



MICROCREDIT FOR SANITATION: A QUIET REVOLUTION

Tamil Nadu, India

September 2005

unicef 
A WATSAN Initiative

QUICK FACTS

| | |
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| LOCATION | Talavadi, TN Palayam and Andhiyur Blocks, Erode district, Tamil Nadu |
| BENEFICIARIES | Members of 13 SHG Federations |
| PROJECT DURATION | Ongoing since 1998-1999 |
| COSTS | Revolving funds from UNICEF |
| MANAGED BY | Federations of Self-Help Groups (SHGs) |
| SUPPORTED BY | MYRADA KVK, Gobichettipalayam; DRDA, Erode; UNICEF, Chennai |

UNICEF supports a number of community sanitation projects in India as a part of its Water, Environment and Sanitation initiatives. In Erode District of Tamil Nadu, UNICEF has funded a unique microcredit project in which members of self-help groups borrow money from their federation to build toilets in their homes.

In the Talavadi, Andhiyur and TN Palayam Blocks of Erode District, MYRADA, an NGO, has supported the formation of 24 federations comprising 563 groups that have a total of 7568 members. Thirteen of these federations take part in this UNICEF-supported microcredit sanitation project.

UNICEF provides funds to the NGO, which, in turn, distributes it to the federations. The federations use the fund not as a grant but as a revolving fund—individual members borrow money for toilet construction and the repayments are again given as loans to other members. No interest is charged. This recycling of funds ensures that a small amount is spread across more individuals. Besides, once this project is complete, the original fund remains intact to be used in other sanitation programs.

This is a unique project because federations manage the revolving fund. Neither UNICEF nor the NGO is involved in the use of the funds and its disbursement process among members. The NGO only audits the accounts of the federations from time to time.

THE IDEA

MYRADA has been working in the Erode area for a number of years and had also been a partner in the Intensive Sanitation Programme of the State Government. In 1998, UNICEF invited the NGO to a sanitation workshop where the idea of using revolving funds first came up. It gained strength after federations agreed to manage the funds and implement a sanitation project based on the concept. Individual members too offered support, agreeing to take a loan for toilet construction.

OBJECTIVES

The project objectives were:

- To improve sanitation in villages by encouraging the construction of toilets at home.
- To create awareness of community health and sanitation by discouraging open air defecation
- To empower people by entrusting the implementation and management of the project to institutions run by them



In the long term these objectives it was felt would lead to a marked improvement in personal and community health.

With these in mind, the project was initiated in 1998. Its progress is given in the chart below.



PROJECT TIME CHART

| | |
|--------------------------|--|
| 1998 | UNICEF sanitation workshop: MYRADA is invited. Revolving Fund (RF) concept is accepted. MYRADA consults federations. Group members agree to construct toilets |
| 1999 | UNICEF provides first RF: Rs. 1,20,000 (\$ 2667, approx). Amount distributed to four federations Loans begin for individual members 169 toilets constructed |
| 2000 | Toilet building activities continue [some loans given from repayments] 89 toilets constructed Sanitation awareness programmes continue. One more federation shows interest |
| 2001 (a drought year) | UNICEF releases Rs. 3,00,000 (\$ 6667, approx) Amount distributed to first four and one additional federation More federations want to opt into the programme 57 toilets constructed Project Cooperation Agreement signed. UNICEF, MYRADA and the District Rural Development Agency (DRDA), Erode agree to cooperate in the Talavadi Block for a short-term project "Clean Village," Talavadi, Erode District. |
| 2002 | UNICEF releases Rs. 2,00,000 (\$ 4444, approx) Amount distributed to 8 federations, 7 new 284 toilets constructed |
| 2003 | 47 toilets constructed |
| As on Sept.2004 | Project continues Totally 650 toilets constructed |

Note: In some years the construction is slower because the loans are given from the repayments received by the federations. In the years that UNICEF released funds construction activity is high. In 2002, for instance, the amounts released in 2001 and 2002 were put to use, which is why 284 toilets were constructed.



