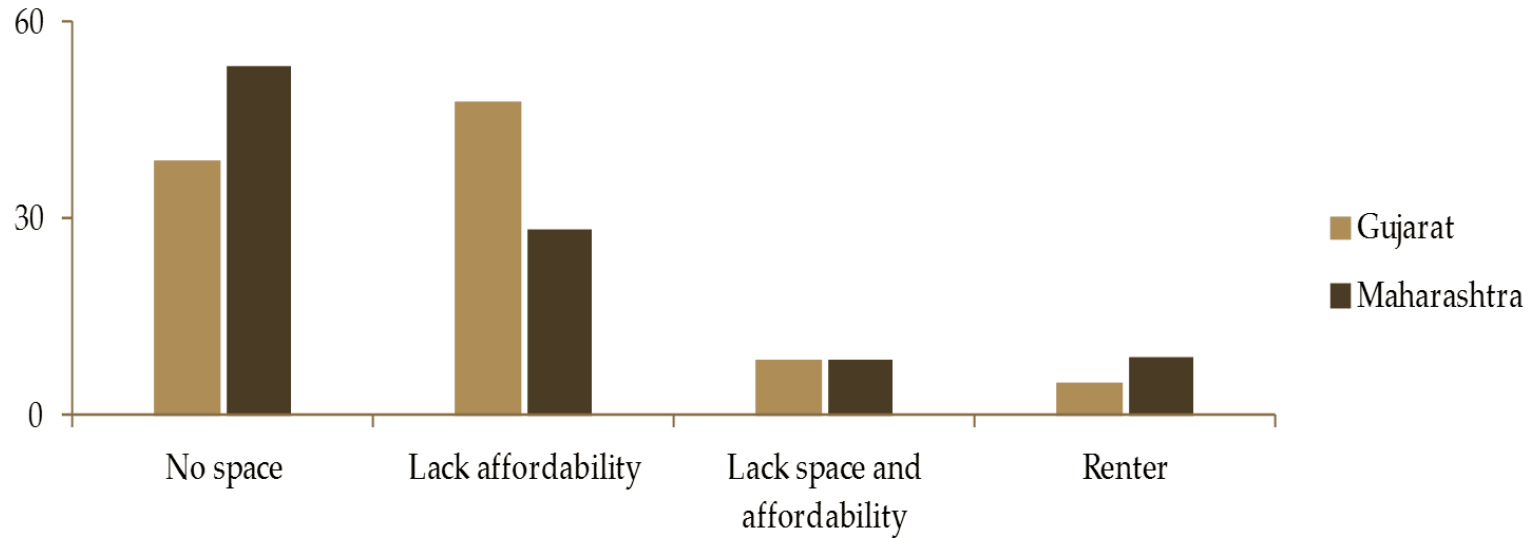
(68 million people or 14.7 million households)

6% OF HHs DEPEND ON **PUBLIC TOILETS**

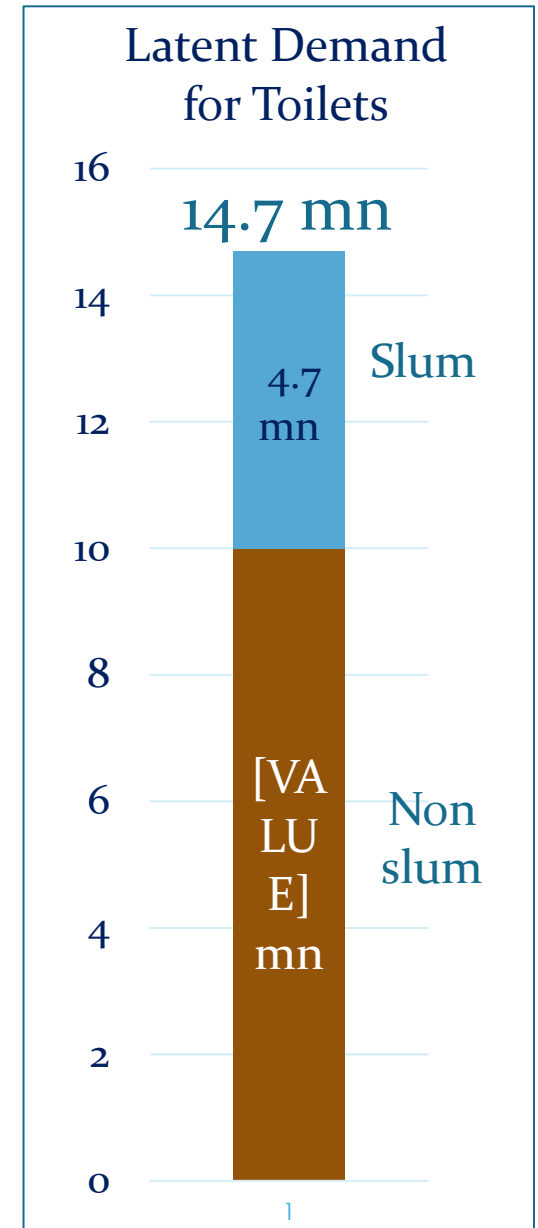
12.6% OF HHs RESORT TO **Open Defecation**

