



India



## Self-Help Group Financing Schemes for Sanitation

Integrated Village Development Project (IVDP) 

Integrated Village Development Project (IVDP) provides access to financing through self-help groups for sanitation facilities in India.

Launched in 2006, Not-for-profit, Sanitation Financing, South Asia: India

Partners: Nationalized banks for loan disbursal.

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### Problem Addressed

India has a high exposure to health risks due to its poor sanitation infrastructure. The government struggles to provide basic hygiene and sanitation services effectively, in part because it has poor data about the needs and habits of the residents and very little information on existing infrastructure (plumbing, sewage lines, etc.). There is also a need for behavior change among communities to make them understand the health problems caused by open defecation. Finally, these communities face resource constraints to create the necessary sanitation infrastructure.

### Innovative Approach

The Integrated Village Development Project (IVDP) uses self-help groups to promote toilet construction in communities and helps them access necessary financial resources to do so through bank loans, IVDP loans and savings from the group. It also monitors these groups' progress closely and assigns credit ratings for the groups based on their outcomes, allowing them to access microfinancing for their other needs.

IVDP is innovative because it leverages existing institutions at the village level and enables low-income communities to access financing and assistance for developing basic, essential infrastructure such as sanitation facilities. By equipping them with the means to develop these facilities, rather than developing facilities for them completely, the communities have a greater sense of ownership in the infrastructure developed and are more likely to use and care for key sanitation services.

### Program Solution

With the help of Nationalized Banks and IVDP funds, self-help groups are able to purchase toilets through an innovative payment scheme. So far, they have been able to collectively purchase 48,055 toilets for their homes. Women are empowered by way of savings within the group with a nominal interest that the groups determine. This is called a "Sangha Loan". After all the members use the Sangha Loan as needed, excess funds in savings can be given as a special loan to needy members of the group based on certain criteria.

The group members can get loans from IVDP as well and have easy access to bank loans. The groups are divided into

clusters to facilitate various trainings and bank loans. Understanding the fact that all SHG members are either from low income groups or below the poverty line, IVDP gives them top priority in facilitating various types of loans. IVDP also provides training to its groups to make the SHGs aware of the rules and regulations and to run the group effectively.

Based on the performance in credit link activities, and water, sanitation and hygiene activities, the IVDP self-help groups are given high or low scores which influence their future credit ratings for other microfinance loans. In addition to providing financing and support for purchasing toilets, IVDP also focuses on menstrual hygiene and drinking water by distributing sanitary napkins and water filters at a subsidized rate.

Please visit this program profile at:

<http://washinnovations.r4d.org/program/self-help-group-financing-schemes-for-sanitation>