SANITATION AWARENESS

An initial sanitation awareness campaign is an essential part of the project. Yet, in spite of the long awareness campaigns that an NGO runs, most people in rural India may not consider building a toilet at home a priority. As one of the men said: "There's so much of space in the forest." People also feel that it is polluting to have a toilet near or attached to the home. But ideas change. And in the forefront of the change are school children and women. Children bring new ideas of hygiene and sanitation from schools. Visitors – sons and daughters and their families – from urban areas ask for privacy. And finally, women, who suffer the most from the lack of a toilet, speak of the difficulties they face:

"We can't go out during the day. We have to wait until it is dark."

"In this forest area, there are so many snakes. And very often, we can't see the roots or stones in the pathway."

"During pregnancy, especially during the latter part, it used to be very difficult [to go out]."

"Women don't go out alone. So we have to wait for each other."

"If a girl is sick, or has diarrhoea... only another woman can understand that difficulty."

"We can't send our daughters or old people alone, so we accompany them. Do you know how much of time all this takes?"

"Everybody would know where we were going. It was very embarrassing."

"Imagine our plight in the monsoon season."

"Women suffer more than men in these matters."

:Voices of women from Talavadi Block

PROJECT DESIGN

The programme is implemented entirely by the federations. The federation first calls for applications from its groups. Members apply to their group, first orally and, after approval at the SHG level, in writing, for a loan specifically for toilet construction. Group members visit the applicant's house to ensure there is sufficient space; they scrutinize past repayment records and satisfy themselves that she is currently able to repay the loan.

The applications from each group are then presented at the next federation meeting. Using the records of the SHG, the federation verifies the need, the ability to repay and the prior repayment track record of the member and provides funds to the group, which in turn lends to the individual. No interest is charged. Repayment moves in the reverse direction: from member to group to federation, and the money is lent again.

This ongoing process has so far led to the construction of 650 toilets, and a few federations have turned over their allotted funds 1.5 times.



FUNDS USAGE

UNICEF first provided Rs. 120000 (\$ 2667; @ Rs. 45 = 1 \$) and this was distributed equally to four federations by MYRADA. Plan International, another NGO, gave Rs. 500/- (\$ 11.10) worth of materials – the toilet pan, asbestos roofing, the door and two bags of cement – to each beneficiary. Every applicant thus received an interest-free loan of Rs. 1000/- (\$ 22.2 approx) plus the material. The loan had to be repaid in ten instalments of Rs. 100/- (\$2.2) per month.

Satisfied with the management of the first fund, UNICEF provided a second and then a third tranche of Rs. 3,00,000 (\$ 6667) and Rs. 2,00,000 (\$ 4444), which was distributed to thirteen federations in all, including the first four. How much each federation received depended upon the number of groups that formed the federation, the demand for toilets and the prior track record of the federation in working as a cohesive group.

The loan distribution process was left entirely to the federation. Which member should receive the loan, what should be the loan amount per individual, collecting and lending the money again – all these matters were to be decided by each federation separately. Some federations, such as Suryodaya, for instance, decided to recover the cost of the materials given by Plan International too, the reason why amounts recovered are higher than the amounts distributed. Each federation also had to decide whether they would wait till sufficient money had been recovered from a number of individuals before lending again or use the money immediately, as and when it was recovered. Those who borrowed from the inflows did not receive material from Plan International, who had by then moved out of the project. Instead they were given interest-free loans of Rs. 2000/- each.

