FINISH Annual Report 2011

FINISH Annual Report
April 2011 - March 2012

Act No 19866/DML011326
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LIST OF ACRONYMS

APL  Above poverty line
AWARD  Action for Women and Rural Development
Biswa  Bharat Integrated Social Welfare Agency
BPL  Below poverty line
BWDC  Bharathi Women Development Centre
CB  Capacity Building
CBE  Community Based Enterprise
CBO  Community Based Organisation
DGIS  Directorate General International Cooperation (Netherlands)
EIA  Environmental Impact Assessment
ECB  External Commercial Borrowing
EMI  Equated monthly instalment
FINISH  Financial Inclusion Improves Sanitation & Health
GP  Gram Panchayat [Village Committee]
HDFC  Housing Development Finance Company
ICT  Information and communication technology
IDF  Initiatives for Development Foundation
IEC  Information, education, communication
IFC  International Finance Corporation
IFS  Institute of Fiscal Studies
IGA  Income generating activity
INR  Indian Rupee
IR  Interest Rate
JLG  Joint Liability Group
KfW  German Development Bank
MDG  Millennium Development Goals
MFI  Micro Finance Institution
MoU  Memorandum of Understanding
NABARD  National Bank for Agriculture and Rural Development
NGO  Non-governmental Organisation
NHB  National Housing Bank
NREGA  National Rural Employment Guarantee Act
PIC  Programme Implementation Committee
PIT  Programme Implementation Team
PMB  Programme Management Board
PRA  Participatory Rural Approach
RBI  Reserve Bank of India
RDO  Rural Development Organization
RRA  Rapid Rural Appraisal
SDC  Swiss Development Corporation
SHG  Self help group
SIDBI  Small Industries Development Bank of India
SRTT  Sir Ratan Tata Trust
SS  Safe Sanitation System [Toilet]
TSC  Total Sanitation Campaign
UNICEF  United Nations Children Fund
UNU  United Nations University
FOREWORD

We are happy to present the Annual Report 2011 [2011-12] of the FINISH programme in India. This was a year of great challenge in the aftermath of the MFI crisis in late 2010 precipitating into a virtual standstill of credit flow. This hit the rural population and the rural priority sector very hard. The results are there for all to see.

The crisis also galvanised the programme management into rethinking the strategy and re-engineering the implementation process after learning lessons from the experience of the first two years. It was realised that the strategy of carrying out the implementation of the programme with a few robust and strong organizations carry higher risks of failure. On the contrary it may be less risky if the programme is implemented by a large number of small organizations having deep interest in promotion of sanitation and with smaller implementation targets. The new strategy and the new structure came into play only in the last quarter of the 2011. Many new partners were roped in by the end of the year with targets of 2,000 to 5,000 safe sanitation systems per year. Therefore the results of the new approach may not be felt during the year under reference. But we expect that our performance should show appreciable upward trend in the year that follows (2012-2013).

The year saw the temporary opting out of two partners namely ESAF and IIRD, and the partnering with four new organisations, i.e. Nageshwara Charitable Trust, Nagpur Maharashtra, Navyadisha [Grameen Koota] Karnataka, Gram Utthan Odisha and ASSET [ASEEFA] Rajasthan joining the programme.

The year also saw the introduction of a concrete policy regarding training of animators and training of masons laying stress on training of the field workers and dissemination of technical knowledge relating to sanitation. This would be continued in the following years.

The report contains two main parts: the Narrative Annual Report and the Financial Annual Report. In the narrative report the progress on programme and organisation level is described. The financial reporting provides besides the financial expenditures an overview of the procedural steps that the programme has taken to ensure accountability.

Last but not the least, taking note that the number of safe sanitation systems that got constructed has not crossed the 20% mark after three years of the execution of the programme on account of unforeseen factors (primarily deep MFI crisis in India), we may consider together with DGIS whether the duration of the programme needs to be extended.
CHAPTER 1  INTRODUCTION

Taking note of the limited success of a grant based intervention in creating sanitation densities and social change, the Programme FINISH an acronym of Financial Inclusion Improves Sanitation and Health was conceived by its promoters TATA-AIG, SNS-REAAL, UNU-MERIT, WASTE Netherlands and some local Non govt organizations in the year 2. The objective was to expand sanitation coverage in India by leveraging with various other schemes of government and non-governmental agencies operating in India with similar objectives and at the same time to provide basic health insurance cover to the to be included population.

The ultimate objective of FINISH is to enable emergence of a rural society whose health is improved not only through better sanitation facilities and an improved knowledge and awareness of the concept of safe sanitation, but also by being financially included.

