

MICRO-CREDIT, GRAMALAYA URBAN AND RURAL DEVELOPMENT INITIATIVES AND NETWORK FOR SANITATION (GUARDIANS)

- **Background**

In India, we find a majority of the population still defecating in the open. While the urban poor people have started using the community toilets that has reduced open defecation in the urban slums, however the rural people are still using the roadsides, tank bund areas and village surroundings. On the water front, though there is a good coverage and network, the quality and quantity is the major issue with irregular water supply during summer. Under such contexts, Gramalaya Urban and Rural Development Initiatives and Network (GUARDIANS) came in to existence to address the financial needs of the communities to create household infrastructures on water and sanitation. They envision poorer societies to have easy access to household water and sanitation facilities through micro credit facility. They offer loans to the poor and marginalized community so that they can have access to potable water and hygienic sanitation facilities.

GUARDIANS operates a micro finance institution and a not for profit organization. It offers loans for new water connections, new toilet constructions, water/toilet renovations, rain water harvesting, water purification, and bio-gas plants.

- **Location, Date**

Tiruchirapalli, 2007

- **Areas**

Urban and Rural

- **Stage/Scale**

Pilot

- **Objective of the assignment**

GUARDIAN envisions poorer societies to have easy access to household water and sanitation facilities through micro credit. GUARDIAN promotes water and sanitation facilities through provision of financial services and technological assistance to the aspired communities in urban and rural sector at national level in an integrated manner.

- **What was done**

- Guardian has entered the domain of water credit at a time when the bankers and Micro Finance Institutions are reluctant to extend loan support for the creation of individual water and toilet facilities to the poor community in urban and rural. The water credit concept was introduced by Water Partners International, USA which was pilot tested by Gramalaya NGO and it got recognition among the urban slum dwellers and rural poor. This has enthused Gramalaya to promote Guardian MFI for exclusive water and sanitation purposes through financial interventions.

- Shared water – shared opportunities (transboundary water) was the theme for the year 2009 in connection with world water day 2009. At the backdrop of water theme for the year 2009, GUARDIAN, a not for profit Micro Finance Institution under sec.25 of the Companies Act 1956 took initiatives to promote household water and sanitation facilities. The loan amount varies from urban to rural setting. It also varies depending upon the end utilization of the loan amount.



- Micro credit was the service provided by them which had the following features:
 - To avail the loan, the customers has to be a part of a self-help group or a joint liability group having 5 members (generally married women)
 - They need to have their own house
 - They need to be in the age-group of 18-55
 - Loan repayment by 18 monthly installments
 - Loan must be used for the intended purpose
 - Loan amount shall be repaid in full, if not utilized for the intended purpose within a month

• Impact

- Reached out to 51,015 women clients with total loan disbursement of INR 41.46 crores to have easy access to household water and toilet facilities
- 33,768 households now have toilets
- 13,830 households have new water connections
- 1,886 households have water purifiers
- In all reached out to 52,692 households

• Challenges and Issues

- The problem lies in the traditional mind-set of the community, which was a challenge for GUARDIAN. They need to sensitise and educate the community on the dangers associated with open defecation.
- Issues like how the faecal matter contaminates the water bodies, problems in collecting water from the public stand posts, inadequate water for family needs and problems faced by adolescent girls in search of hiding places for defecation need to be discussed with the people.
- Another challenge was not being sure of recovering the lent finances to people.

• Innovation

Guardian would not seek funding support from donor agencies for its lending business and could mobilize internally through nationalized banks and commercial banks. Guardian would like to reach 60,000 borrowers on water and sanitation in the existing project areas and remaining blocks of Tiruchirapalli District during the next 4 years with different strategies by involving the likeminded NGOs, its SHGs and forming Joint Liability Groups for its business transaction. In a way to improve the economic status of the poor, GUARDIAN has strategized

to support the members who availed watsan loan with income generation programs loan in later years.

- **Lessons learnt**

Conventional toilets use a lot of water and that cost is not factored in. Then there's the pollution stream created by it. So the quest for low-cost results in this kind of slight mismatch. GUARDIAN tapped the problem at its core. Microfinance, sometimes, avoids all these issues and reduces sanitation to whether you have money or not.

- **Financials**

The table below gives the statistics related to the work done by GUARDIAN in the year 2008-09. (Total amount disbursed in INR)

Business transacted during 2008 -09:

Sl. No	Name of loan products	No. of borrowers	Total amount disbursed
1	New Toilet constructions	1266	8527000
2	New water connections	518	3085000
3	Renovations	283	1536000
4	Water purifier / Other Activities	1155	8752000
5	Rain water harvesting	Nil	Nil
Total		3222	21900000

- **Economic sustainability/Revenue Model**

GUARDIAN have a simple operating model where they provide micro credit at a reasonable interest rate to the needy community. They have designed and developed loan products based on market study and research conducted in coordination with BASIX, Hyderabad with funding support from Water.org, a donor involving the targeted community and maintains highest value of the customers and their satisfaction. To avail these loans, the customer has to be a part of a self-help group (SHG) or joint liability group (JLGs).

- **Implementer Contact Persons**

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- **Sources and References**

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