

## **Linking credit to water, sanitation and hygiene: The Nafadji revolving credit system**

By Adama Sanogo

WaterAid has been working in Nafadji since 2001 through a partnership with a local NGO, JIGI, which implements projects by building water and sanitation infrastructures (community water points, household latrines and waste pits). Hygiene promotion is incorporated in to projects and one of the behaviour changes linked to the general theme of drinking water hygiene was the transportation of water. The people used uncovered buckets to fetch water and this caused contamination when transporting the water home.

After two years of actively raising awareness against the use of uncovered buckets, the JIGI team saw no apparent sign of change: women continued to use uncovered buckets to fetch water from the stand pipe to their homes. The challenge was therefore how to facilitate households' access to appropriate utensils for water transport. After various experiments, the revolving credit strategy was adopted.

### **Objectives of the revolving credit scheme**

- To reduce the prevalence of diseases related to drinking polluted water
- To improve the quality of drinking water
- To provide poor women in Nafadji with the financial means for them to purchase appropriate buckets to transport their drinking water
- To expand the use of buckets with covers that are designed for safe and hygienic water transportation
- To set up a women's community organisation to address water related issues

### **Strategies and steps to set up the revolving credit scheme**

#### **Assessing the situation**

After critically assessing the behaviour of the women, the field team discovered that the reasons for people refusing to cover their buckets were quite simple:

- The design of the buckets was not convenient for using a cover
  - The buckets that were manufactured with a cover were expensive
- It was therefore a challenge for the project managers together with the community volunteers and the women's representatives to overcome these blockages.

#### **Setting up a fund**

An informal survey on itinerant savings and credit schemes in Nafadji revealed various practices including the informal pari-mutuel and the decentralised financial systems (credit unions).

The **pari-mutuel** is essentially an emergency fund. Through it women and sometimes men regularly pay equal amounts of money to a chairperson. The chairperson then distributes these funds to those who are deemed to need them the most at that time. The process goes on until each member has received the amount equal to that which they have paid in. The chairperson is also responsible for managing any non-payments and conflicts.

The **decentralised financial system (credit unions)**, as its name indicates, is a financial intermediary system, generally a savings and credit village bank where women open an account which they pay funds into. Having saved a certain amount, women are then able to ask for a loan from the bank, which they reimburse according to the terms of the loan. The levels of interest vary from scheme to scheme.

After an assessment of the two practices the project in Nafadji found it necessary to set up a new revolving credit scheme to avoid the drawbacks of the other saving and credits systems:

- The quarrels related to the pari-mutuel
- The loss of shares
- The embezzlement that the leaders make (influential persons in the area trading on their social status)
- The high rates of interest which mean that women can pay more on interest than they gain from their income generation activities.

#### **WaterAid's strategy – the revolving credit scheme**

The field team made a survey to see how the women would feel about a revolving credit scheme, where they could gain access to funds to buy convenient water transport utensils. This led to the formation of a first group of 170 women with a starting budget of 255000 CFA Francs (£255), provided by the water point committee. With this system, each woman was provided with a bucket with a lid and was to pay for it in four weekly instalments.

#### **Security measures (solidarity groups)**

To minimize the incidence of non-payment of the instalments, the field team organised the women in to solidarity groups (SG) of between five and nine women. The solidarity group is responsible for every individual woman's loan within the group. The advantage is that, if for any reason, a SG member does not pay the money back, the other members should put money together to pay or will put pressure upon the defaulting woman to pay them back. There is therefore a social pressure on every woman. The president and the treasurer of the group keep the records of the credit situation of the group and account for them with the volunteer or the animator.

#### **Loan management sheets**

This tool has been developed to ensure the credits are managed in a transparent way. The sheets contain the records of all payments made by the members. These sheets are kept by the field team (animators), the coordinator, and the leaders of the SG.

### **Acquisition cost negotiation**

To make sure that the purchase cost was affordable to the women, the project negotiated with the main bucket supplier SOACAP (a well-known plastic manufacturer in Bamako). Because of the bulk order and the social nature of the transaction, the manufacturer agreed to provide the buckets at factory price, lower than the one on the market. In addition, the factory accepted to deliver the goods free of charge to the committee in charge of the management. On the market the buckets normally cost 2000 CFA francs (£2) but the project negotiated to pay 1500 CFA Francs (£1.50). The affordability of the bucket has increased the demand of this utensil in every household in Nafadji.

