

PATH

Experiences from the Safe Water Project

Microfinance for WASH delivery

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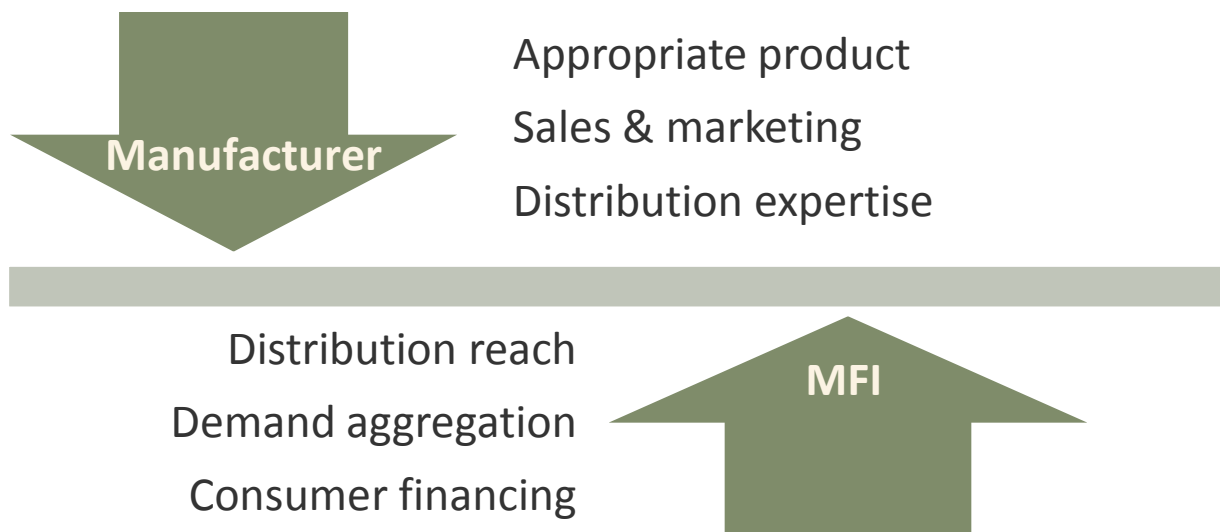
Tim Elliott

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Photo credit: PATH/Sara Watson

