

2016 MCPI Annual Conference: Realizing the Sustainable Development Goals through Microfinance

Access to water and sanitation through microfinance

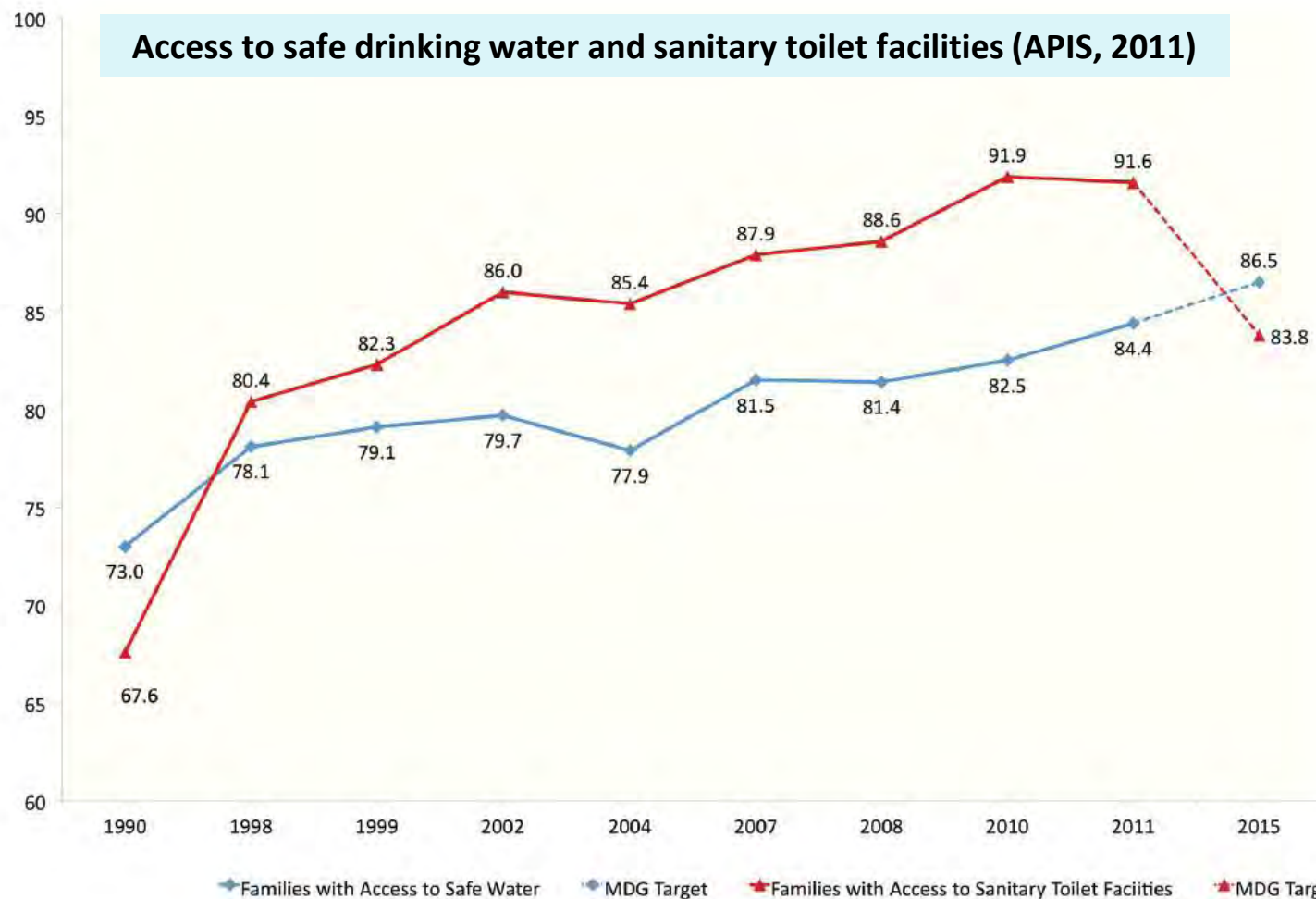
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Century Park Hotel, Manila
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www.wsp.org | www.worldbank.org/water | www.blogs.worldbank.org/water |  @WorldBankWater

National statistics mask actual coverage and inequalities



Progress on Sanitation and Drinking Water: 2015 Update and MDG Assessment (JMP, 2015)

