



Issue 128 January 3, 2014 | Focus on Microfinance

Many thanks to Blake McKinlay from iDE for suggesting the topic for this issue and for sharing an interesting study in Cambodia on determining the impact microfinance has on the uptake of latrines. Other resources include a just-published Water for the People review of its microfinance experiences in seven countries, a SHARE blog post on microfinance issues, and country studies from Ghana, Kenya, among others.

If you haven't done so already, the WASHplus Knowledge Management (KM) team would appreciate your comments and suggestions about WASHplus KM services. The link to the KM survey is <https://www.surveymonkey.com/s/3G7SH7C>.

REPORTS/WEBINARS

Understanding Willingness to Pay for Sanitary Latrines in Rural Cambodia: Findings from Four Field Experiments of iDE Cambodia's Sanitation Marketing Program, 2013. N Shah, IDinsight. ([Policy Brief](#)) | ([Complete Report](#)) |

Given the low willingness to pay for latrines with cash, efforts to sell latrines at market price without any financing mechanism will lead to continued low penetration. The major implication of this study is that offering microfinance loans for latrines will dramatically increase uptake of latrines, while also making distribution significantly cheaper per latrine sold. Large-scale efforts to offer financing packages for latrines should be aggressively pursued in rural Cambodia and have the potential to increase latrine coverage from the current national rural level of 20 percent to 60 percent.

Evaluating the Potential of Microfinance for Sanitation in Tanzania, 2013. S Trémolet, SHARE. ([Link](#))

Microfinance could be used in two main ways to promote access to sustainable sanitation services: by enabling households to spread out the costs of investing in household sanitation solutions (such as latrines and septic tanks), thereby improving the affordability of such investments and by supporting the development of a broad range of sanitation service providers, including masons, communal toilet block operators, or pit latrine emptiers.

Improved Sanitation and its Impact on Children: An Exploration of Sanergy, 2013. H Esper. ([Link](#))

This child impact case study examines the positive impacts of improved sanitation on households and communities, using Sanergy's experience in Kenya. This for-profit enterprise

operates franchises in Nairobi's slums and provides modular sanitation facilities and entrepreneurial training.

Market-Based Financing: WSP/RWSN Webinar Series, 2013. ([Webinar](#)) | ([All Webinars](#)) |

This webinar explores experiences with using local banks to provide commercial or semi-commercial loans for the construction, expansion, and major rehabilitation of rural and small town water schemes, using cases from Kenya and Uganda.

Microfinance as a Potential Catalyst for Improved Sanitation: A Synthesis of Water for People's Sanitation Lending Experiences in Seven Countries, 2013. C Chatterley, Water for People. ([Link](#))

To learn how best to facilitate sanitation microfinance, Water for People has been piloting various lending models with diverse partners in seven countries (Bolivia, Guatemala, India, Malawi, Peru, Rwanda, and Uganda). This report aims to synthesize these experiences to inform general guidance for initiating and improving programs, providing lessons learned and recommendations.

Private and Social Enterprise Engagement in Water and Sanitation for the Poor: A Systematic Review of Current Evidence, 2013. A Gero, Institute for Sustainable Futures. ([Link](#))

This paper reviews five years of literature taking stock and examining the nature and quality of the evidence for private enterprise engagement across both sanitation and water subsectors. It reviews the evidence concerning if and how poor households and communities are being supported and also examines how the aid and development sector currently support small-scale private and social enterprise.

Tapping the Market Opportunities for Domestic Investments in Sanitation for the Poor, 2013. The World Bank. ([Link](#))

The current market for improved on-site sanitation services in the four countries—Bangladesh, Indonesia, Peru, and Tanzania—surveyed is large: supplying new systems and replacing old ones is conservatively estimated to be worth US \$300 million a year. But the potential market is much larger: one-time sales of improved sanitation facilities to the 228 million people without access are worth at least US \$2.6 billion.

Tapping the Market Opportunities for Domestic Investments in Water for the Poor, 2013. The World Bank. ([Link](#))

The potential market for the domestic private sector is large in the three countries covered in this study. By 2025, about 20 million people in Bangladesh, Benin, and Cambodia are projected to get their water from rural piped water schemes. This market will be worth at least US \$90 million a year, up from about US \$23 million in 2012.