REVOLVING FUNDS ALLOTMENT, DISBURSAL, AND RECOVERY AMONG FEDERATIONS

| BLOCK | FEDERATION NAME | REVOLVING FUND (IN RS.) | AMOUNT DISBURSED (IN RS.) | AMOUNT RECOVERED (IN RS.) | NO. OF TOILETS BUILT |
|--------------|-----------------|-------------------------|---------------------------|---------------------------|----------------------|
| TALAVADI | SARVASAKTHI | 1, 15, 000 | 1, 14, 000 | 56, 600 | 80 |
| | JANAPRIYA | 1, 10, 000 | 1, 08, 000 | 55, 680 | 140 |
| | JANAJAGURTHI | 57, 500 | 57, 500 | 51, 350 | 90 |
| | KANCHANAGANGA | 25, 000 | 25, 000 | 17, 172 | 50 |
| | BHARATHAMATHA | 25, 000 | 25, 000 | 14, 225 | 50 |
| | SURYODAYA | 12, 500 | 12, 500 | 17, 300 | 25 |
| | CHANDRODAYA | 12, 500 | 12, 500 | 15, 250 | 25 |
| | ARUNODAYA | 12, 500 | 12, 500 | 15, 250 | 25 |
| ANDHIYUR | ANNAI INDIRA | 50, 000 | 50, 000 | 57, 050 | 31 |
| TN PALAYAM | BHARATHAMATHA | 50, 000 | 33, 000 | 15, 000 | 22 |
| | PODIGAI | -- | 16, 500 | 9, 100 | 11 |
| ANDHIYUR | SARVA SAKTHI I | 1, 00, 000 | 1, 00, 000 | 96, 726 | 45 |
| BARGUR | - | -- | -- | -- | -- |
| SECTOR | SARVA SAKTHI II | 50, 00 | 50, 000 | 52, 275 | 56 |
| TOTAL | | 6, 20, 000 | 6, 16, 500 | 4, 72, 978 | 650 |

Source – MYRADA, Gobichettypalayam

EXTENDING THE IDEA

Many members have taken this opportunity to construct additional facilities — separate bathing enclosures, rain-water harvesting structures, and even biogas plants that run on human and animal waste. Others run the grey water from the bathing room to the kitchen garden.

Money for these additional facilities comes from their own funds; others borrow from other project funds or additional sums from their savings in the group.



IMPLEMENTATION

Bringing hygiene and sanitation awareness to all members of a community such that it becomes an accepted part of their thinking requires sustained advocacy over a long period of time and the construction of toilets is only one aspect of the awareness programme. The project process can be separated into three parts:

In the pre-implementation stage sustained advocacy, other health programmes (school sanitation projects, health camps and maternal and child health interventions) and external pressures (urban visitors who ask for privacy) create a demand for toilets.

Then comes the activity stage, when people who are convinced of the idea start to construct toilets.

