Activating the financing supply chain for rural sanitation in bihar, india

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August 22, 2015
**3SI**: Supporting Sustainable Sanitation Improvements through Supply Side Strengthening

- **$8.5m** Bill and Melinda Gates Foundation
- Additional funding Unilever Foundation // Domex Toilet Academy
- PATH, Water For People and Monitor/Deloitte
- August 2012 – 5 Years
BIHAR CONTEXT

- Population over **105 million**
- **2\textsuperscript{nd poorest}** state of India
- **88\%** open defecation
- Prevalent **corruption**
- **3\%** MFI penetration
PROJECT OVERVIEW

• CREATE and test sustainable business models
• INCREASE DEMAND for improved sanitation
• INCREASE ACCESS to finance
PROJECT OVERVIEW

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BY THE NUMBERS

- 100,000 toilet loans, + 50,000 cash-toilets
- 214 enterprises
- USD 2 million allocated
- 3-4 MFIs signed
- 14,800 toilets to date
- 175 enterprises
CAPITAL INFUSION
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FINANCING STRATEGY

- **Fund Manager**
  - Loan to **MFI**
  - Grant to **Marketing & Sales NGO**

- **MFI**
  - Loan to **Clients of MFI**
  - Supply Chain for Toilets

- **Clients of MFI**
  - 2m HHs

- **Supply Chain for Toilets**
  - Construct Toilets

- **General Population**
  - 50m HHs

- **Communications/Facilitation for Purchase**

- **Strengthening/Establishing**
BY THE NUMBERS… continued

• 807 Consumer Loans
• 39 Enterprise Loans
• FWWB: 3-4x leverage
• MFIs: 1.5-2x leverage
• Up to 4 cycles
• FWWB operating at 6%
• Lending to MFIs at 6-8%
• MFIs lending at 20-24%
CONSUMER LOAN PRODUCT

- 16,000 INR (USD 240) for 3SI toilet
- 6-12,000 INR loan, 6-12 months at 24%
- Direct to producer, or in-kind to household
  - 800 loans disbursed to date
  - Up to 40% rejection rate
ENTERPRISE LOAN PRODUCT

• 25-50,000 INR loan, 6 months at 20%
• 3SI assists with loan application
• 39 loans disbursed to date
LESSONS LEARNED

- Less need for **actual capital** than anticipated
- Need to reduce the **toilet delivery time** (repayment implications)
- **Less standardization** results in higher costs to household
- Definition of a **constructed toilet** (distance from water source, door)
- Opportunity for **M&E at scale**
- **Customer satisfaction**