Safe sanitation impacts health only if it is taken beyond mere toilet construction. It has to include hygiene promotion and safe excreta treatment and disposal. In addition, health effects of sanitation are expected to correlate positively to the density of household sanitation systems in a village (more than coverage) FINISH supports increased coverage with output based incentives. It also supplements income of animators community organizers SHG women for their efforts towards awareness creation. Finally, it generates livelihoods through sanitation business support (soap, construction, ceramic pans, biogas units, compost and urine diversion etc). FINISH promoter WASTE (Dutch sanitation and waste NGO) assists MFIs in this by providing technical and grant support.

UNU which is also one of the Promoters, is working with the project partners and has set up the impact monitoring mechanism funded partially by the project and partly by the research funds of the university. It has initiated timeline studies in three different areas, namely Odisha, Thiruvarur District of Tamilnadu and Gwalior, Madhya Pradesh (about 2, households per area with both household and village surveys as well as medical tests) and repeat interviews and tests within to 2 years. Medical tests have been conducted in areas where permission of the Government for the conduct of such tests was availed.

Grant funding is raised from donors, i.e. the Dutch government approved Euro million for this. To further increase sanitation density - coverage of and above-, Bill and Melinda Gates Foundation has been approached for grant funding of US million some time ago. As of late there has been no communication from their side and the grant is unlikely to materialise. In parallel efforts are on to explore other routes are being explored like DFID and the World Bank.

In the meantime, the Programme Management also canvassed with the Ministry of Rural Development, Government of India, for allowing sanitation partners at Central and State Levels to derive the benefit under the National Rural Employment Guarantee Act (NREGA), for the labour contributed by the individual beneficiary for the construction of a safe sanitation system to help reduce the cost burden on the ultra-poor or destitute. The Government of India through the Ministry of Rural Development agreed to this proposal and as a result assistance to the extent of INR (22) is permissible to the below the poverty line (BPL) beneficiary in lieu of the labour contributed by him/her during the construction of the safe sanitation meant for his/her own use.
The Report contains two main parts: the Narrative Annual Report and the Financial Annual Report. Both are separate reports. In the narrative report, the progress on programme and organisation level is described. The financial reporting provides besides the financial expenditures an overview of the procedural steps that the programme has taken to ensure accountability.

Training Programme for animators of NCT, Maharashtra

Training for Navyadisha field staff, Karnataka
CHAPTER 2  PROGRESS TILL DATE

2.1 Result based progress

The overall result expected of FINISH is improved sanitation systems for 1,000,000 households in different states of India. ¹

FINISH has six results. Their output, outcome and sustainability aspects for the period 1 April 2011 to 31 March 2012 (Note: FINISH follows with approval from DGIS the Indian fiscal year) are given below. These may be compared with the indicators as given in the log frame and targets of the Annual Plan 2011-2012.

**Result 1.1 MFIs offer sanitation loans as part of their loan product portfolio**

Milestone: 25% of all necessarily loans have been organised in second year of the programme.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Results 1 April 2011 - 31 March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>MFI pre-selection criteria developed</td>
</tr>
<tr>
<td></td>
<td>Organisational capacity assessment</td>
</tr>
<tr>
<td></td>
<td>MoU with each implementing MFI</td>
</tr>
<tr>
<td></td>
<td>partner stipulating roles of different</td>
</tr>
<tr>
<td></td>
<td>parties vis-à-vis implementers</td>
</tr>
<tr>
<td></td>
<td>Output based aid detailed criteria</td>
</tr>
<tr>
<td></td>
<td>MFI pre-selection criteria published on web</td>
</tr>
<tr>
<td></td>
<td>Organisational capacity terminology (Tier 1,2 and 3)</td>
</tr>
<tr>
<td></td>
<td>- SNS provided basic guidelines. Contracts signed</td>
</tr>
<tr>
<td></td>
<td>between WASTE and each of the 7 implementing</td>
</tr>
<tr>
<td></td>
<td>MFI partner stipulating their roles</td>
</tr>
<tr>
<td></td>
<td>Output based aid detailed criteria has been placed in</td>
</tr>
<tr>
<td></td>
<td>the contract</td>
</tr>
<tr>
<td></td>
<td>Bank-SHG linkages piloted with NCT</td>
</tr>
</tbody>
</table>

Outcome

By the end of the programme, 100% of all necessary loans have been provided to the users.