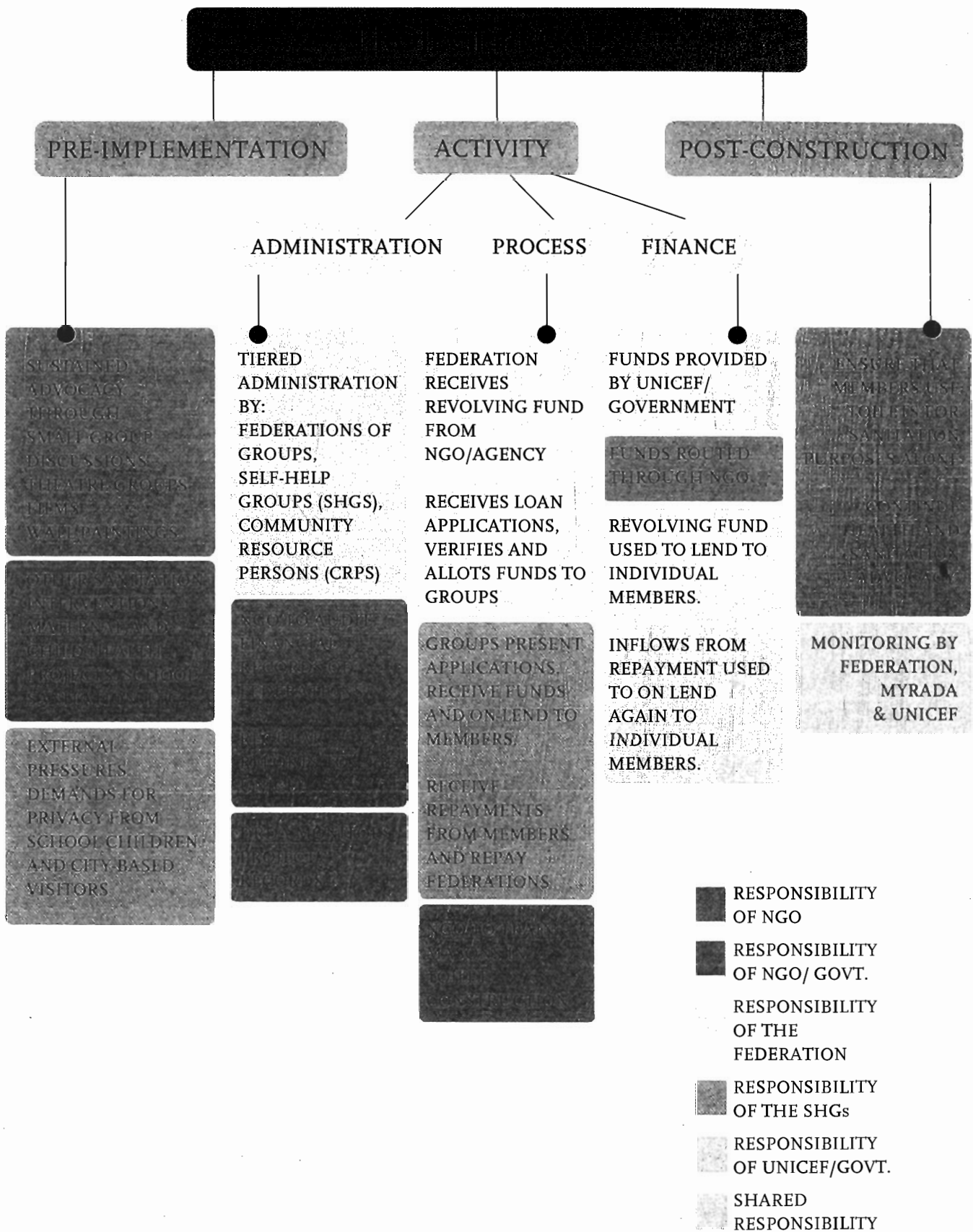


Post construction, in the third stage, the advocacy must continue to ensure appropriate use of toilets, to reach more people and to create awareness of modern health practices.

I LIVE IN A RENTED HOME



Mariamma is a resident of Talavadi town and she lives in the last of a row of three houses. All three houses are owned by the same person. As an SHG member she was entitled to a loan for toilet construction. Encouraged by her group members and other women, Mariamma decided to apply for a loan, even though the house was not her own. She simultaneously started a dialogue with her landlord and negotiated an agreement with him: "I told him I would take a loan from my group and get a toilet built. In turn, he would have to deduct the sum from my rent." He agreed, and today three families have benefited as the toilet has been constructed such that all three families can access it. Mariamma has repaid her loan and has also recovered the full amount from the owner. The owner too is happy as his asset has appreciated in value and any new tenant will have to pay him a higher rent.



ROLES & RESPONSIBILITIES

The roles and responsibilities of the federations, the SHGs and the NGO were clearly separated.

Federations would:

- Receive written applications from members through their groups.
- Verify the status of the applicant through the SHG minute books and financial records.
- Make random checks of houses and groups.
- Sanction and hand over the amounts to the SHG.
- Deposit repayments from SHGs
- Maintain records of financial transactions.

SHGs would:

- Physically verify that the applicant had sufficient space for construction
- Verify her credit repayment record
- Accept and then submit to the federations written applications along with credit records
- Collect sanctioned amount from the Federation to

give to the member.

- Repay to the Federation the money collected.
- Maintain records of financial transactions.
- Ensure that the money is used for its intended purpose.

The NGO would:

- Train local masons to construct the toilet
- Initiate and continue sanitation training and awareness programmes to spread the message of health.
- Check the records of the federations to ensure proper utilization of funds

UNICEF is involved in this project as the provider of the first funds to initiate the project. Various government sanitation projects—for instance, the Total Sanitation Campaign in the districts or the Clean Village Project in Talavadi—also are an essential part of creating awareness and promoting sanitation

SHORT-TERM PROJECT "CLEAN VILLAGE" TALAVADI, ERODE DISTRICT

In 2001, DRDA (Erode), UNICEF and MYRADA entered into an agreement to undertake the "Clean Village" project in Talavadi. There were a number of activities in it of which household toilet construction using revolving funds was one [UNICEF's third tranche of funds was released through this project].