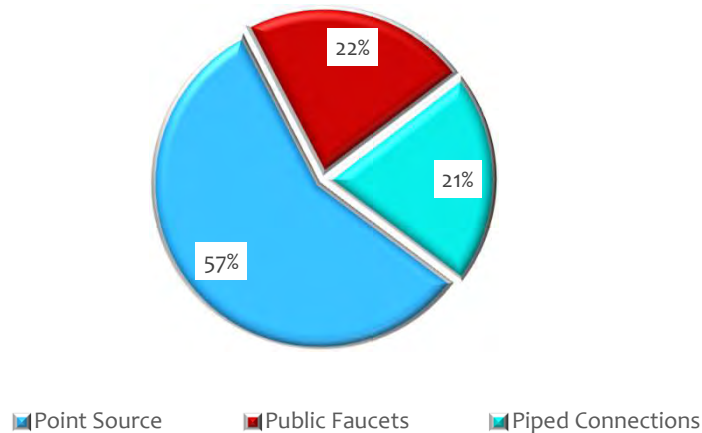
SANITATION:
 1990: 57%
 2015: 74% (79%)

WATER
 1990: 84%
 2015: 92% (92%)

WaSH Context:

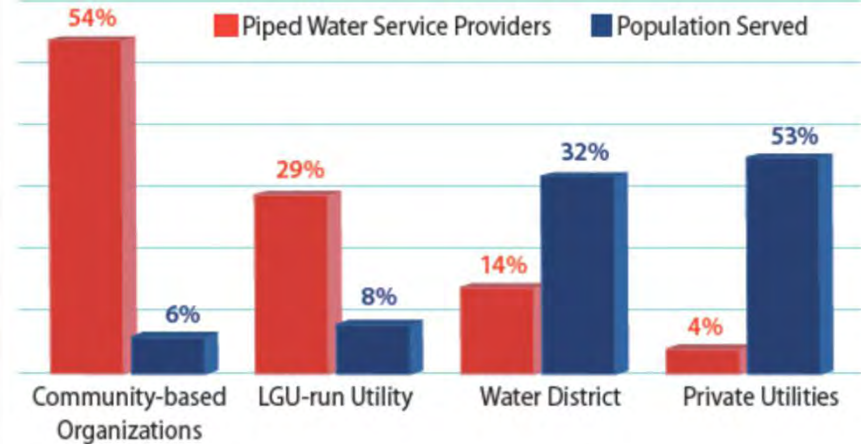
Water service provision is highly fragmented

Water Service Providers by Level of Service



More than 22,000 service providers nationwide

Piped Water Service Providers and Population Served²



More than 4,700 piped water service providers

Source: *Listahang Tubig (National Water Supply Survey, 2013)*

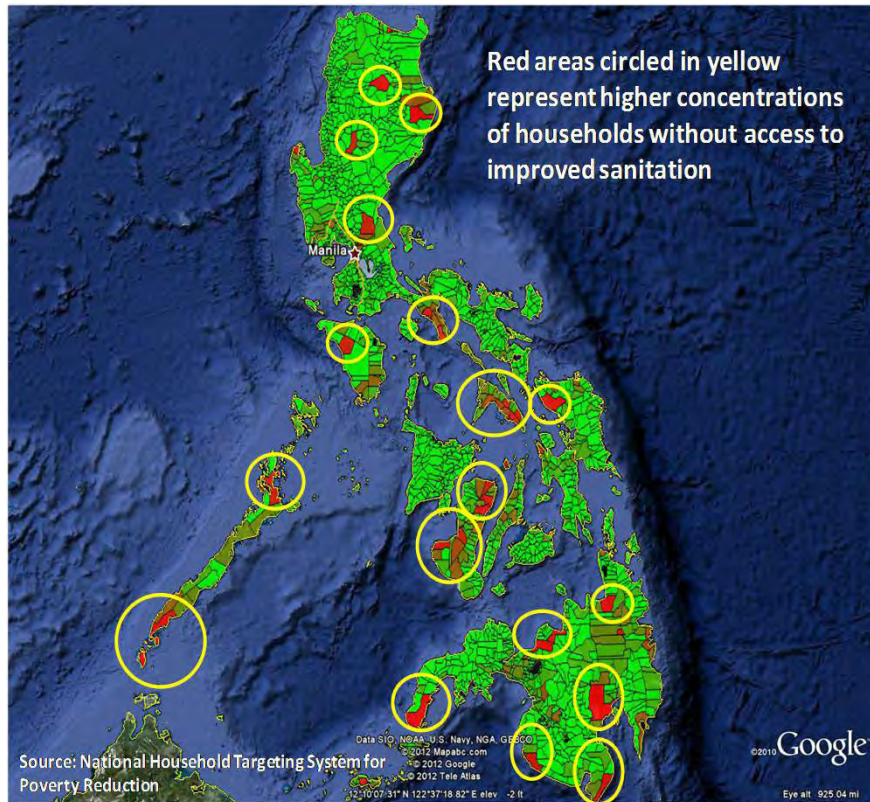
Water: Significant gaps in service coverage & quality

