

Institute for  
Sustainable Futures



# Endline evaluation of Watercredit project:

Increasing health, dignity &  
opportunities with access to  
safe water and sanitation in India

Report prepared by Institution for Sustainable  
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# EXECUTIVE SUMMARY

## Endline evaluation of watercredit project: increasing health, dignity and opportunities with access to safe water and sanitation in india



### Background

With the support of the Bank of America Charitable Foundation, Water.org implemented a four-year initiative to expand water and sanitation microfinance operations in two states in India. This report summarises the findings of an evaluation of this initiative. The program – which ran from March 2015 to February 2019 – was funded by the Bank of America Charitable Foundation and implemented by Water.org in partnership with local financial institutions operated by Organization for the Development of People (ODP) and Society for Integrated Development in Urban and Rural Areas (SIDUR). The assessment drew on two household surveys (baseline and endline), focus group discussions, key informant interviews, loan data and program documentation.

The program aimed to increase access to water and sanitation among both urban and rural households through microloans (WaterCredit). A central plank of the initiative was to support both partner organisations to establish and sustain a Section 8 company, which was seen as a more effective way of scaling up WaterCredit. While both ODP and SIDUR had facilitated water and sanitation loans prior to 2015, the scale of their operations had been constrained by their NGO status, which had prohibited them from accessing external finance. In order to facilitate the transition to a Section 8 Company, Water.org set out to help both ODP and SIDUR build their new institution through provision of technical and financial support.

ODP and SIDUR adopted differing approaches to operationalising the WaterCredit model. ODP operated a self-help group (SHG) model, with animators seeking to build awareness of the water and sanitation loan products at monthly member meetings. In contrast, SIDUR sought to stimulate demand for water and sanitation loans through door-to-door visits by credit organizers, who would then seek to persuade households to form joint-liability groups (JLGs). The microfinance offerings of ODP and SIDUR were also characterised by some key differences.

**Table A: Key characteristics of water and sanitation loan products and associated terms**

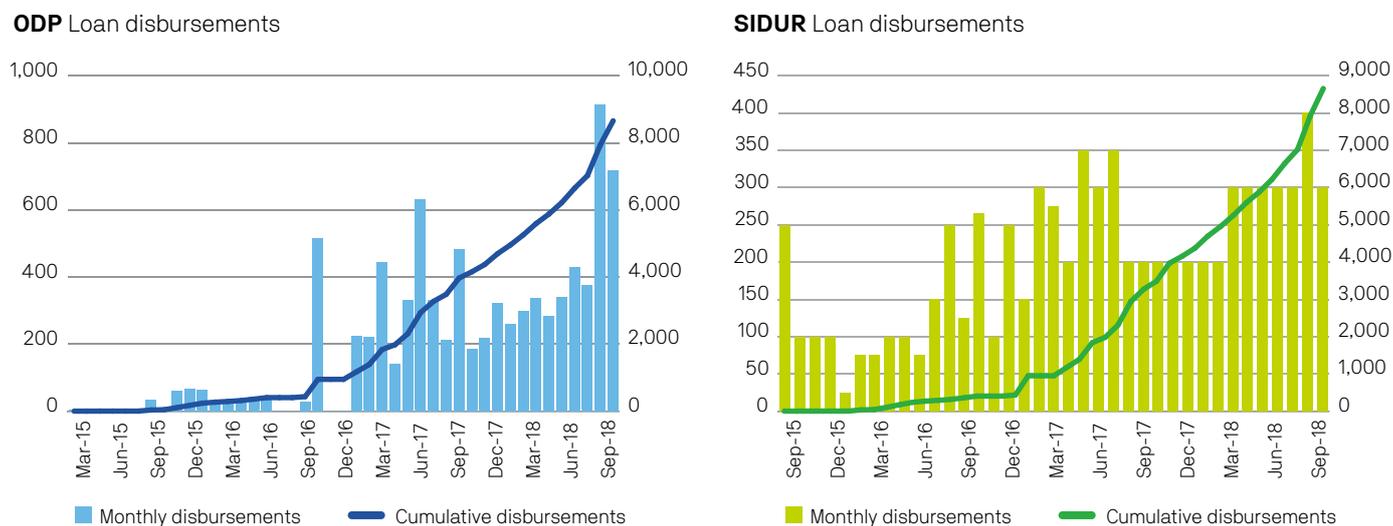
	ODP	SIDUR
Repayment frequency	Monthly	Monthly
Interest rate	20% (declining)	24% (declining)
Term	24 months	12 months
Avg. loan amount (principal)	₹16,970 (US\$242)	₹11,291 (US\$161)
Avg. water loan amount (principal)	–	₹10,001 (US\$143)
Avg. toilet loan amount (principal)	₹17,001 (US\$242)	₹14,419 (US\$206)
Avg. combined water and sanitation loan amount (principal)	₹16,120 (US\$230)	–
Typical toilet design	Slab-covered pit latrine	Flush toilet connected to sewer

### Loan disbursement achievements

By September 2018, ODP and SIDUR had disbursed 16,317 loans, surpassing the combined loan target set at the outset of the initiative. These loans unlocked at least US\$3.3 million worth of investment in water and sanitation facilities and benefitted more than 78,000 people. Water connection loans were particularly popular in urban areas served by SIDUR, while toilet loans were more common in rural areas where ODP operated.