Situation is worse in smaller towns with OD rates of 22%

Space and Affordability constraints



- There are two main reasons for not having “own toilets” in our cities”
 1. **Lack of space to build an own toilet**
 2. **Lack of affordability to meet the toilet costs**



Demand for Household Level Toilets

“Swachh Bharat Mission”, 2014

Aims to become Open Defecation Free by 2019

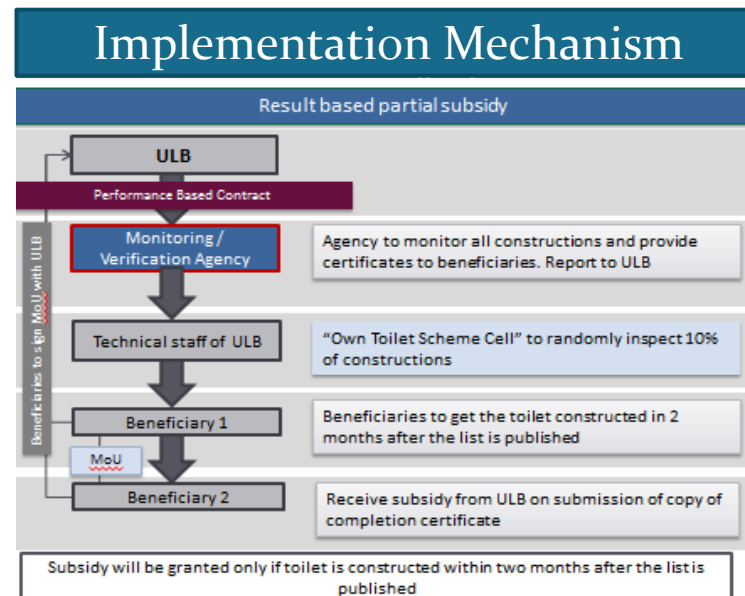


✓ Demand for Toilets Exists



Which can be tapped through surveys and awareness generation programmes

CEPT is supporting small cities of Maharashtra (Wai and Sinnar) in implementing demand led local scheme with **partial subsidies** to HHs

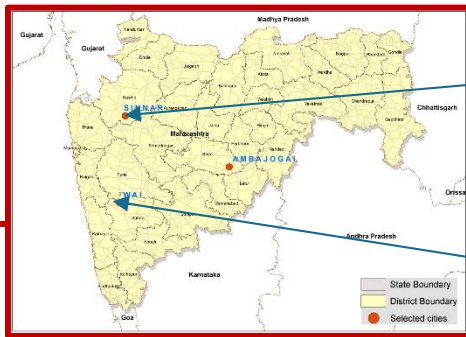


Demand seen through applications received. Process in alignment with **Swachh Bharat Mission**



How to meet the further financial gap??