MANAGEMENT TYPE	TOTAL NO. OF WSPs		LEVEL OF SERVICE		
	NO.	%	LEVEL 1	LEVEL 2	LEVEL 3
BWSA	6,271	27%	2,889	2,362	1,020
RWSA	1,260	6%	60	534	666
Cooperative	356	2%	44	81	231
Unnamed Water Service Provider	7,341	32%	7,154	153	34
LGU-Run Utility	3,873	17%	1,072	1,524	1,277
Water District	506	2%	-	-	506
Home Owners' Association	354	2%	164	73	117
Real Estate Developer	78	0%	8	7	63
Industrial Locator	40	0%	1	1	38
Peddler	190	1%	91	79	20
Ship Chandler	4	0%	1	2	1
Other Private Operators	1,649	7%	648	261	740
Refilling Stations	912	4%	912	-	-
Grand Total	22,834	100%	13,044	5,077	4,713

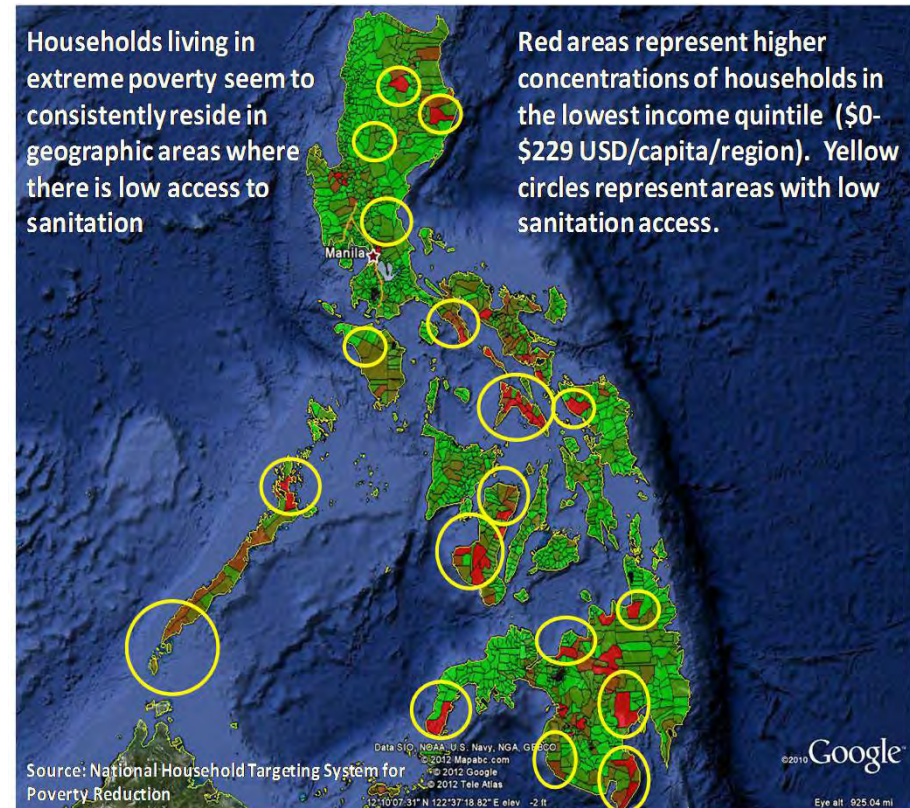
Based on data uploaded by water utilities in 1,445 participating cities and municipalities, out of a total of 1,634.

Reaching the last mile:

85% of the rural households without sanitation belong to the poorest 40 % in concentrated pockets



