

**Social Investing to Enhance and Sustain Rural Sanitation Coverage:
On Achieving Performance While Being Responsible**

March 22nd-23rd, 2011

At the PHD Chamber of Commerce and Industry

PHD House,

4/2 Siri Institutional Area

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Concept Paper

Recent reports by UNICEF observe that 69 % of households in rural India still practice open defecation, with some states even having figures of up to 80 %. In this context socially responsible investment in sanitation refers to financial outlays by organizations towards lowering such unhealthy practices that only degrade the environment, lower the dignity of the women in the community and act as one of the barriers to social development. Investing organizations can range from financial intermediaries (Banks / micro finance institutions (MFIs)) to public agencies (Government /Bilateral and multilateral donors), community enterprises (SHGs) and civil society groups(NGOs).

Grant based interventions in sanitation have had limited success in creating sanitation densities and social change due to several factors – some of them being: (a) the quantum of grant being inadequate to construct an acceptable yet functional sanitation system; (b) the grant beneficiaries in the population i.e BPL¹ families being ambiguous, resulting in low sanitation densities in the zone concerned with insignificant improvements in health status; (c) lack of financial stake of the beneficiary households in the intervention that somehow have failed to act as an incentive for usage and habit change; and (d) the sustainability of such interventions given the resources and the potential implementation leakages.

Among the different forms of socially responsible investment, microcredit through SHG bank linkages and JLG² based MFI interventions are growing the fastest. Microcredit essentially directs capital from investors and lenders to communities that are financially excluded. While traditional microcredit refers to provision of access to credit, equity and capital, i.e asset side banking products to facilitate immediate consumption or livelihood enhancement, new financial packages need to be developed under microcredit that combine creation of awareness, building of capacities and access to credit that develop communities and promote a better quality of life for beneficiaries. The resultant of the above i.e *Socially Responsible Investments*, will ensure that microcredit remains a financial inclusion tool serving the needs of development.

Financial packages can for instance link a sanitation loan to investment in education or lowering of healthcare insurance premiums and that way incentivize social change in ways

¹ Below Poverty Line

² Joint Liability Group

beneficial to all stakeholders. FINISH is a program that is trying to do just that – it is trying to diffuse microfinance packages that are tied to investment in an asset that low-income communities need but do not demand – namely SAFE TOILETS. This is a very big challenge as research clearly shows that safe toilets are a product for which ‘effective demand’ needs to be created in rural areas – even though there is a need.

Programme FINISH stands for Financial Inclusion Improves Sanitation and Health and is being supported and implemented since 2009 by an Indian-Dutch consortium comprising banks, insurance companies, NGOs and academic and government institutions from the two countries. Its objective is to diffuse 1 million safe sanitation systems (i.e. toilets with proper treatment of waste produced) to low income communities in rural India through mobilizing funds from end-user households. Under the FINISH programme, micro-credit and financial schemes are targeted to be combined with life and health micro-insurance packages to incentivize household investment towards toilets. Simultaneously, there is also investment in local capacity building in the installation and maintenance of toilets and disposal of toilet waste.

Any financial scheme supporting a social investment program has to satisfy three conditions:

- It must be economically sustainable for all organizations on the supply side of the ‘financial loop’.
- It must be demanded by the beneficiaries on the borrowing side of the ‘financial loop’ and the delivery platform has to be scalable so that development impact is realized across the community.
- It must be socially responsible – i.e. it must be viable for the beneficiaries to pay-back without incurring catastrophic debt burdens and the outcome must not involve damage to the environment or increase social tensions.

In the above perspective, the objective of the present workshop is to explore how these conditions are being satisfied in rural sanitation investments in India, and in particular, explore how the founding and implementing partners of FINISH can respond to the challenges that are unique to the penetration of Sanitation and Financial Inclusion Services in Rural India to enable greater attainment of the countries Millennium Development Goals.

Some original features of the FINISH workshops are as follows:

- We work to make them more than just a passive talking and listening sessions.
- We strive to make each a collective learning experience.
- We aim for the generation of new consensual results – i.e. new indicators/results/road-maps on which all agree and which can promote sanitation coverage in India.
- We include interactive sessions in each workshop to create synergy.
- In short – we work to make our workshops innovations in themselves.

Conference Coordinator: Dr. Shyama V. Ramani, Professor of Economics, United Nations University, Maastricht, Netherlands. Founder-Director of Friend in Need (FIN)
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Conference Team: Mr. Sadanand Bhawe, Programme Director of FINISH, Mr. Valentin Post, Senior Advisor, WASTE (NL), Mr. Mukul Singhal (FINISH), Ms. Sapna Verma (FINISH), Ms. Aditi Kumar (Miranda House College & intern at FIN)

Tentative Program of Workshop

Program March 22nd, 2011

9.15 – 9.40: Welcome

9:15-9:30: Self introduction by participants

9.30–9.35: Introduction to the conference by Sadanand Bhawe – Director FINISH Programme

9.35-9.40: Objectives of the workshop by Shyama V. Ramani, Professor UNU-MERIT and participant of FINISH

9.40 – 10.00: Perspectives of the Dutch Government on social investing in India by the Ambassador of the Netherlands.