MFI as a distribution channel

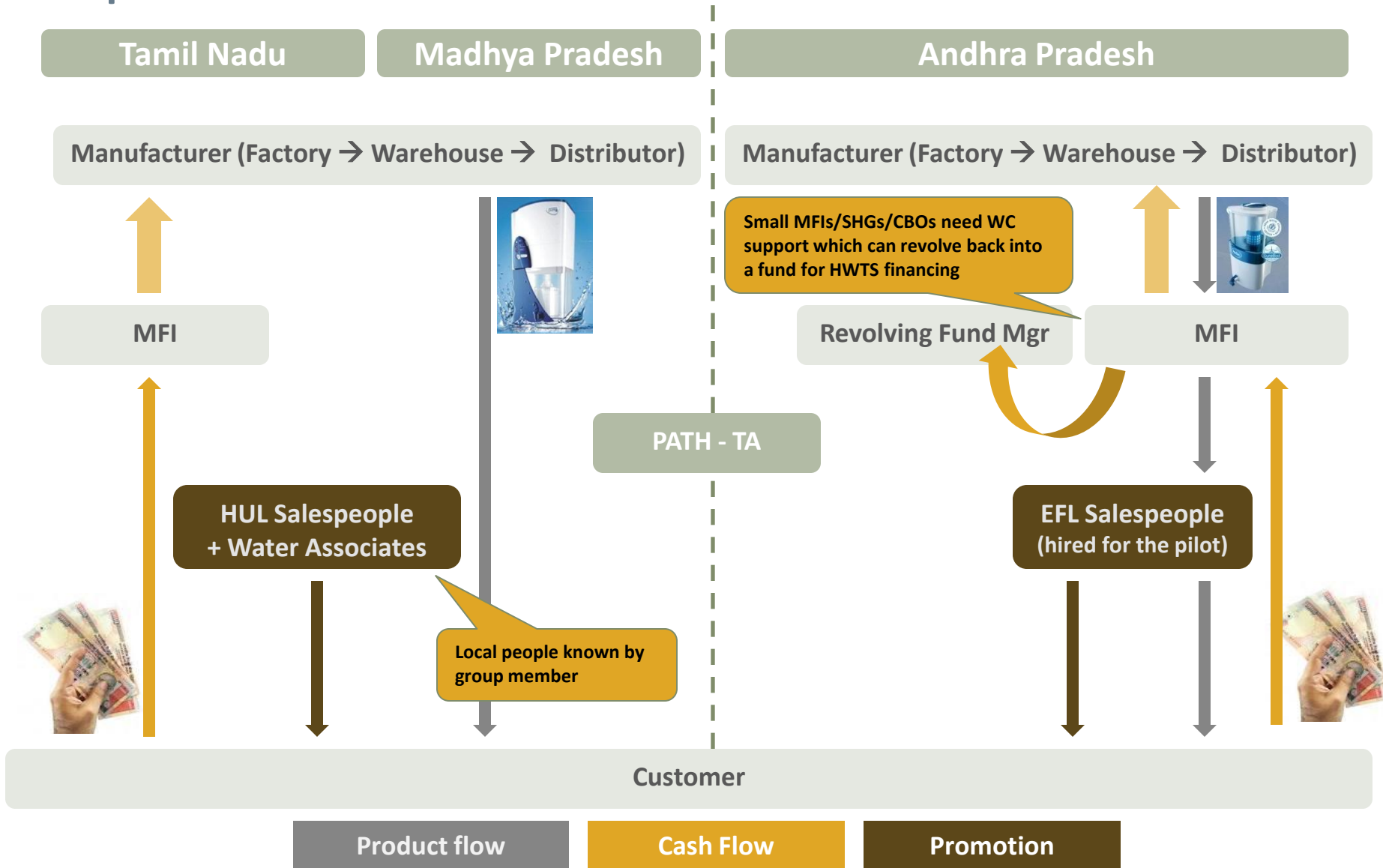


Problem	Solution
<p>Lack of supply of HWTS products due to high distribution costs</p>	<p>Leverage existing MFI reach</p>
<p>Low demand for HWTS products due to lack of affordability</p>	<p>Customize MF loan for HWTS product Generate awareness through aggregated MFI platform</p>

India MFI pilots: Variations

Product Partner	Hindustan Unilever (HUL)				Eureka Forbes Ltd (EFL)
Product Price	 Pureit Rs 2000 (US \$42)		 Aquasure Extra Rs 1390 (US \$26)		
Channel (MFI) Partner	Spandana				PSS-ACCESS
Loan Type *	Rs 80 (US \$1.80) x 25 weeks	Rs 43 (US \$0.95) x 50 weeks	Rs 43 (US \$0.95) x 50 weeks	Rs 39 (US \$0.87) x 17 weeks	Rs 250 (US \$5.60) x 6 months
Defining characteristics	weekly loan 25 weeks (peri-urban)	weekly loan 50 weeks (rural)	weekly loan 50 weeks (peri-urban)	FREE filter + loan for cartridge (rural)	Monthly loan with bundled cartridge (rural)
Location	Tamil Nadu			Madhya Pradesh	Andhra Pradesh
Pilot Duration	10 months	5 months	10 months	4 months	6 months
Sales (units)	2,757			1,886	120