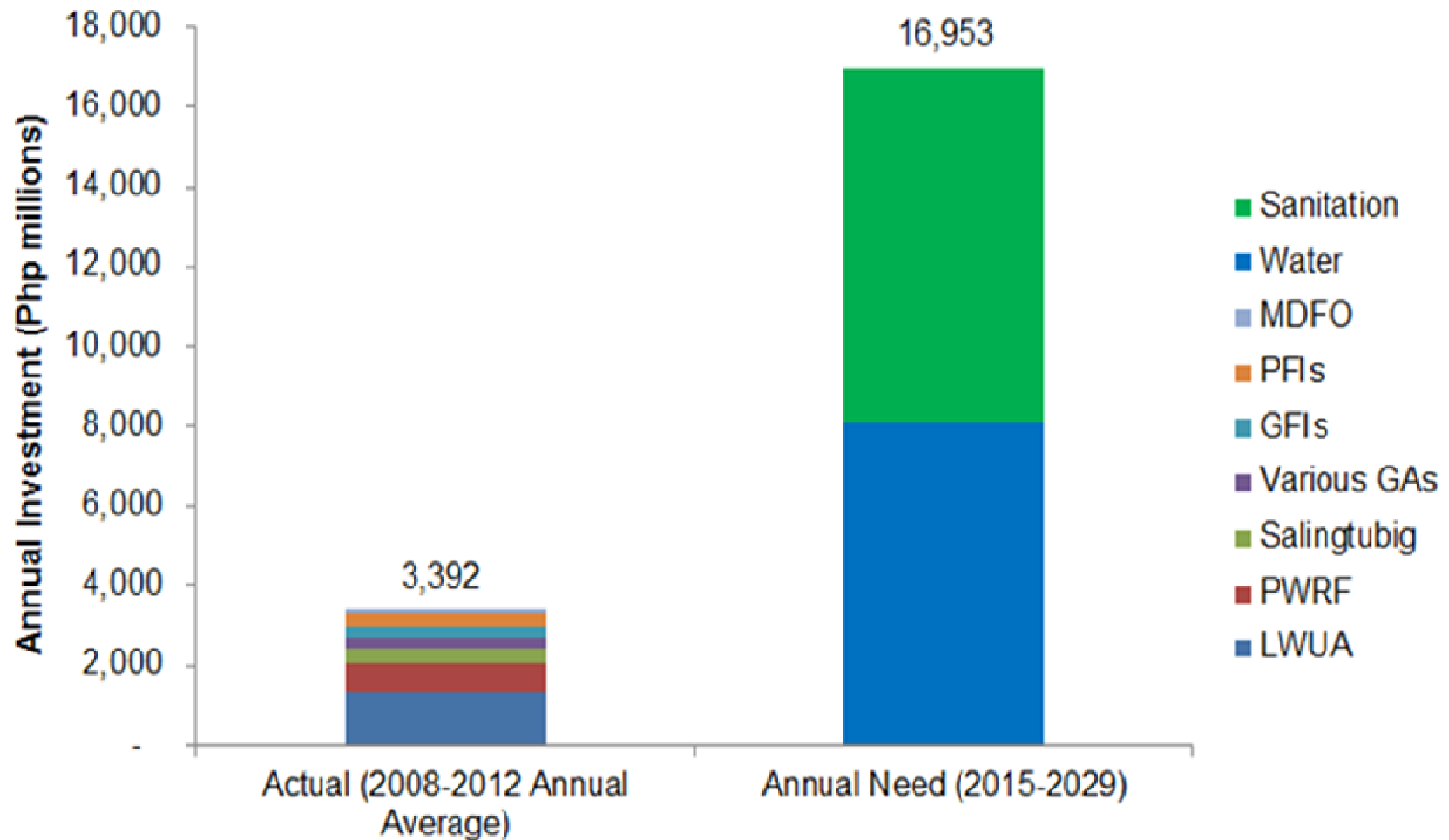
Map of sub-national areas without access to improved sanitation



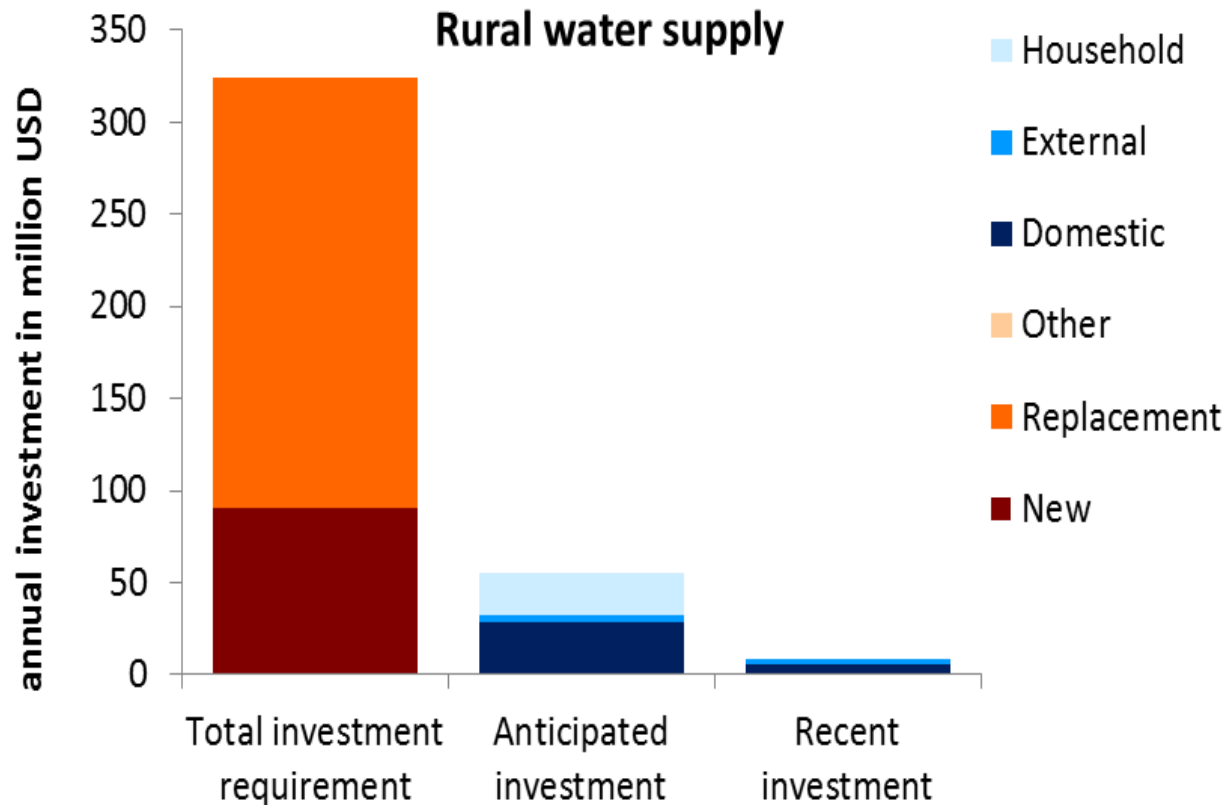
Map of high poverty areas based on NHTS overlaid with areas without access to improved sanitation

