

Report of Seminar on Water and Micro-finance: Exploring Innovative Partnerships

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On the occasion of the state visit by the Dutch royalty, the Royal Netherlands Embassy, New Delhi organized a high profile seminar to discuss how micro-finance could help accelerate water (for both domestic and livelihood purposes) and sanitation goals, particularly those stated in the MDGs, through innovative partnerships. The seminar was attended by Her Majesty, Queen Beatrix, His Royal Highness, the Prince of Orange (Chair, UN Advisory Board on Water and Sanitation) and Her Royal Highness Princess Maxima (Member UN Advisory Board on Inclusive Financial Sectors). Participants in the seminar included representatives from the micro-finance and water sectors in India and the Netherlands, from industry (banking), civil society, academia and government.

The seminar began with opening remarks from **Prof. Soz, Minister for Environment and Forests**, Gol who was replacing the Minister for PRIs (Panchayati Raj Institutions) at the last moment. So instead of focusing on the seminar topic he spoke about the more topical, water and climate change!

The Prince of Orange followed, sharing how the idea for this seminar was ‘home-grown’ (i.e. reflecting on his and his wife’s shared interest on water and micro-finance). He saw sanitation – acknowledged as the greatest medical advance since 1840 by the British Medical Association – as the bigger challenge (compared to water provision). Access to sanitation and water is at the core of our efforts to achieve the MDGs: for every \$1 invested in sanitation there was a \$7 impact on productivity, education of girls, etc. However, the impacts of climate change, globalization and so on are leading to a decline in gross water availability. Micro-finance is a powerful *enabler* for achieving many of the MDGs – it should not be treated as aid or as a project approach, but needs to be integrated in the mainstream financial sector. Micro-finance can be used for financing small scale roof water harvesting structures, water re-use and storage facilities, latrines and micro-enterprises such as rural sanitary marts, or reduce the vulnerability of small farmers through access to drip irrigation, quality seeds, other inputs and markets.

Professor Abhijeet Sen, Member, Planning Commission and Chair of the panel on water and micro-finance maintained that for financial models to be sustainable you need a revenue model, i.e. how are loans to be paid back, what are the sources for generating income? **Ms S.S. Nair, Secretary Drinking Water Supply**, gave an overview of India’s progress towards the MDGs and maintained that since 2000 there was a rapid increase in sanitation coverage and the country should be able to meet its sanitation targets by 2012 (rather hard to believe). Toilets have become centres for activities for women’s SHGs (self help groups) and more than 1000 SHGs in the country are producing appropriate sanitary ware. Micro-finance can be used to promote skills development training for masons or it can help small women’s groups produce cheap, safe and environmentally friendly sanitary napkins for rural women (menstrual hygiene and solid waste management are emerging as new areas of concern after water and sanitation). Ms Nair discussed the need eco-san toilets which are less dependent on water and/or can function in flood prone areas as well as the need to develop multiple sources of water conjunctively and look at appropriate, low-cost effluent treatment systems. She maintained that despite the large availability of finance, the problem lies with the availability of water. NGOs need to work with both CBOs (community based

organizations) and PRIs to bring together communities and micro-finance initiatives. We need to document and demonstrate institutional models that work. This task can be taken up with support of GWA.

The next speaker was **Vijay Mahajan, Chairman BASIX**, one of the largest micro-financing institutions in the country. He provided an overview of how small investments in water harvesting, etc. could go a long way in meeting rural needs for water – treadle pumps in Bangladesh, micro lift irrigation schemes in Jharkhand, are all successful examples of micro-finance funded innovations with small farmers, men and women. BASIX is also looking at water related vulnerability and is developing a weather index insurance which will be more useful to farmers than the traditional rainfall based crop insurance schemes. Mahajan maintained that water is a public good and you need macro-finance to support infrastructure development, but since these are large, lumpy public investments, micro-finance is useful in addressing the ‘last mile’ issues (distribution, access and equity).

The last speaker on the panel was **Mr. Arije Kraaijeveld, Chairman, Netherlands Water Platform**. He provided an overview on trends in the water sector with the 1980s still being dominated by top-down (state), supply driven water management to the 1990s where water sector reforms start looking at public-private partnerships (PPP) and from 2000 we have been exploring decentralized water solutions, driven by civil society. Kraaijeveld described knowledge, technology and financial partnerships could be easily accessible through the internet (children demonstrating how they built their own toilets on You Tube) and communication systems (money transfers through mobile phones).

The panel was followed by a short question and answer session – questions were written on cards for the panelists and were randomly selected by the panel chair. There was a question on gender concerns (but not asked by me!): *‘How do sanitation and water interventions empower poor women?’* Ms Nair spoke about only-women village water committees are being promoted in Madhya Pradesh, and how one woman *sarpanch* (elected *panchayat* leader) in Kutch had made her village water secure – but when she came to speak at a high-powered meeting in Delhi recently, she had to take permission from the male village elders to lower her *ghunghat* (the end of the sari used by women to cover their heads/faces in the presence of men outside the immediate family). So there are real, context-specific socio-cultural constraints to women’s empowerment through their participation in village institutions on water management.

The **Netherlands Ambassador, His Excellency, E.F. Ch. Niehe**, closed the seminar by commenting that whereas for women particularly water is life, sanitation is dignity and micro-finance is seen as empowering, the seminar was largely dominated by men! (I would add, men in black suits mostly!)

The seminar was followed by an informal networking event entitled *‘the market place’* where there were different tables on water and microfinance initiatives at the household and community level, information exchange tools and best practices from the international community. Participants could walk around the tables, get information, talk and interact

Unfortunately, because of the pressures of protocol, I could not personally meet any of the Royalty – they left soon after the presentations and the Prince had a quick walk around the market place, meeting some of the table facilitators only.