About 9% of all necessary loans disbursed. Earlier fund commitment by partners could not be substantiated as there was no refinance. Thus the 9% is a main achievement in the current financial climate. Refinancing MFIs is the main issue and the reasons for the reorganisation.

Sustainability

By the end of the programme, the occurrence of water-borne diseases among the program target group has decreased with 50%.

Testing procedures developed and put into practice by UNU in 3 target areas. Total of 30,000 people interviewed. Slow progress in loan disbursement has pushed follow up surveys back in time (end 2012).

**Result 1.2 MFI marketing channels for micro-insurance products developed**

Milestone: partners have developed necessary marketing channels for micro-insurance products by the end of the 1st year of the programme

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Results 1 April 2011 - 31 March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Before the end of the 2nd year the</td>
</tr>
<tr>
<td></td>
<td>programme has developed:</td>
</tr>
<tr>
<td></td>
<td>- Health products developed</td>
</tr>
<tr>
<td></td>
<td>- Sales channels developed</td>
</tr>
<tr>
<td></td>
<td>- Number of policies sold</td>
</tr>
<tr>
<td></td>
<td>The off-the shelf health MI products are offered to</td>
</tr>
<tr>
<td></td>
<td>partners, few have taken them up. Discussions have</td>
</tr>
<tr>
<td></td>
<td>been initiated with L&amp;T insurance for partnering on</td>
</tr>
<tr>
<td></td>
<td>MI.</td>
</tr>
</tbody>
</table>

Outcome

MFIs are capable of providing the micro insurance products without active interference of the programme

MFIs are currently selling different types of insurance products of different companies. A proposal for sanitation linked primary health insurance is with DFID and WSP

¹ This has been reset at improved sanitation systems for 500,000 (lower limit) and 600,000 (upper limit) households in different states of India (Annual Plan 2012-2013).
Sustainability

UNU will be able to report on demand increase for sanitation due to health insurance premium discounts

UNU impact assessment between complete FINISH package and control areas – data for follow up survey pushed backwards due to MFI crisis – now first will be end 2012.

Award of a training certificate to a participant by Mr. Yugandhar at Baran, Rajasthan, August 2011

**Result 2.1 Sustainable sanitation support services set up established**

**Milestone: The programme has established the basic sustainable sanitation support services before the end of the 2nd year of the programme**

**Output**

Indicator

- Assessment stakeholders sanitation support services at different levels (MFI, NGO, government, institutional, primary beneficiary)
- Existing sanitation system- assessed.
- Identification of target areas
- Identification of issues /gaps
- Identification key persons (champions)
- Information system options evaluation
- Tangible win-win situation (commitment/motivation due to genuine self-interest) identified,
- Stakeholder capacity assessed, gaps targeted through specific CB, Handbook developed

- Sanitation training road map developed and piloted.
- First comprehensive mason training piloted and adapted.
- Technical film on sanitation technologies developed (cartoon).
- Film on financial dimensions of FINISH developed.

**Outcome**

- The constructed sustainable sanitation systems supported by the PIT are functioning properly and satisfactorily by

Results 1 April 2011 - 31 March 2012

Clear baseline criteria followed through by Programme Implementation Team (PIT)

As result of independent review, there are increased contacts between PIT (following their training) and
Result 2.2: Financial closure through mixing of commercial and non-commercial funding thereby pursuing sanitation MDGs

*Milestone: the programme has established that major part of rural sanitation can be financed commercially by the second year.*

**Indicator**

*Output*  
By the end of programme year 3, the financial closure of commercial and non-commercial financing is taking shape through:
- Contract with each MFI stipulating deliverables
- Mobilising different financial support schemes (credit guarantee, equity participation, line of credit, programme finance) catering to higher financing demands

*Outcome*  
By the end of the programme, the percentage of commercial funding vis-à-vis non-commercial funding for different sanitation systems, different organisations and different regions in India is established. This will serve as much need benchmarks for interventions elsewhere.

*Sustainability*  
By the end of the programme participating MFIs will be able to demonstrate the real benefits of improved sanitation, compared to the

**Results 1 April 2011 - 31 March 2012**

Twenty MFI contracts signed. Five more ready for signing.
Through project interventions/ facilitation: debt financing MFIs is over **Euro 10,000,000** (earlier organised financing of SNS-REAAL and Calvert has not been used exclusively for sanitation. However, Maanaveeya Holdings & Investments Private Limited, FWWB and NHB have initiated dedicated lines).

On the totals: average grant as % of commercial financing is bust above 10% (1:8.2 or 12%). This percentage is higher than previous year, due to the relatively lower amount of commercial financing being available.