Funding is low compared to needs

The sector does not have enough funding to reach national targets



Funding gap and source of fund for RWS: What's in it for MFIs?



Recent (2009-2011) level of investment: \$ 8 million (PhP376 M) annually

Anticipated (2012-2014) level of annual Investment: \$55 M (PhP2.58 B) of which \$ 29 million – govt. \$ 23 million - HHs

*To achieve and **sustain** 100% rural water supply access by 2025 domestic and external financing needs to be increased at least four fold*

Understanding our target client

Ability: affordability, perceived costs and preferences

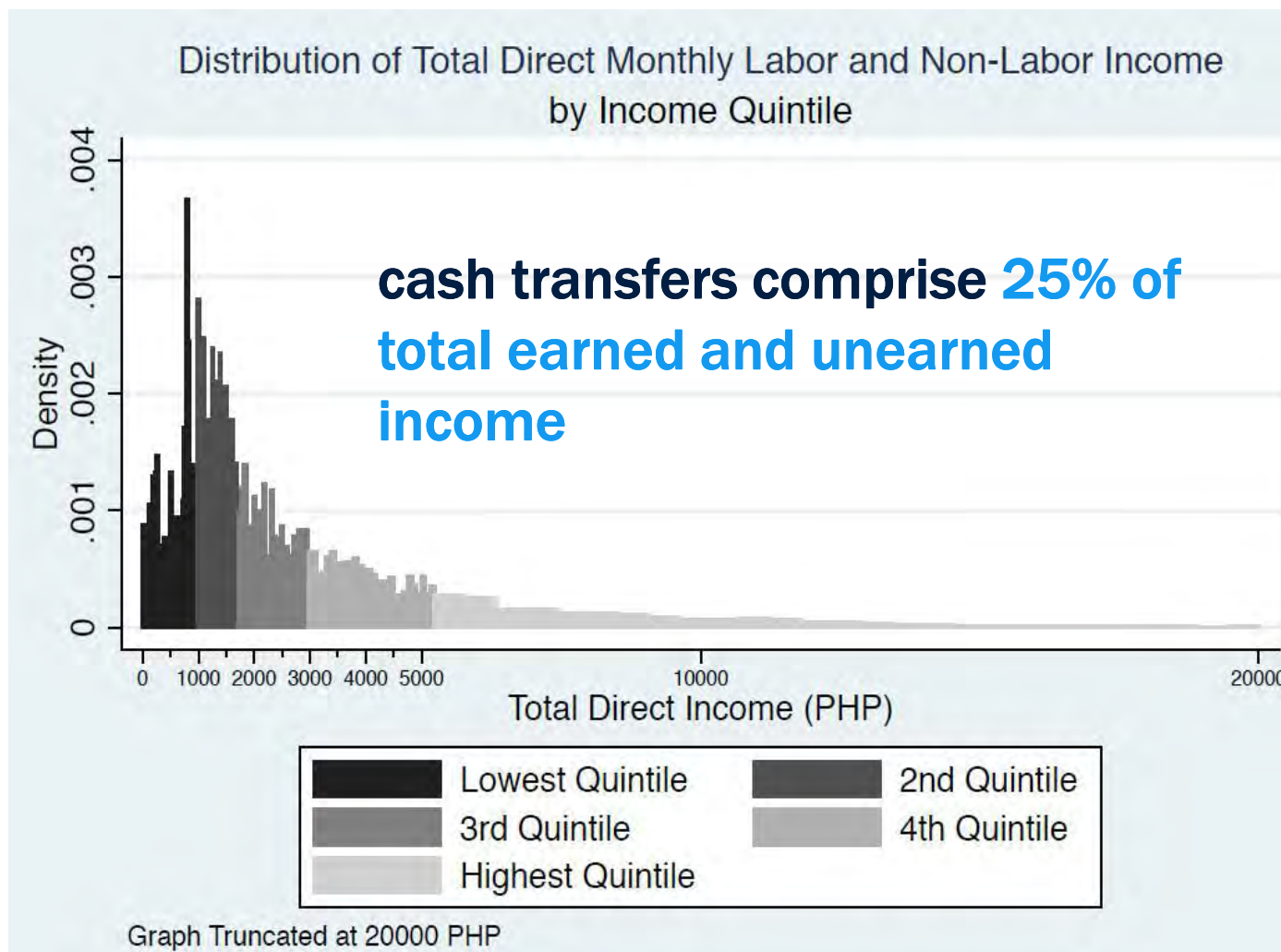
- OD is a phenomenon among the poor
- high cost of sanitation is a main barrier to toilet adoption
- yet poor HHs own other durable goods of similar price range