**Figure A: Monthly and cumulative loan disbursements for ODP and SIDUR (March 2015 – September 2018)**



**Table B: Total loan disbursements and beneficiaries for ODP and SIDUR (March 2015 – September 2018)**

	ODP	SIDUR	TOTAL
Loan target at outset	8,510	7,750	16,260
Total loans	8,652	7,665	16,317
Toilet loans	8,344	2,238	10,582
Water loans	0	5,427	5,427
Combined water & toilet loans	308	0	308
Total beneficiaries	41,530	36,792	78,322
Total investment	₹146.8m (US\$2.1m)	₹86.5m (US\$1.2m)	₹233.3m (US\$3.3m)

### Impact on beneficiary households

The impact of the program on households was quantified through analysis of data from baseline and endline surveys carried out across five districts. In total, 876 households were included in both surveys, of which 21% had received a WaterCredit loan at some point between the baseline and endline surveys. The questionnaire used for the baseline survey contained a range of questions relating to a household’s socio-economic status, their water and sanitation facilities, and levels of satisfaction relating to these facilities.

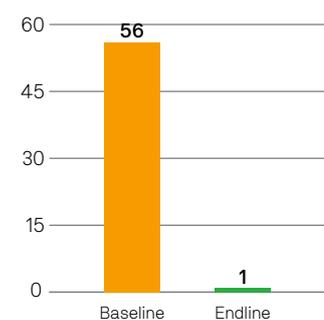
Comparison of baseline (BL) and endline (EL) survey results revealed significant positive impacts linked to WaterCredit. With a statistically significant increase in the number of households having water and sanitation on the premises, borrowers reported considerable time savings. Water loan recipients for SIDUR reduced water collection times by an average of 55 minutes per round trip, while ODP clients taking out toilet loans reduced their toilet round-trip time by an average of 17 minutes (Figure 2). In rural areas served by ODP, toilet loans were associated with statistically significant improvements in satisfaction with safety (BL: 24% of households; EL: 94% of households), privacy (BL: 10%; EL: 95%), functionality (BL: 22%; EL: 97%) and cleanliness (BL: 13%; EL: 95%). There were also significant improvements in self-reported hygiene practices and user perceptions of both water quality and quantity.

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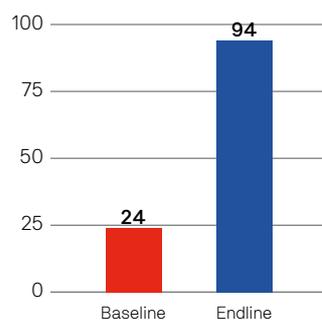
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## Selected improvements in WASH indicators from baseline to endline for WaterCredit borrowers

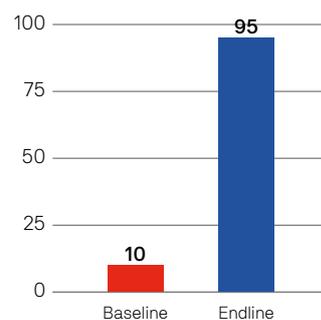
**SIDUR** Avg. round-trip to water source (mins)



**ODP** % Satisfied with safety of sanitation



**ODP** % Satisfied with privacy of sanitation



■ No loan ■ Water or toilet loan

■ No loan ■ Water or toilet loan

■ No loan ■ Water or toilet loan

## Perspectives of beneficiary households

To allow for an in-depth qualitative assessment, 10 focus group discussions (FGDs) were held with a sub-sample of surveyed households, most of whom had received a loan during the course of the program. Separate FGDs were held for women and men to capture different perspectives on the program. Themes explored in these discussions included client motivations, satisfaction levels, perceived impacts of water and sanitation improvements, and perspectives on the program strengths and limitations.

FGD participants cited improved safety and privacy – especially for women and the elderly – as key motivations for obtaining toilet loans, while expected health gains were also important drivers. For water connection loans, FGD participants noted convenience, time-saving and wellbeing benefits as motivating factors. There was widespread satisfaction with the WASH loan application process, repayment schedule, loan products and facility improvements, however satisfaction levels were more mixed when it came to interest rate and loan amount. Borrowers reported a range of benefits resulting from both toilet loans (safety, security, health) and water connection loans (time savings, health, reduced conflict), with women being the most positively impacted by these improvements. Many participants also believed that their households had improved their WASH practices as a result of the program

## Perspectives of implementing organisations

Interviews with program managers, branch managers, and frontline staff produced consistent insights about the program's strengths and limitations. There was universal endorsement of the loan products offered and some loan aspects such as tenure and repayment frequency. While some frontline staff voiced a preference for lower interest rates, there was a unanimous view that the interest rates had not imposed

financial hardship on borrowers. There was, however, a widely held stance that loan amounts were insufficient and could be increased to enable borrowers to construct higher quality or more aesthetically pleasing facilities. At the same time, it was noted that shortage of dedicated loan capital had hindered the speed at which WaterCredit could be scaled. Other obstacles that had impeded loan disbursements in some regions included a lack of piped infrastructure for households to connect to, insufficient space for toilet construction and more generally the complexity and time needed for partner organisations to shift to a more business oriented model. Key enablers and strengths were also evident in the operational areas of both partners, including readily available masons to construct toilets and strong relationships that both ODP and SIDUR maintained with government counterparts.

## Conclusion

The microfinance initiative implemented by SIDUR and ODP – and overseen by Water.org – resulted in more than 16,000 water and sanitation improvements and benefitted more than 78,000 people. Borrowers reported a range of benefits in relation to safety and privacy, time savings and health, with baseline and endline surveys confirming substantial gains in terms of safety, privacy and time savings. There was widespread satisfaction with most aspects of the loans and associated processes, though opinions varied when it came to loan amounts and interest rates. The initiative's successes were aided by strong relationships with government authorities and a ready supply of skilled masons to construct toilets, while key impediments included a shortage of loan capital, a lack of piped water infrastructure in some areas, and the general challenge of having a non-profit organisation shift to a business oriented model of WASH programming.