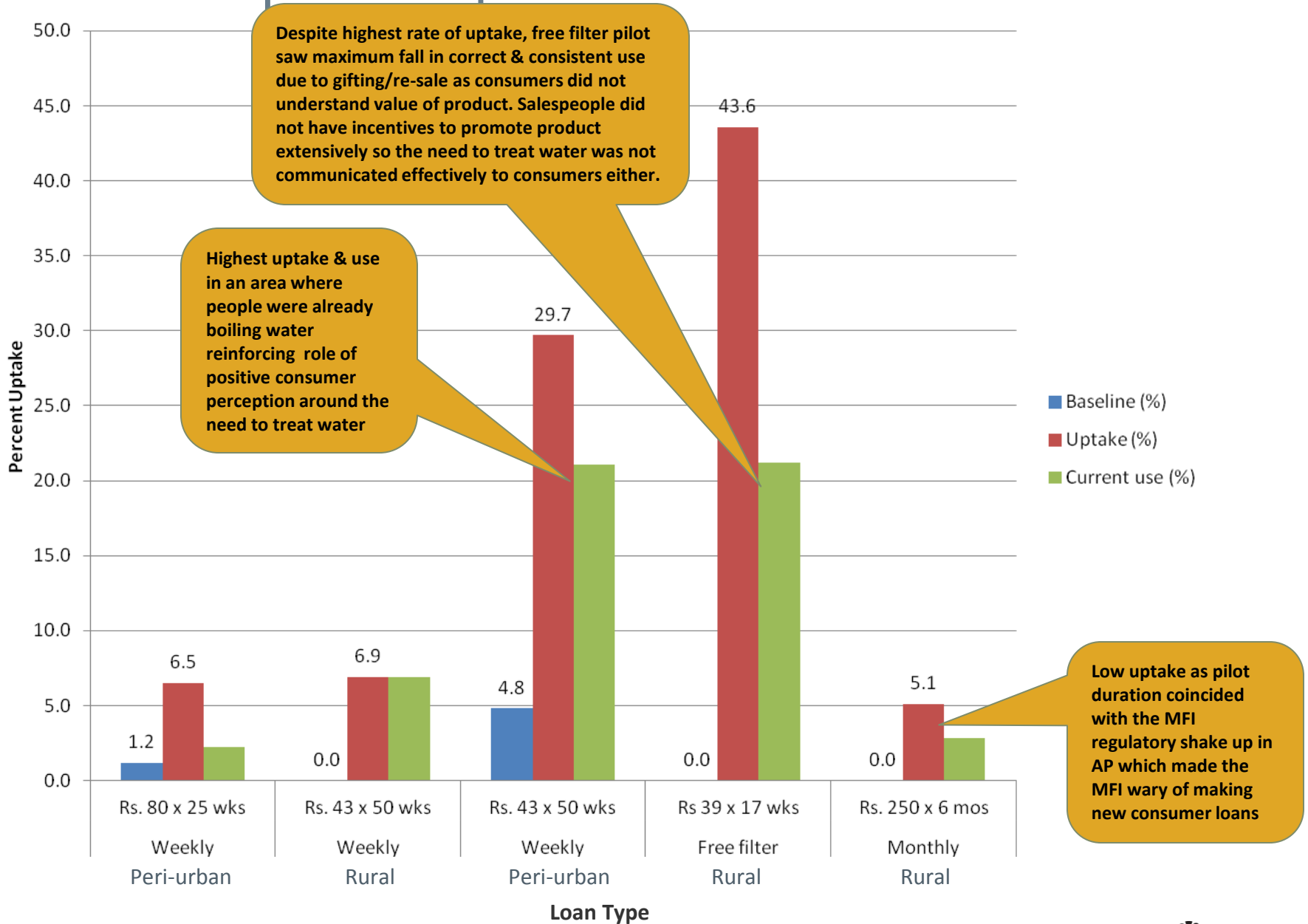
Operational model



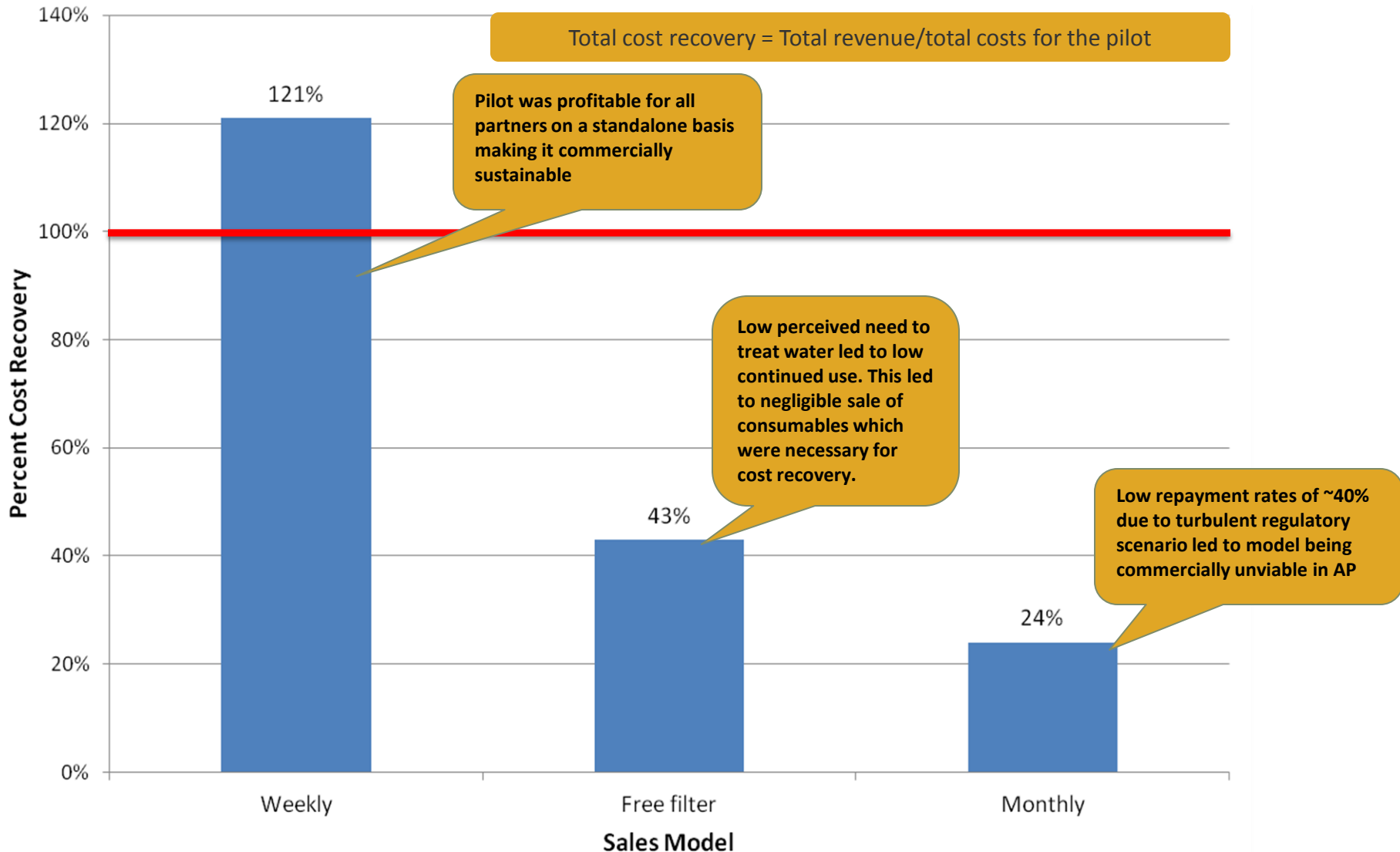
Operational Model: Lessons

- Promotion and order generation should be done by a local person known to the group members for effective communication of benefits of safe water
- A local person is an effective point of contact for post sales service and supply of consumables which are essential for continued use after the sale
- While large MFIs like Spandana have enough cash for working capital investment, small MFIs/SHGs/CBOs do not have the working capital to manage cash payments for product to manufacturers and may be given a subsidy which can revolve back to form a revolving fund for HWTS financing
- MFIs cannot take up continued responsibility of supply of products & consumables as this is beyond their core activities and this affects continued availability & perception of the product. To address this problem, the local salesperson doing promotions can be incentivized with margins for ongoing sales of consumables and can act as the local safe water champion advocating continued use