Motivation: intention, competing priorities, beliefs & attitudes

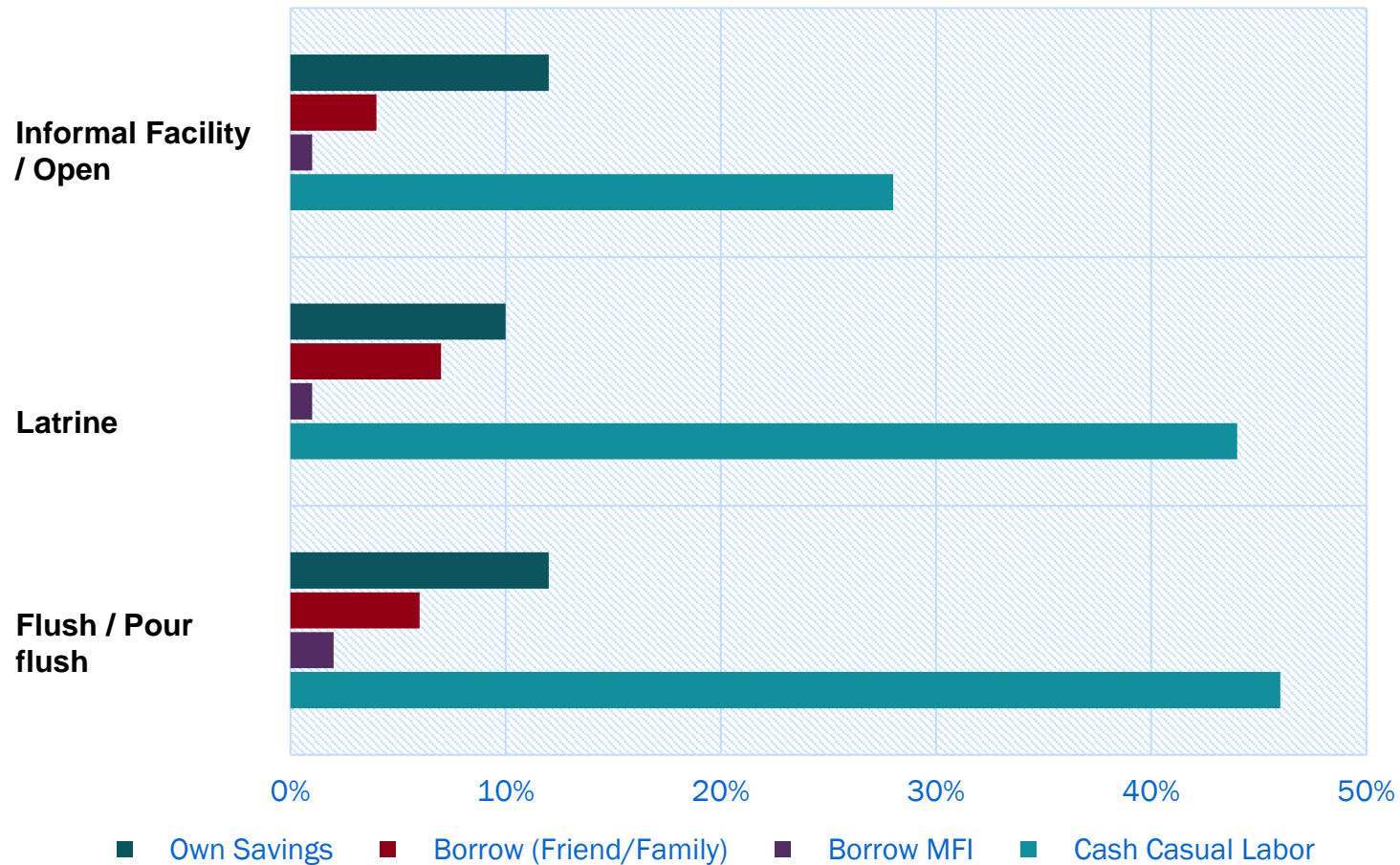
- high level of intention to build (70%) but no commitment when to build