Pilot approved NABARD – bank – SHG linkage programme, another pilot CBI-bank linkage. Use of Sanitation Investment Fund for pilots (revolving fund), use of NREGA for sanitation, Fixed deposit as
real costs. This means that they can continue with little – or even without – external support.

comfort guarantee. Innovative mechanism worked out but not implemented, i.e. off shore second loss guarantee (low leverage)

Result 3.1: Programme management, monitoring, evaluation, impact and dissemination structures established (relations health, sanitation, grant and non-grant financing sanitation)

Milestone: the monitoring system is developed and in function by the end of the first programme year.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Results 1 April 2011 - 31 March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>By the end of year 3 of the program the monitoring system is developed and operational:</td>
</tr>
<tr>
<td></td>
<td>- Programme management committee</td>
</tr>
<tr>
<td></td>
<td>- Programme coordinator with support staff</td>
</tr>
<tr>
<td></td>
<td>- Baseline data, PRA/RRA</td>
</tr>
<tr>
<td></td>
<td>- Key indicators health products and iterative review process established</td>
</tr>
<tr>
<td></td>
<td>- Key non health indicators established</td>
</tr>
<tr>
<td>Outcome</td>
<td>The results of the monitoring increase the effectiveness of the programme intervention by an annual increase in demand for sanitation and micro health insurance products.</td>
</tr>
<tr>
<td></td>
<td>Impact evaluation report with health and sanitation baseline, control, basic loan increase, with sanitation support services and with sanitation support services and micro health insurance. Also qualitative differences in village life (post-FINISH), if any, will be reported. The outcomes are widely shared within India and outside.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>50% of the MFIs include the monitoring system in their own monitoring protocols.</td>
</tr>
</tbody>
</table>

Programme Management Board operational. CIO and zonal teams have started. FINISH society fully operational (exit strategy FINISH programme).

Programme Director and secretary under contract, office established.

There have been issues in the collection of both village level baseline data and household baseline data (see below)

Data on systems constructed (passing 150,000 mark)

Systems in place for data verification.

FINISH monitoring system partially visualised.
Result 4.1 Livelihood for 10,000 people, primarily women, established

Milestone: in the second year, employment opportunities (potential and realised, male and female) will be made available on the net

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Results 1 April 2011 - 31 March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Number of newly established MSMEs through the program</td>
</tr>
<tr>
<td></td>
<td>Hollow block manufacturing and sanitary napkin (menstrual hygiene) started. Due to adverse financial climate, low interest partners to support sanitation MSMEs. Number of potentials identified.</td>
</tr>
<tr>
<td>Outcome</td>
<td>By mid term of the programme 3000 women have increased earnings</td>
</tr>
<tr>
<td></td>
<td>Channelled through MFIs, as MSMEs still need to take off in earnest over 200 self help group women leaders receive additional funding for work rendered.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Savings of up to 20% of family expenditure (increase in freely disposable income) due to lower costs for health related expenses</td>
</tr>
<tr>
<td></td>
<td>Anecdotal evidence from one partner, not scientifically confirmed, that savings of up to 20% can be made.</td>
</tr>
</tbody>
</table>

Field visit related to animator training

2.3 The New Strategy: Constitution of Project Implementation Team [PIT]

Last year [2010-11] contracts were signed between WASTE and BISWA, BWDC, ESAF, IIRD, RDO Trust, SAMBHAV and Setu Seva Trust. But faced with the problem of mobilisation of Finance in the wake of MFI crisis, IIRD and ESAF decided to opt out of the Programme during the year under Report. This was agreed with the Programme Management. At the same time, the Nageshwara Charitable Trust Nagpur [NCT], Navyadisha (Grameen
Koota) Karnataka, GramUtthan Odisha and ASSET [ASEEFA] decided to join the Programme with modest targets and signed contracts with WASTE.

As per the terms of the contract the NGO/MFI is directly responsible for obtaining loans from banks or development finance institutions and allocate a portion of its loan portfolio towards sanitation. For sanitation to have an impact on health, sanitation should be safe and be coupled with hygiene. The health impact of sanitation furthermore depends on concentration of sanitation, or pockets of density. Taking this into consideration FINISH is focusing on incentivizing the NGO/MFI towards this end.

Assistance rendered to NGO/MFI under FINISH will be to support the following objectives:

- Help NGO/MFI to develop appropriate and affordable micro-loans specifically for sanitation
- Development of appropriate, safe and affordable sanitary systems
- Elimination of open defecation
- Improvement in quality of life in the targeted village / habitation
- Creation of livelihood in the community through delivery and execution of sanitary systems required in the programme

To this end FINISH provides grant support to NGO/MFIs.