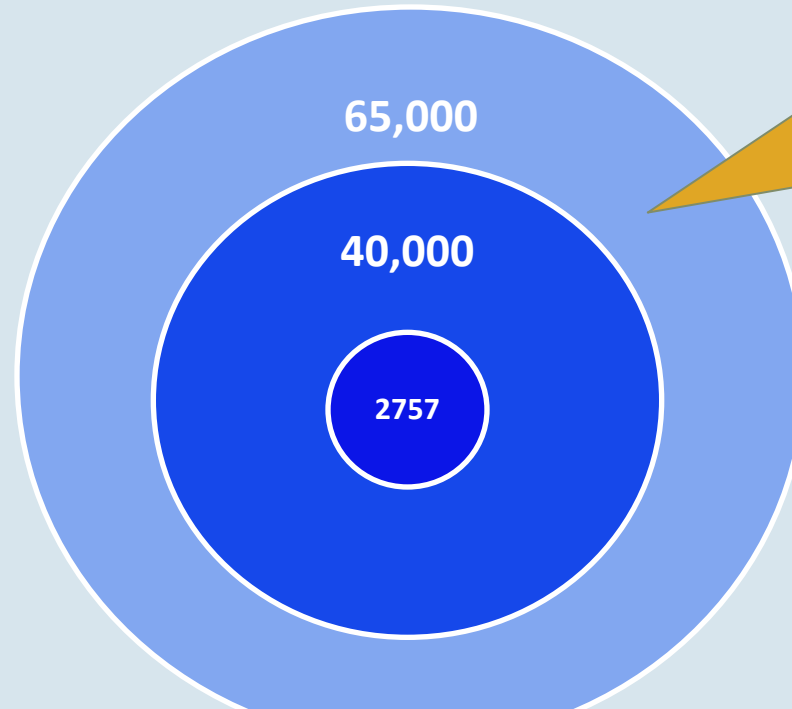
India MFI pilots: Uptake and current use



India MFI pilot variations: Total cost recovery



100 million = Global MFI customer base



HUL saw sales of 40,000 through Spandana branches beyond the pilot and has developed non-exclusive partnerships with several more MFIs in India, just one of which took sales through MFI platform to 65,000 in the last year. HUL has also started to explore MFI partners in additional countries such as Kenya.

EFL has tied up with 2 MFIs in East India and 1 MFI in Tamil Nadu. With the initial scale-up, The TN partnership gave them 200 sales in Dec-Jan which is expected to be 500 units by the end of January, 1000 by February and 2000 by March, with expansion of operations from 1 branch in India to 30 branches pan India . EFL also has plans for expanding through this model into other States.

Potential for MFI model to scale

India MFI purchasers by wealth quintiles