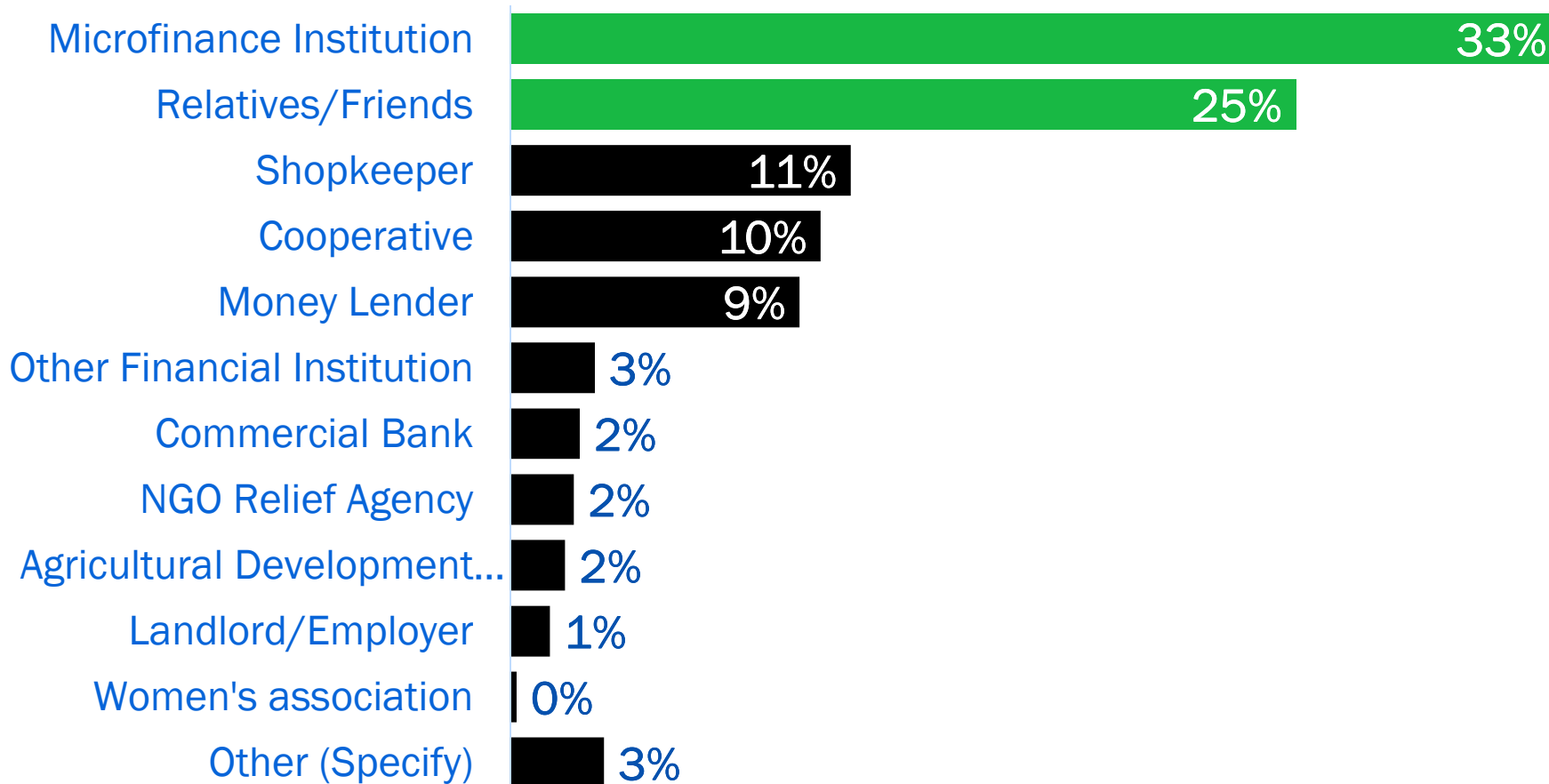
Mean monthly household combined earned and unearned income is **P3,583**, which is below poverty line estimates of **P4,500**



Most respondents would get the resources to improve/upgrade their toilet from labor income. Most don't consider an MFI as providing funds for toilets.



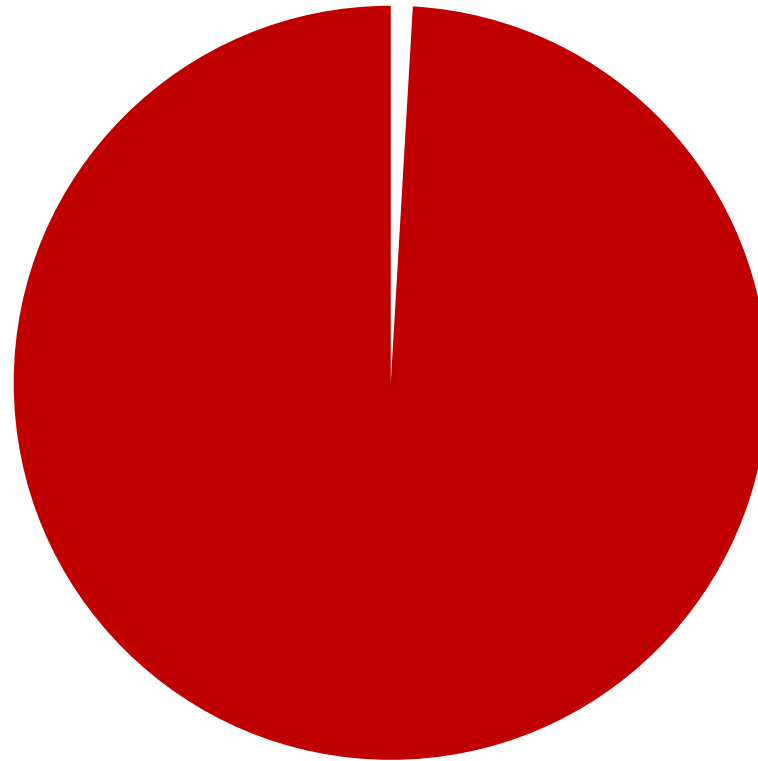
Of respondents who have loans, most are getting loans from **microfinance institutions or **relatives and friends** (n=1,058).**