Part I : On Social Investment and MFI in India: The current scenario

10.00 – 11.00 **Indian Government Panel - Round Table 1: On Indian Government regulations/ institutions/ policy on social investments in India/MFI**

***10-12 minutes presentation each*

- *Mr.Arun Kumar Mishra , Secretary, Drinking Water and Sanitation, Government of India **To be confirmed***
- *Mr.B.K.Sinha , Secretary, Ministry of Rural Development, Government of India. **To be confirmed***
- *Mr.K.V. Eapen, Joint Secretary Financial Services **To be confirmed***
- *Mr. Sandeep Sanon*, Secretary Energy, Government of Himachal Pradesh **To be confirmed***
- *Mr. Manish Kumar*, Commissioner, Government of Tirpura **To be confirmed***

**with previous posts involving responsibilities of water and sanitation management.*

11.00 – 11.30: **Questions from the audience.**

11.30-12.00 Tea

Health and Empowerment Panel - Round Table 2: What is the evidence of the relation between investment in sanitation and better health outcome? How can we convince households to invest in sanitation using the health angle? 12.00-13.15

Is there any evidence – quantitative or qualitative (through case studies, own observations, hear-say etc.) – of the relationships between “household investment in sanitation” and “better health outcomes” or “greater empowerment” ? Can you present any data/evidence to support the social investing in sanitation to improve health outcomes and eventually economic empowerment and increase in incomes earned by households? Are there any

government programs that can promote sanitation coverage – via making use of health programs?. **Each speaker will have 15 minutes of presentation**

Panel of speakers:

- *Dr. Mr. P.K. Jha – Independent Consultant on sanitation.*
- *Dr. Jain Nishant, German Development Cooperation (GIZ)*

12.45 – 1.15: **Questions from the audience.**

1.15-2.30 Lunch

During the lunch-time each table will sit in their groups and prepare also specific questions for the social investors panel – so that the panel speaks for 30 minutes and each table prepares its questions and the Q&A (question&answer) session is for 60 minutes.

2.30 – 3.30 : **Social Investors Panel - Round Table 3: In the context of present MFI crisis: The views of foreign and local organizations**

*Why did it happen? What are the current concerns of investors? What should be the indicators of social responsible investing in BOP (Bottom of income pyramid) communities?
10-15 minutes presentation each

- *Mr. T.V.S. Ravi Kumar of Microsave*
- *Ms.Kshama Fernandes of IFMR*
- *M. Rukmani KfW Financial and Private Sector Asia*
- *Netherlands Micro Finance Platform **To be confirmed***
- *Mr. Vijay Athreya, Consultant to FINISH programme*

3.30 – 4.00: **Questions from the audience.**

4.00-4.30: Tea

Part III : Presenting the Rationale and Results of the FINISH sanitation innovation contest

4.30- 4.40: On the FINISH innovation challenge: Rationale by Shyama V. Ramani, UNU-MERIT

4.40- 4.50 On the FINISH innovation challenge: Procedure by Madhu Mani Co-founder and Director, Innovator Engagements, Ideaken

4.50- 5.10: Rationale of the Judging Process by Gita Balakrishnan, Founder-Director Ethos and comments on the nature of the results generated.

5.10 – Presentation of the winners and distribution of the prizes.

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**Part IV : Views from the field –
On the challenges of using micro-finance for investment in safe toilets**

9.30-10.30 MFI Panel - Round Table 4: Challenges faced by MFIs in distributing loans for sanitation: Experiences from the field.

***10-12 minutes presentation each*

- ***On BISWA, Mr. Malick To be confirmed***
- *On BHARATHI, Mr. Kannan*
- *On ESAF, Mr. Roy*
- *On RDO Trust, Mr. Perumal,*
- *On IIRD. Mr. Arora*
- *On Sambhav, Mr. S.K. Singh*

10.30 – 11.00: **Questions from the audience.**

11.00-11.30: Tea/coffee

11.30-12.30 Bank Panel - Round Table 5 : On financial models supporting the diffusion of safe sanitation – on options and ways forward

*Mr. Maini, SIDBI micro finance support – current and proposed, **To be confirmed***
*Mr. Jaishankar, NHB micro finance support – current and proposed **To be confirmed***
*Mr. JC Mishra (CGM), NABARD bank linkage programme – what needs to be added **To be confirmed***

12.30 – 1.00: **Questions from the audience.**

1.00– 2.30 : Lunch

Part V : Views from the field –

Interactive Debate - 2.30-4.00 BOP Strategies Panel - Round Table 6 : On the challenges of penetrating the communities at the very bottom of the income pyramid and achieving sanitation coverage

How do we tackle the problem of ensuring a large-scale production platform, repair services, qualified masons, proper usage and maintenance of toilets for and by the ultra-poor households? What are the differences between promoting sanitation among the different layers of BPL communities and just above BPL communities?

During the lunch-time each table will sit in their groups and prepare also specific questions for the debate. The panel speaks for 40 minutes and each table prepares its questions and the Q&A (question&answer) session is for 50 minutes.

Panel to answer questions:

- *Mr. Vijay Mittal, Director, Department of Water and Sanitation, Government of India*
To be confirmed
- *Mr. Valentin Post, Senior Advisor, WASTE*
- *Mr. Subburaman, SCOPE*

4.00-4.30: Tea

Part VI : The way forward: What should be the next steps?

4.30- 5.30: Future Strategy Panel - Round Table 7: Which multiple roads can we follow? Towards synergy on different strategies

- *Dr. Mr. Raja Venkataramani, Director, Deloitte India and Advisor to the Government of India*
- *Mr. Theo Brouwers, Director SNS Asset Management*
- *Mr. Kumar Alok Commissioner, Rural Development, Government of Tirpura- Author of "Squatting with Dignity: Lessons from India". To be confirmed*

Conclusions and recommendations: A. Sahasranaman, Administrative Committee, FINISH Programme

Vote of Thanks: Mr. Sadanand Bhave, Director of FINISH Programme