| NO. | ACTIVITY | FUNDS (UNICEF) | FUNDS (PO DRDA) | FUNDS (MYRADA) | REMARKS |
|-----|--|----------------|-----------------|----------------|--|
| 1 | TRAINING & OPERATION | 55,625 | --- | --- | --- |
| 2 | REVOLVING FUND FOR HOUSEHOLD LEVEL TOILET CONSTRUCTION | 2,00,000 | 1,00,000 | 2,00,000 | DRDA FUNDS RELEASED AS PER CURRENT GOVT. NORMS |
| 3 | SMOKELESS CHULAS | --- | 37,500 | --- | AS PER CURRENT GOVT. NORMS |
| 4 | VERMI COMPOST DEMO PROJECT | 50,000 | --- | 15,000 | |
| 5 | ROOF WATER HARVESTING & SULLAGE DISPOSAL DEMO | 1,00,000 | --- | 25,000 | AS PER CURRENT GOVT. NORMS |
| 6 | PROVISION OF DUSTBINS AND TREE PLANTATION FOR ENVIRONMENTAL PROTECTION | --- | 7,500 | 25,000 | |
| 7 | ADMINISTRATIVE & MONITORING COST 15% OF TOTAL FUNDS RELEASED BY UNICEF | 60,843 | --- | --- | |
| | TOTAL | 4,66,468 | 1,45,000 | 2,65,000 | |

Source: Project Cooperation Agreement

ACCOMPLISHMENTS

On the balance the project has been successful, though there have also been some failures. Its success has to be measured at two levels: one, the advantages gained from the construction of toilets; two, the impact of having people implement and manage the project by themselves.

1. TOILET CONSTRUCTION

● 650 toilets have been built. Young girls, pregnant women, the elderly, menstruating women, the sick — these groups have gained the most.

● Health improvement: In the absence of base health data and regular surveys, it is difficult to measure accurately the improvement in health but members say that cholera, diarrhoea, and other diseases have come down after the toilets were constructed. Children, they feel, are generally healthier and the incidence of worm infestation has reduced. Foot sores and insect bites have also reduced.

● Time saving for women: Women say that time saving is the most important advantage they have gained.

Zarina has six children: four girls, two of them young adolescents, and two boys. Her husband had a vegetable shop, but had to close it down. Currently he has no job and she rolls agarbatthis to run the family. The toilet in her house was built during better times. "It is a boon now," she says. "I get more time to earn money."

● As awareness spreads, having a toilet has become a matter of prestige. Houses that have one attract higher rents in the market, and young men find it easier to find brides if they have a toilet at home. Says Gnyanasundari of Susaipuram village: "We had to construct one quickly in time for the wedding or else the bride, who was from Mysore, would refuse to come here."

Access to a toilet, however, does not necessarily mean it will be used. Construction of toilets is only one step, but a very critical step, in a long-term health and sanitation campaign.

2. ATTITUDINAL CHANGE

Managing the funds, holding them in trust and being responsible for the success or failure of the project has given the people a feeling of empowerment. Earlier, as



toilet construction was mainly Government-funded, few were willing to bear the cost of construction. Not only did they hesitate to use the toilets, they also expected the entire construction cost to be subsidized by the Government. But now there is a change. Group members are no longer passive recipients of Government or NGO largesse but active partners in their own progress. This project offers interesting insights into the changed attitudes of the people — that SHG members are even willing to take loans for this purpose.

The Revolving Fund has in most cases been turned over, spreading the money to many more individuals. Federations have championed the cause of hygiene, in no small measure because they assess themselves on the success of the programme

● People believe the project to be their own, not something imposed by others. As the success or failure of the project lies with the federations, members show great zeal, motivating and cajoling others to construct toilets; or even building one for them. In Neithalapuram village of Talavadi block, for instance, Shivaji from the Yuvachetana men's group has not only constructed a toilet for his home, he also built one in his sister's home, on his own initiative. And as a mason, he was hired to construct 10–15 more in the village.