JOURNAL ARTICLES

Assessing the Role of Women in Microfinance for Water Supply and Sanitation Services. *WH2O: The Journal of Gender & Water*, Mar 2013. A Waldorf. ([Link](#))

Some newer microcredit programs support investments in water and sanitation services. Because women are typically responsible for fetching water, cooking, and cleaning, these newer programs can potentially empower women who normally are excluded from water and sanitation management to have a bigger voice. However, for those benefits to be realized,

such programs must be carefully designed to minimize barriers to repayment and the reinforcement of existing gender hierarchies.

Expanding the Frontiers of Microfinance in the Service of the Poor: Experiment with Water and Sanitation. *Intl Jnl Acad Res Business and Soc Sci*, Aug 2013. S Arfane. ([Link](#))

This paper provides a clear case for extending microfinance to water and sanitation businesses. It adopted diverse approaches to collect data from 60 landlords and tenants as well as a number of potential and existing indigenous entrepreneurs in the water and sanitation sector in Nima, a low income slum area in Accra, Ghana. The study found that not only does microfinance investment in water and sanitation enhance access to, and demand for, water and improved sanitation, it also creates business opportunities for both microfinance institutions and individual entrepreneurs.

The Use of Traditional Microfinance Methods as an Innovative Approach to the Development of Obizi Regional Water Supply Scheme in Aguata, Nigeria. *Hydrology*, 1(3) 2013. E Ezenwaji, Nnamdi Azikiwe University. ([Link](#))

The aim of this study was to assess the use of traditional microfinance methods as an innovative approach to the development of Obizi Regional Water Supply Scheme in Aguata, Nigeria. An analysis revealed that some communities are embracing the innovation approach, while others are not. Suggestions for improving uptake include: persistent mobilization of community members, better methods of loan distribution, and increased involvement of women in the microfinance process.

BLOG POSTS/PRESENTATIONS/VIDEOS

Improving Payment for Water Services through Village Savings and Loans Associations, 2013. S Zare, USAID Global Water for Sustainability Program. ([Link](#))

The USAID West Africa-Water Supply, Sanitation and Hygiene program and local partner PRUDA embarked on joint monitoring of 15 of the 26 village savings and loans associations (VSLAs) in five communities to facilitate local level discussions linking WASH financing and management and VSLAs. The potential of the VSLA as a platform for hygiene and sanitation campaigns, user pay education, gender empowerment and engagement, and technology transfers was hugely welcomed by the groups with many women applauding the adoption of VSLAs in their communities.

Leveraging Community Resources through a Micro-Credit Scheme: Experience from Lake Victoria Water and Sanitation Programme, 2013. A Adongo, SANA Intl. ([Presentation](#))

Microcredit for sanitation is an innovative alternative with significant potential to raise demand for sanitation facilities, increase access, and raise beneficiary contributions toward investment in the sector. However, significant work still has to be done to enhance sustainability with particular focus on developing an achievable repayment model, including provision for a longer repayment period and extending the time period for project incubation.

Microfinance Brings Savings to Villages. *USAID's Global Waters*, Mar 2013. S Hoye. ([Link](#))

A popular trend in microfinance is a rudimentary form of banking that brings together community members to save and manage their money collectively. These groups help households improve financial resource management and provide access to short-term loans at reasonable interest rates for investments in projects like high quality water and sanitation services.

Philanthropy Meets the Market. *Economist*, Dec 2013. ([Link](#))

Innovative ways to tackle the world's urgent water and sanitation needs will multiply, say Matt Damon and Gary White, co-founders of Water.org.

Sanitation Microfinance: A Solution to the Household Sanitation Cash Trap? 2013. S Trémolet, SHARE. ([Link](#))

SHARE recently published two case studies on sanitation microfinance in India and Tanzania, based on original research by Trémolet Consulting and MicroSave. Here, Sophie Trémolet identifies lessons learned from the research and a way forward for making microfinance part of the solution for reducing the sanitation access gap.

Water and Sanitation Loan Products for MFIs, 2013. MicroSave. ([Video](#))

This video explores the new area of WatSan financing as a potential segment for microfinance institutions (MFIs). MicroSave's Senior Analyst TVS Ravi highlights the demand for improved water and sanitation across the world and what role microfinance can play in improving access to water and sanitation. The major issues that MFIs have to keep in mind before entering into WatSan financing are also mentioned.

WASHplus Weeklies will highlight 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, supports healthy households and communities by creating and delivering interventions that lead to improvements in access, practice and health outcomes related to water, sanitation, hygiene (WASH) and indoor air pollution (IAP). WASHplus uses at-scale, targeted as well as integrated approaches 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.