

Issue 104 | June 7, 2013 | Focus on Microfinance for Sanitation

According to a WELL fact sheet, microcredit is the principle of giving small loans to the very poor to help them generate an income of their own. Microfinance is broader and incorporates savings and insurance as well as credit. Potential clients of microfinance for sanitation or sanitation-related services include small scale private providers and households. Microfinance has been used to fund the construction of household latrines and public toilets, manual latrine-cleaning services, and suction truckers, which are used to empty pit latrines. This issue contains recent reports, journal articles, and videos. Included are two microfinance SHARE project case studies from India and Tanzania, a USAID Indonesia video, country studies from Bangladesh and Vietnam, and a three-part Water For People video series on microfinance successes and failures.

We welcome suggestions for Weekly topics. Future issues will focus on menstrual hygiene management, innovation, water point mapping, mobile applications, and WASH in schools; more than 100 past issues of the Weekly are [archived](#) on the WASHplus website.

Please note that the Weekly will be taking a short break and the next issue will be distributed on June 28, 2013.

GENERAL/OVERVIEW

- **Assessing the Role of Women in Microfinance for Water Supply and Sanitation Services.** *WH20: Jnl of Gender & Water, Mar 2013.* A Waldorf. ([Full text](#))
This article discusses the benefits of providing microfinance to women as well as the challenges and risks that may prevent the success of microfinance programs.
- **Linking Microfinance, Water and Sanitation: Real Challenges, Real Benefits.** Dell Foundation Blog, June 2012. U Prasad. ([Blog entry](#))
Experience with microfinance projects in the field has taught the Dell Foundation an enormous amount not just about the potential of such projects to change lives, but also about the nonfinancial and nontechnical complexities of successful implementation—and about the challenges of successfully encouraging people to

integrate new habits into their daily routines.

- **Sanitation Microfinance: A Solution to the Household Sanitation Cash Trap?**

2013. S Trémolet, SHARE. ([Full text](#))

The author identifies lessons learned from SHARE's microfinance research and discusses ways for making microfinance part of the solution for reducing the sanitation access gap. The study also highlights the key points that should be borne in mind when designing and implementing microfinance schemes for sanitation.

REPORTS/ARTICLES/VIDEOS

- **USAID IUWASH – Access to Sanitation Through Microfinance**, 2013. ([Video](#))

USAID-IUWASH collaborates with the health office, sanitarians, and the local community to implement the community-based total sanitation program in Indonesia. A pilot project called "Jamban Sehat" (Healthy Toilet) has been implemented to improve sanitation facilities. USAID-IUWASH is currently working cooperatively with banks and the local community to manage the microfinance funds and expand access to adequate sanitation for low-income communities.

- **Evaluating the Potential of Microfinance for Sanitation in India**, 2013. S

Trémolet, SHARE. ([Full text](#))

This report is a case study of microfinance in India. The research investigates how household financing for sanitation can be mobilized via microfinance institutions and commercial banks to accelerate sustainable access to sanitation facilities and/or services.

- **Evaluating the Potential of Microfinance for Sanitation in Tanzania**, 2013. S

Trémolet, SHARE. ([Full text](#))

At the policy level sanitation microfinance should be discussed as part of the broader debate on sanitation sector financing. This report argues that sanitation microfinance tools could be considered in order to overcome affordability constraints, at least for those households that are able to repay the loans or to save toward this investment. Microfinance is unlikely to be appropriate for the poorest and most destitute households, which may need to receive specific assistance to invest. In urban areas where a high proportion of urban dwellers are tenants, particularly in unplanned settlements, microfinance products and toilet loans could be targeted at landlords at least in the first instance.

- **Financing of Sanitation Services in the Slums of Kampala and Dar es Salaam.**

Health, Apr 2013. J Isunju. ([Full text](#))

This paper presents an assessment of the extent and conditions under which private financing can be a realistic approach for sanitation in slums. It is based on a cross-sectional study comparing two slum communities in East Africa, where 250 households from Bwaise III in Kampala, Uganda, and 379 households from Temeke in

Dar es Salaam, Tanzania, were interviewed in 2010.