● Funds are managed by the community and decision-making powers lie entirely in their hands. Managing the funds has given the federations a greater stake than if they were just contributing money for construction purposes. There is active advocacy from federation and SHG members. There is also greater accountability, as members ensure that toilets are put to proper use. Where the room is used for purposes other than sanitation, the group member has to provide a valid explanation to the SHG.

FAILURES

Failures have meant either abandoning the construction of the toilet midway or constructing it and using it as storage space or letting it remain unused. But even where construction was stopped, members have been prompt in paying the installments and most have cleared all their loans.

Nagalingappa of Mallanguli Village borrowed Rs. 2000 in 2001. Though he repaid the full amount, he never completed the construction. He says there were too many arguments in the family. Sudha of Arulvadi village says she took a loan because it was a matter of prestige, though she thought there might be problems at home. Madevamma of Doddamudugarai and Kalasamy of Neithalapuram also took loans and repaid them in full but did not complete the construction.

In these cases, group and federation members took it upon themselves to convince them of the link between health and daily hygiene practices. Interestingly, both men have subsequently completed the construction and women, children and the elderly use the toilets. The men, however, prefer to use the forest areas.

CONSTRAINTS

Space and water can be constraints in some regions. The problems of space and water are especially acute in the plains: in Andhiyur block, for instance. Some are constrained because they live in rented homes; in joint families, arguments arise as to where in the compound it should be built; in some instances toilets could not be built as the houses were too close to the lake from which the village drew drinking water.

A few people continue to use the open spaces despite having a toilet at home. It appears that at present people tend to use both – the open spaces as well as the home toilet. Where the notion of pollution is particularly strong, this is quite common. Perhaps when the school children of today become adults, the practice of open defecation will come down and then gradually die out.



CAN THE PROGRAMME BE REPLICATED?

Any NGO that works in the microcredit sector can use the inherent strengths of the microcredit movement to promote sanitation and use the concept of revolving funds, which provides extensive reach on a limited budget. Certain conditions, however, must be met for the programme to succeed:

Groups should have been federated into functioning institutions. The primary condition should be the existence of self-help groups and also functioning federations that look after community and joint activities. In Erode district, some federations have been functioning for almost ten years. But even newer federations, so long as they are a cohesively functioning unit, can take up the responsibility of promoting home sanitation. The funding agency or the NGO must critically assess the prior activities of the federation and the soundness of their financial records.

Group members must be ready to construct toilets using loans. A health and sanitation awareness campaign must have been implemented by the monitoring NGO prior to allotting funds to federations. Members of SHGs must be receptive to the idea and at least 50 per cent of the members must express a willingness to borrow money for the construction of toilets. MYRADA, for instance, had been a partner in an extensive health and sanitation awareness campaign as a part of the district's Total Sanitation Campaign, initiated by the District Rural Development Agency (DRDA).

The NGO must take a long-term perspective in order to ensure that toilets continue to be used as toilets and do not become storage rooms. For this, the importance of sanitation must be advocated even after the construction of the toilet.

The NGO must clearly demarcate its role in this specific project. NGOs and communities in which they work are tied together by a network of relationships in a number of different projects. MYRADA, for instance, has an agricultural extension programme, farming systems development support programme and other projects that run concurrently in the entire district. It is for the NGO, therefore, to maintain its monitoring role and not get involved in other aspects of running the project.

MYRADA has appointed village youths as Community



Resource Persons (CRPs), whose salaries are paid by the respective groups, to look after the books of a number of SHGs, encourage the formation of new groups and sort out issues that occur within groups from time to time. MYRADA, therefore, stays out of routine group meetings and activities with regard to the allotment of loans for construction, thus maintaining their limited monitoring role in this particular project.

TAKING THE PROJECT FORWARD

As UNICEF funding for the project is over, new ways of raising funds for the project had to be found. In a meeting of all the parties including federation members it was decided that the Rs. 500 that every group member receives as a government grant be pooled together as a group corpus to be used only for sanitation activities. A group with 15 members, for instance, would have a corpus of Rs. 7500/-. It has been suggested that this amount be used to give loans to members who wish to construct household toilets.

The Microcredit for Sanitation

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