

MICROFINANCE FOR WASH IMPROVEMENTS



THE FACTS

World Vision U.S. funding:
\$325,660

WASH loan target: 500

FROM FEBRUARY 2021 TO
JULY 2022:

- **Number of loans:**
349 (317 for water,
22 for sanitation, and
10 for other)
- **Total value of loans:**
\$97,120
- **Number of people
reached with WASH
demand creation
activities:** 4,854

DONOR: Private donors

LOCATION: Bartabwa and Kalawa area programs in Kenya (expanding to other areas of Kenya, as well as Ghana, Uganda, and Zambia)

PROJECT TIME FRAME: January 2021 to present (ongoing)

PARTNERS: VisionFund and Water.org

Why Microfinance?

One of the ways World Vision is exploring expanded access to water and sanitation services is through microfinance. As part of World Vision's Water, Sanitation, and Hygiene (WASH) program, communities are educated about proper WASH practices and their effect on good health. This can lead to frustration for families that lack the financial resources to change their circumstances. Pairing microfinance approaches with WASH interventions supports low-income households to gain access to sustainable services. Microfinance initiatives provide low-interest loans that enable families to build or improve WASH facilities such as water tanks, latrines, and handwashing stations, which improve health and restore dignity. They also prevent low-income families from having to invest in WASH improvements via interest-bearing loans at higher rates, which they cannot afford.

Overview

Meeting the targets for United Nations Sustainable Development Goal (SDG) 6¹ will require concerted efforts, increased financing, and change of mindsets in terms of ways to improve access to safe WASH services. Achieving SDG 6 requires the application of business principles to WASH and the commitment of the private sector—a fact that is recognized at the core of the “global partnership” concept promoted under SDG 17². This is especially true given the increased importance of WASH demonstrated during the COVID-19 pandemic.

In February 2021, World Vision began a pilot project in two program areas in Kenya: Bartabwa and Kalawa. The pilot had two objectives: to establish two WASH business centers (one in each program area), and to use these centers to open the market for microfinance loans to households to fund WASH improvements. The pilot was a success and yielded the results in the Facts box at left. It also provided many lessons learned that can be used to expand microfinance for WASH to other areas of Kenya and Africa.

The WASH business center concept is a market-based solution for better access to WASH products and services to meet consumer needs. It involves local community groups as well as the private sector. It is a one-stop shop in the community to sell WASH products such as soap, latrine slabs, handwashing facilities, reusable sanitary towels, household water treatment supplies, water tanks, and spare parts for water supply systems.

Community groups (community health volunteers, youth groups, women's groups, artisan groups, etc.) are empowered with the necessary skills and capacities to enable them to run the business centers. After a competitive bidding process, one community group is selected

¹ Ensure access to water and sanitation for all.

² Strengthen the means of implementation and revitalize the global partnership for sustainable development.



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to manage the business center and is provided with a starter stock of supplies by World Vision. Ongoing stock is bought by the community groups based on community demand or produced locally by the business center. This creates an enabling environment to facilitate a WASH microfinance opportunity, whereby VisionFund (World Vision's microfinance organization) makes loans available to community members to purchase WASH products from the business centers, as well as from other suppliers, when they cannot afford to pay outright. The business centers vet and train artisans and plumbers to ensure their customers are receiving the best quality work.

Project goal and outcomes

The desired impact of this ongoing microfinance project is to help improve the lives of children and families in Kenya by enhancing access to WASH services through microfinance.

Primary outcomes include:

1. Increase access to WASH materials and services by households in Kenya
2. Improve capacity to sustainably use WASH business center services by communities in Kenya and make them part of their livelihood value chain
3. Establish additional business centers across communities in Kenya
4. Ensure business centers and associated activities are well-managed and sustainable



WASH business center members sell hygiene products to the community.

Success factors

The pilot project already has highlighted several factors necessary for the microfinance project to succeed that will be applied going forward:

Close collaboration with VisionFund

World Vision's WASH program and VisionFund work closely together to determine business center locations, set loan rates, and implement the project, including marketing and promotion. Ideally, business centers are located in World Vision program areas already implementing WASH interventions that have an existing VisionFund office to reduce costs and barriers to project startup. Water.org or a similar type of organization can be used to help review promotional materials and ensure VisionFund and World Vision are on the same page in terms of melding financing with typical development programming.

Business centers

Along with WASH products, services such as latrine construction can be provided through the center. During the pilot project, the business centers were 90% self-sustaining after one year, with minimal additional investment from World Vision required. Two additional business centers were established to better serve the geographic distribution of the program area (bringing the total to two per program area). This allows customers to access products closer to their homes.

Training of community members

In addition to training the group operating the business center, World Vision also provides training to community members, including the following:

- Training artisans on construction of latrines and household water connections
- Training community health volunteers, water committee members, and WASH artisans on financial and loan management
- Training community members on fabrication/production of WASH products
- Training community groups on business management skills



The Barbarchun WASH Business Center offers hygiene and plumbing services, latrine construction, and assistance with business development.

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Partnerships and collaboration for marketing and promotion

Working with Water.org or a similar organization to help with product development and create marketing materials is vital. Once these are in place, the WASH program educates community members on the need for WASH products through community meetings, billboards, and radio spots; and VisionFund markets the loans for WASH improvements. This is done jointly, and multiple water and latrine options at various price points are promoted to give clients a choice. One effective promotion tool used in the pilot was the road show. When water tanks were delivered to the first people who took out loans, there was a big celebration, and the delivery trucks had signs on them that encouraged others to take out loans for WASH improvements like their neighbors did. In addition, advertising on market days and at churches proved effective.

Expansion

In addition to expanding the pilot project into other areas of Kenya, World Vision also is expanding the Microfinance for WASH Improvements project to three additional African nations: Ghana, Uganda, and Zambia.

	Ghana	Uganda	Zambia
Project duration	April 2022-March 2023	April 2022-September 2023	April 2022-September 2023
Project location	West Gonja and Fanteakwa program areas	Lwammagwa and Kyalulungira program areas (Rakai cluster)	Chongwe, Kafue, and Rufunsa program areas
Target # of direct participants	27,300	8,160	15,000
Target # of WASH loans to disburse	480	346	1,250

Access to WASH loan improves Kenyan mother's life

Tracy is a Kenyan mother who used to walk 1.25 miles for water. Her household's daily need for water cost about \$1.50 for her family of five, including her three children (ages 13, 7, and 2 months) and her mother.

When World Vision came to Tracy's home to provide hygiene promotion, staff connected her to VisionFund as an option to provide funding for WASH products that she could buy at a local business center. She was able to buy a water tank from the local WASH business center by taking out a loan from VisionFund. She now pays less per month for her loan than she would have paid for water. In addition, she saves time and energy by not having to walk for water, which she can invest in other endeavors.

"Now I can attend to my animals since I don't need to spend time collecting water," Tracy explains. "I also am planting trees around my compound." When asked if she would accept another loan after she paid off her current one, she says, "Yes, I would use my next loan to expand my business of making soap." She currently is part of a Savings for Transformation group and can sell soap directly to neighbors or to supply the business center when needed.



Tracy is pictured with the water tank she secured through a VisionFund loan.