Households without toilets in Wai and Sinnar



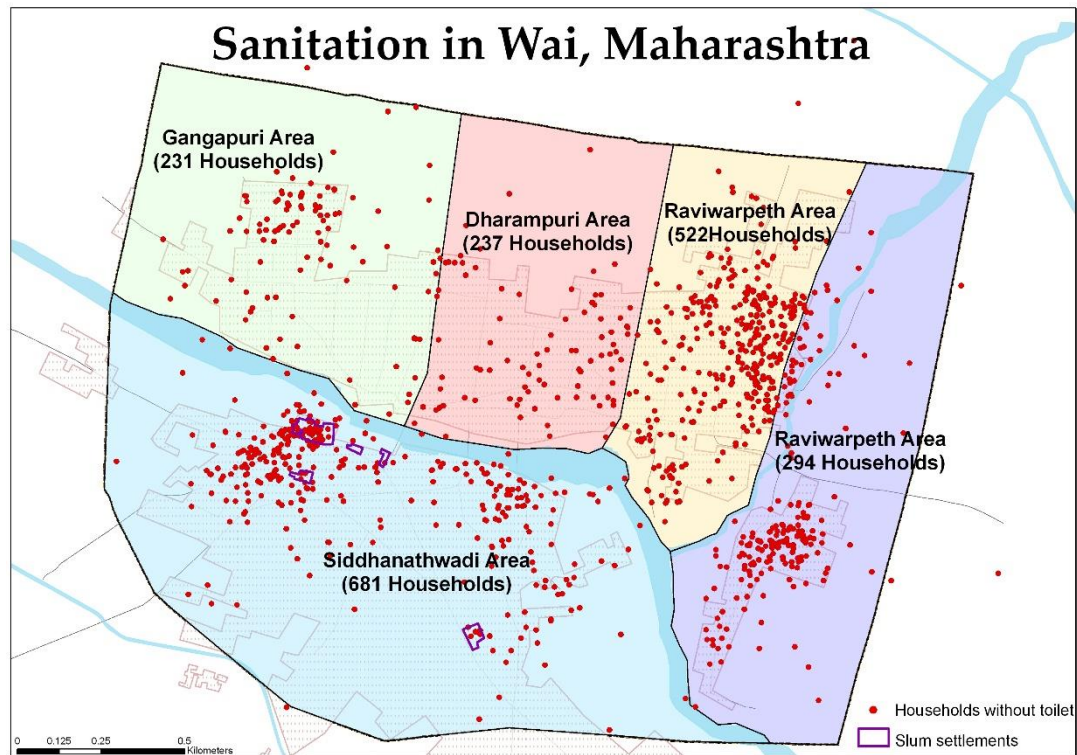
Sinnar

Located in the Nashik district, with a population of ~65,000 that has more than doubled in size since 2001 mainly due to expansion of city boundaries and an industrial and manufacturing boom in nearby Nashik.

Wai

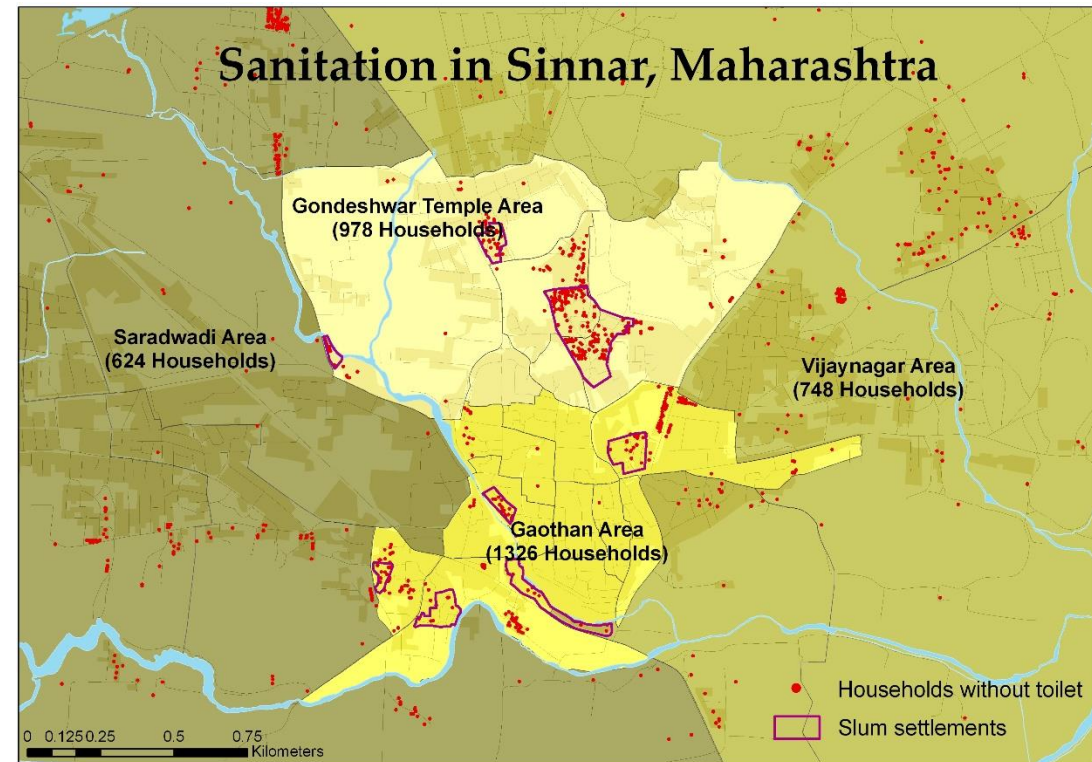
Located in the Satara district, 90 km away from Pune, with a population of ~36,000. Wai has grown slowly at 1% per year since 2001.