- **Innovation Forward and Backward: BRAC Adapts Its Microcredit Model to Water, Sanitation and Hygiene.** *Next Billion*, Mar 2013. B Kabir. ([Blog entry](#))

In the 1970s BRAC began helping women in poor communities form village organizations for microcredit to ensure access to savings and loans in hard-to-reach places. These social networks aren't just collection mechanisms; they play a crucial role in controlling for risky loans and over-indebtedness. A similar approach has been taken with the WASH program, which establishes Village WASH Committees to help make key decisions about program work.

- **Sanitation Markets: Using Economics to Improve the Delivery of Services Along the Sanitation Value Chain**, 2012. S Trémolet, SHARE. ([Full text](#))

Even though microfinance appears to be a promising approach to enable households to invest in their sanitation facilities, its impact remains to be tested at scale. Some countries, such as Vietnam and Ghana, have defined sanitation microfinance as a key pillar of their strategy for reducing the sanitation access deficit. Based on these experiences, it appears that both microfinance and mesofinance have the market potential to provide services to the poor. Sanitation (as compared to water) is the subsector where needs are greatest and that holds the greatest potential for the application of microfinance.

- **Study to Review Current Human Resource Capacity and Costs of Scaling up Sanitation and Hygiene in Tanzania**, 2012. Ministry of Health and Social Welfare. ([Full text](#))

Based on the findings and recommendations of the recent sanitation microfinance study, the potential and the options for future microfinance arrangements for sanitation improvements should be further explored, including the experiences with revolving funds and the possibilities of involving established microfinance institutions.

- **Toilet+ Presentation**, 2013. A Sarker. ([Video](#))

This video explains how households form cooperatives that apply for microcredit and become collectively responsible to repay the total monthly installments to microfinance institutions. Members sell waste (human and other bio-waste) to Toilet+ and Toilet+ converts waste into organic fertilizer to sell to agro firms.

- **Water Supply or "Beautiful Latrines"? Microcredit for Rural Water Supply and Sanitation in the Mekong Delta, Vietnam.** *ASEAS – Austrian Journal of South-East Asian Studies*, 5(1) 2012. N Reis. ([Full text](#))

This paper analyzes the contradictory results of a microcredit program for rural water supply and sanitation in the Mekong Delta, Vietnam. The authors conclude that the program has a positive effect on the safer disposal of human excreta as well as on surface water quality, but a marginal impact on poverty reduction as it only reaches

better-off households that already have access to clean water.

Water For People Microfinance for Sanitation Series.

- **Does Microfinancing Sanitation Really Work? A Malawian Case Study, 2012.** [\(Video\)](#) – This is the first episode in a series of three short videos. Water For People looks beyond the repayment/default ratios and statistics to understand whether microfinance can catalyze a longer term relationship between humans and their toilets.
- **Does Microfinancing Sanitation Really Work? Episode 2, 2012.** [\(Video\)](#) – In this second episode in the series the recipient of a loan and builder of an improved pit latrine is interviewed to gauge her overall experience.
- **Does Microfinancing Sanitation Really Work? Episode 3, 2013.** [\(Video\)](#) – In this third and final episode of the video series the Opportunity Bank is interviewed to assess whether sanitation loans make business sense.

Each WASHplus Weekly highlights topics such as Urban WASH, Indoor Air Pollution, Innovation, Household Water Treatment and Storage, Hand Washing, Integration, and more. If you would like to feature your organization's materials in upcoming issues, please send them to Dan Campbell, WASHplus knowledge resources specialist, at dacampbell@fhi360.org.



About WASHplus - WASHplus, a five-year project funded through USAID's Bureau for Global Health, creates supportive environments for healthy households and communities by delivering high-impact interventions in water, sanitation, hygiene (WASH) and indoor air pollution (IAP). WASHplus uses proven, at-scale interventions to reduce diarrheal diseases and acute respiratory infections, the two top killers of children under five years of age globally. For information, visit www.washplus.org or email: contact@washplus.org.

Please let WASHplus know at any time if you have resources to share for future issues of WASHplus Weekly or if you have suggestions for future topics. An [archive](#) of past Weekly issues is available on the WASHplus website.

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