



Reaching 4 million people with safe water and sanitation in Bangladesh

Program evaluation summary

In Bangladesh, many people living in poverty face difficulties in accessing safe water and safely managed household sanitation facilities. Since 2003, Water.org has been working with financial institution partners to provide small, affordable loans for water and sanitation improvements through WaterCredit, a solution that puts microfinance tools to work in the water and sanitation sector. With a generous grant from the IKEA Foundation, Water.org expanded WaterCredit to reach people in 61 of the 64 districts across Bangladesh. This resulted in more than 4 million people gaining access to safe water and/or sanitation between September 2018 and August 2022.

A comprehensive program evaluation conducted by Castalia and eGen in 2022 demonstrates how Water.org achieved its objectives, surpassing targets by significant margins.

Access to water and sanitation is challenging in Bangladesh

Bangladesh faces significant challenges in managing and distributing safe water resources, with many secondary towns lacking piped water connections and adequate sanitation facilities. Climate change further exacerbates these issues, affecting water availability and increasing salinity in coastal areas. Residents primarily rely on tube wells for drinking water due to the unsafe contaminants in surface water. Unfortunately, many tube wells are also affected by arsenic contamination, which can lead to health issues such as skin problems and worsen existing medical conditions. Access to sanitation services remains low, with most households relying on shared facilities. Affordability is also a major concern, as upfront costs for water and sanitation improvements exceed the financial capacity of low-income households.

Small loans provide a solution

Water.org addressed the lack of access to affordable financing for water and sanitation by partnering with six microfinance institutions (MFIs) - Sajida, POPI, TMSS, BURO, WAVE, UDDIPAN - and the microfinance association InM to implement WaterCredit, bringing small loans to those who need access to household water and sanitation solutions.

Together, they developed and scaled Water Supply and Sanitation (WSS) loans, enabling customers to finance the cost of solutions like the construction of deep borewells for water, and latrine improvements for sanitation.

Evaluating the success and impact of WSS loans

In 2022, Castalia and eGen conducted an independent evaluation to assess the impacts of WaterCredit in Bangladesh during the four-year grant period, from September 2018 to August 2022. The evaluation analyzed borrower surveys, program documents, stakeholder interviews, and financial data from the partner MFIs to:

- Determine if the targets were achieved
- Examine the impact of WSS loans on borrowers and partners
- Provide recommendations to improve and refine WaterCredit for future work.



Findings

Achievements significantly surpass expectations

The actual number of people reached by the WSS loans and loans disbursed by the partner MFIs surpassed targets by more than eight times, and the capital mobilized by the WSS loans was more than double the initial target.

	Target	Achieved	% Achieved
People Reached	520,000	4,485,728	734%
Loans Disbursed	115,555	996,861	762%
Capital Mobilized	US\$136 million	US\$341 million	151%

WSS lending yields strong results

More than 4.4 million people gained access to safe water and/or sanitation in four years through WaterCredit. The majority of borrowers were women living below \$6 per day. Financial institutions who offered WSS loans prioritized water and sanitation financing, in policy and practice, and made progress in building partnerships with multilaterals, government, and national banks.

4.4 M

People reached

\$341 M

Capital disbursed

996,861

Loans disbursed

98%

Female borrowers

89%

Living below \$6/day

\$343

Average loan size



Borrowers and partners experience a wide range of benefits

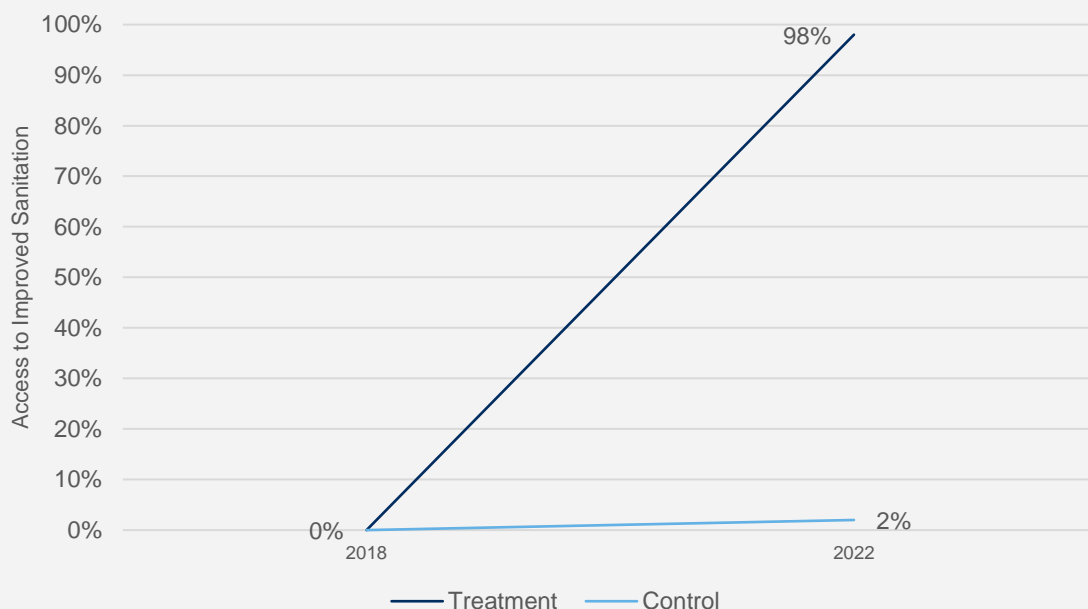
WaterCredit benefited borrowers as well as MFI partners in multiple ways. At the household level, households that received WSS loans reported **increased water reliability** and **reduced time** spent on water collection or sanitation needs. Borrowers reported **increased savings, reduced stress, an improved sense of well-being and confidence, and improved safety** when collecting water and/or using the toilet. Borrowers who received WSS loans experienced significant improvements in water access and sanitation. Access to improved water at home increased by 2% (from 97% to 99%), and access to improved sanitation rose by 15% (from 80% to 95%).

The graph below demonstrates how borrowers who didn't have any sanitation facilities initially were significantly more likely to access improved sanitation facilities when compared to non-borrowers at the end of the program.

All partner MFI program managers described having a positive experience with water and sanitation lending and plan to continue offering WSS loans.

At the partner level, all partner MFIs had financially stable loan WSS portfolios by the end of the grant period, enabling future loans. Despite the administration costs, MFI program managers believed in the social mission of providing WSS services to rural communities and all partners had plans to continue offering WSS loans.

Graphic 1: Increase in access to improved sanitation for WSS loan borrowers (treatment) without access at baseline versus non-borrowers (control)



Conclusion

Expanding on learnings for future impact

The evaluation demonstrated the positive impact of WaterCredit, highlighting its success in providing access to safe water and sanitation to millions of individuals in Bangladesh. Through its collaborative efforts, Water.org has created a sustainable pathway to improve the lives of communities and pave the way for future advancements in water and sanitation access.

The following activities will help strengthen Water.org's work in Bangladesh to maximize impact:

- Continue WaterCredit with a focus on the needs of MFIs
- Strengthen partnerships with other organizations such as large MFIs and government agencies to increase financing for loans and access to capacity-building resources
- Explore how MFIs were able to partner with local governments to expand impact
- Provide sanitation microfinance to other components of the sanitation value chain
- Strengthen the focus on climate resilience
- Continue to build the evidence for WaterCredit through additional program evaluations