Sanitation in Wai, Maharashtra



2000 Households do not have toilets

Sanitation in Sinnar, Maharashtra



5100 Households do not have toilets

On Ground Assessment of Demand and Supply of Loans

Supply Side Responses

MFIs



*"Asmitha extends income generating loans only and our organization observes high loan repayment rate. **Even if people take loans for consumption activities like toilet construction** they will repay the loan on time."* - Branch Manager, Asmitha

*"We provide ~200 loans per month, out of these 5-6 loans every month are for construction of toilets. **People take loans and pay back loans on time.**"* - Branch Manager, Ujjivan



Credit Coops

*"At present we do not provide sanitation loans. Sanitation is a very important issue and should be addressed with appropriate methods. **Loans for construction of toilets should be promoted.** Organization heads should promote sanitation loans."*

- Branch Manager, Sridevnadi Khore Grameen Bigarsheti Patasansta

Com. Banks

*"Our **experience in lending to BPL SHGs is poor and we observe many defaulters**, where as our experience in lending to APL SHGs is quite good and loan repayment rates are high."*

-Branch Manager, Union Bank of India

Demand Side Responses

Households

"My daughters have grown up and we needed a toilet at home. Therefore I took a loan from credit co-operative society for constructing an individual toilet"
















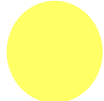


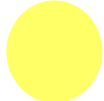


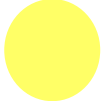





















"I never thought of taking a loan for constructing a toilet. But yes, that is a good option"

"I feel the need of constructing a toilet but I don't think any institution will lend me a loan. I do not have a capacity to repay the loan on time."


























"I have taken an internal loan of Rs. 5000/- through SHG for construction of toilet in the year 2009 as we had to walk 20-25 mins. to reach to the community toilet"

Lenders' Workshop for Banks, HFIs, MFIs and City Officials to discuss possibilities of toilet loans and the way forward

Assessment of possibilities of “toilet loans” in small cities of Maharashtra

Factors	Self help groups (SHGs)	Micro-finance institutions (MFIs)	Credit societies	Commercial banks	Housing finance companies (HFCs)
	 	 	 	 	  
Income Groups					
Very poor / BPL					
poor					
Other low income group					
Middle income group					
Housing Type					
Informal housing					
Formal housing					

Credit providers vary in their areas of strength, but SHGs, MFIs and HFCs emerge as the most promising options

<i>Factors</i>	<i>Self help groups (SHGs)</i>	<i>Micro-finance institutions (MFIs)</i>	<i>Credit societies</i>	<i>Commercial banks</i>	<i>Housing finance companies (HFCs)</i>
Reach towards target population					
Local presence					
Prior history or future interest in toilet loans					
Capacity to make toilet loans					
Favorability of loan terms					

There are many opportunities for households to mobilize credit finance for building their own toilets. With capacity building support, SHGs can play an important role for the poor. The poor can also be reached through MFIs. MFIs will need a credit line of lower cost funds and grants to meet mobilization costs. Banks and HFCs can provide access to other (low and middle income households) that can offer mortgages. A key aspect will be to facilitate households to make their own possible choices from potential lenders.

“Toilet Plans” for Self Help Groups

HH level Credit for Toilets



Toilet Cost

Rs. 35,000

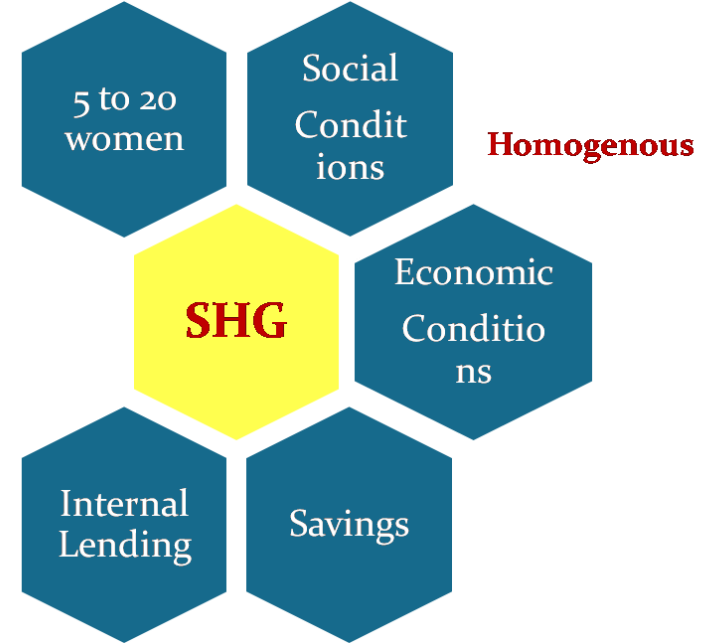
WMC Subsidy —

Rs. 10,000

Own contribution —

Rs. 5,000

Credit Requirement: Rs. 20,000



Pilot SHGs are on board to take toilet



There is a **demand** for ‘**Toilet Loan**’ among SHG women.