Are MFIs offering a good diversity of products?

99%

of respondents
report that
they do **not**
have a bank
account.



Significant gaps in service coverage and quality

Current GoP WSS Roadmap is overtaken by the new SDG targets?

Water Service Type	Current (2011 data) percent of population	2025 percent of population
Level III (piped to home)	49.9	70
Level II (public tap)	7.0	20
Level I (other improved)	31.8	10
Unimproved	11.3	0
Total	100.0	100
Sanitation Service Type	Current (2011 data) percent of population	2028 percent of population
Sewerage and wastewater treatment	4.0	16
Proper septic tanks and septage treatment	8.4	74
Pit Latrines	3.7	10
Unimproved facilities	83.9	0
Total	100.0	100

Borrowing is twice as common in the highest income earning households, but even lower income households borrow at high rates from MFIs

Baseline Loan Activity	Lowest Income Quintile N=816		Second Quintile N=816		Third Quintile N=816		Fourth Quintile N=1019		Highest Income Quintile N=1020	
	Obs.	Mean (SD)	Obs.	Mean (SD)	Obs.	Mean (SD)	Obs.	Mean (SD)	Obs.	Mean (SD)
Loan Behavior										
HH has active loan	816	15% (35%)	816	20% (0%)	816	22% (42%)	817	25% (43%)	815	34% (47%)
Number of active loans	119	1.08 (.32)	162	1.12 (0)	183	1.11 (.44)	201	1.16 (.47)	275	1.13 (.42)
Loan Source										
Friends	119	29% (45%)	162	30% (0%)	183	27% (45%)	201	21% (41%)	275	17% (37%)
Ag. Dev. Bank	119	6% (24%)	162	1% (0%)	183	2% (13%)	201	0% (7%)	275	1% (10%)
Commercial Bank	119	1% (9%)	162	3% (0%)	183	3% (18%)	201	3% (17%)	275	2% (13%)
MFI	119	24% (43%)	162	32% (0%)	183	30% (46%)	201	31% (46%)	275	45% (50%)
Other Financial Inst.	119	3% (16%)	162	2% (0%)	183	4% (21%)	201	4% (21%)	275	1% (12%)
NGO	119	1% (9%)	162	2% (0%)	183	2% (15%)	201	2% (14%)	275	3% (16%)
Landlord/Employer	119	4% (20%)	162	1% (0%)	183	0% (0%)	201	1% (10%)	275	2% (13%)
Shopkeeper	119	13% (34%)	162	10% (0%)	183	14% (34%)	201	14% (35%)	275	9% (28%)
Money Lender	119	12% (32%)	162	10% (0%)	183	8% (28%)	201	11% (31%)	275	8% (27%)
Cooperative	119	8% (27%)	162	10% (0%)	183	10% (31%)	201	11% (32%)	275	13% (33%)
Loan Amounts (PHP)										
Principal	119	8432 (14129)	162	6325 (8956)	183	5787 (8382)	201	10664 (19070)	275	9945 (18166)
Total Interest	119	1633 (3757)	162	1444 (3146)	183	1358 (2777)	201	2894 (8408)	275	3243 (13806)

Poorest quintile cannot afford any toilet loan options and would require subsidies. Loan options would need to be scaled to household ability to pay.

			Monthly Disposable Household Income Per Capita (after loan payment)		
			WSP promoted options		
Average HH Income by Quintile	Total HH	Per Capita HH	Option 1 (4125 Php 412 Php/mo)	Option 2 (4925 Php 496 Php/mo)	Option 3 (7300 Php 732 Php/mo)
Poorest Quintile	555	107	25	10	-31
Second Quintile	1332	260	163	148	106
Third Quintile	2297	435	333	318	277
Fourth Quintile	3966	742	628	613	571
Richest Quintile	9774	1751	1654	1639	1598
Average HH Income-Overall					
Earnings	3178	554	489	474	432
Non-Earnings (incl. 4Ps transfers)	1417	260	178	163	121
Combined	3583	658	560	545	504