### **Loan management and administration**

#### **At the community level:**

Because they live in the community, the **volunteers** are in charge of identifying the household needs for buckets. A sheet developed for this purpose is filled in and transferred to the animator (see below). The sheet contains the name of the women, the name of the household, and an approximate evaluation of their income. The volunteer helps the animator to form the Solidarity Groups and collects the money from groups where there is no one able to write the reimbursements properly.

#### **The solidarity group (SG):**

The president and the treasurer in the group are responsible for monitoring the credit at the group level. They insure that all members in the group are meeting the commitment and report to the volunteer any irregularity in the group. They fill in the payment cycle sheets on a daily and a weekly basis.

#### **At project level**

**The animator** collects the information gathered by the volunteer and reports the findings to the coordinator. The animator takes part in the routine management at the community level to make sure the community agent masters the procedure and is professional. S/he advises them on how to improve their work and when the credit disbursement begins at the starting of a cycle, gets together with the group and helps the volunteer and the president distributes the loans.

**The field coordinator** leads the negotiation with the bucket factory and ensures that the goods are delivered. In addition, they collate all the data gathered by the animator and makes the analysis of the cycle's evolution and approves decisions to launch a new cycle. They account for the progress and propose strategic and/or managerial decisions.

#### **The revolving process of the fund**

The initial fund was lent to 170 women who each entered a one-month cycle with a weekly payment. Every week of this cycle, each of the borrowers repays  $\frac{1}{4}$  of her total loan. That means that for a sum of 1500 Francs CFA, the woman reimburses 375 FCFA. At the end of the week, Sunday, the 170 women should have paid a total of 63750 FCFA (375 x 170).

Since the demand at the community level is very high, the system management does not wait until one cycle is complete; instead, a new cycle begins with a new group using the money that has been made available from the first group.

In this example, 42 women began their cycle in the second week (63750 / 1500). This group's first instalment will coincide with the second instalment of the first group. The money available becomes bigger:  $63750 + (375 \times 42) = 79500$  FCFA and the process goes on.

It is important to note that with the benefit of the negotiation with SOACAP, the project has got the favour of a credit sale method: the factory provides the order even when the cash payment is not assured. This is made on the basis of trust and there is no extra tax charged because of the credit.

### **Some initial successes**

So far a full survey has not been carried out to measure the impact that this loan system has had on the population's health, however remarkable changes have been noticed demonstrating how the transport of drinking water is a key part of water hygiene (sanitation around the water point, the transport and the storage of the water).

#### **Hygiene**

Now the chances of dust and dirt flying into the water are slim, since they are covered from the water point. This also means that there are no chances of people covering their water containers with dirty pans and plates as some of the women used to do. In an attempt to balance the water on their heads, dirty fingers sometimes soiled the clean water. For those women who now have buckets with lids this practice has stopped. There is also less waste water around the stand pipe because when the buckets are filled up, they are covered straight away and so when the women or girl lifts the bucket to their head they do not spill some of the contents as they would before.

#### **Saving water and transport comfort**

By using containers with lids it means that the women don't lose any water during their walk home and also don't get wet as the water doesn't splash on them.

#### **Replicating the strategy into handwashing containers**

Those who bought the buckets have now applied the same strategy to obtain handwashing containers with support from the field team meaning there is now increased hygiene through handwashing.

#### **Sustainability**

Due to the sound management of the fund and the enthusiasm of the population in Nafadji, it is hoped that the system will pertain and apply to other domains in the community's every day life: In terms of finance, at the beginning there was concern over how to find a fund to substitute the ones that the project released to start with. This question has been answered by the involvement of the community water point where excess funds are raised

from water selling. In addition the manufacturer is confident about the cause and is ready, whenever there is the need, to give the buckets on credit.

In terms of behaviour change, it is clear that women don't use these buckets because it is the fashion but rather because they have experienced the practical advantages of using them. In terms of skills development, there are community members who will be able to manage the system with efficiency since they have been involved in the process right from the start. (There is, however, the need to involve the community leaders in the negotiation process in order to build up a complete sustainability framework).

### **Conclusion**

The success of the revolving credit in this experience has sharpened the research and management systems of the project. Future research actions are planned for the cost sharing of waste pits, the migration in poor settlements and the ways it affects the results of the project.

Nafadji has raised the question of linking credit to water sanitation and hygiene issues. The thinking has even gone further to conceptualise the approach by involving professionals in financial intermediation, especially the Decentralised Financial Systems, which can implement all the steps related to the credit and ensure a definite sustainability.