These contracts signed with the implementing partners give specific details about the administering / functioning of the output based aid (OBA.) While the new partners showed some results except ASSET which failed to perform on account of technical reasons, the performance of old partners showed a declining trend. This was reflected in the quarterly performance reports [QPRs] received by the Project Office.

It became increasingly clear that lack of credit was the critical hurdle for most of the partner organizations. The big partners of yesteryears which were considered big support in the implementation of the programme were in more difficulty because of poor recovery of earlier advances and they got into serious trouble. It thus became clear that there was a need to reinvent the implementation of the programme. A subcommittee of the Programme Management Board (PMB) therefore had a number of brainstorming sessions to consider the alternatives and come out with a better solution.

There was a consensus that
a] in order to reduce the risk of large-scale failures it would be desirable to engage with large number of small size local organizations with strong social profile evincing interest in promotion of sanitation, but with modest targets of sanitation
b] to make the results cost effective, the grant portion will be made more attractive but at the same time closely related to the targets /achievements.
c] the Project Office at Delhi cannot be expected to relate to and monitor the performance of large number of partners and should therefore be assisted by a Project Implementation Team [PIT] comprising the Chief implementing Officer [CIO], the Zonal Coordinators [ZC] and selected resource persons. This expanded PIT was distinctly different from what was described earlier PIT (the team comprising the Programme Director, the Finance Officer and the Office manager).

The earlier norms for allocation of grants to the Partners were made more attractive but were also result linked as given below.

i] Remuneration for animators: INR 1000 (€ 15) per month but one animator to be responsible for effecting construction of 500 safe sanitation systems (SS).
ii] Remuneration for project coordinators is also related to the target of SS and set at INR 3000 (€ 45) per 2000 SS (every partner will have to adopt minimum target of 2000 SS in a year).

iii] IEC: A lump sum INR 20,000 + in INR (1.2 x number of SS targeted).

iv] Grants for film viewing expenses: INR 200 for every 100 SS

v] OBA: INR 200 per extra SS constructed and put to use for crossing the threshold sanitation density of 75%.

vi] Facility of revolving fund in select cases for refurbishment of defunct Sanitation Systems.

A proposal was accordingly prepared for the creation of the PIT and the original Budget approved for the FINISH programme was restructured. The same was discussed and approved in the meeting of the programme management board held in October 2011.

Accordingly it was decided to immediately engage 5 senior officers with experience ranging from 6 to over 10 years in both development field and private commercial sector (e.g. TATA-AIG). Thus the Zonal Coordinators were recruited. Later on the team was further strengthened with a CIO, adequate number of resource persons and additional coordinators to meet the work load in different zones keeping the expenditure within the estimated budget.

The respective areas of operation of the different Zonal Coordinators is indicated in the Map 1 below.
WASTE supported their efforts by organising training programmes for the animators and a number of workshops on awareness raising, technical, social and financial aspects of sanitation in their respective areas of operation (see below).

2.4 Training programmes

Training and capacity building occupies pride of place among the activities considered essential in the FINISH programme. Training of the field workers - animators - is universally recognised as a basic need for the implementation of any programme with a minimum defined level of success of implementation. Further experience of the previous two years during implementation of FINISH programme revealed that the masons in the rural area carried their own ideas about the construction of toilets, toilet designs and the appropriateness of the model suitable for the area. This distinctly brought out the need for the training of the masons in addition to the training of the animators [field workers] of the partner organization.
Learning from the experience of first two years, a number of changes were brought about in the content after careful assessment of the skill deficits and methodology of training with modified pedagogical practices. Stress was laid on engagement of and creation of a strong group of experts who could then organise a training programme for the Training of Trainers. These Training was field tested before accepting as the standard. Stress was also given on standardization of contents and methodology of training throughout the country. The trainees were also taken on a field visit to interact with the people who have already got constructed different types of toilets. The role-play method was also used to invoke maximum participation of trainees and to bring about a better understanding of the issues involved in the implementation of the programme. The year 2011-12 therefore started with systematic programmes of the trainers followed by the training for animators and masons the brief of which is given below.

i) Training for Trainers (TOT) at Chennai and Ooty:
The first training programme was conducted at Chennai for the training of trainers for 3 days from May 23rd to 25th May 2011. This was unique as it focused on training methodology, the sanitation content and the practical training lessons from the filed. There were 13 experienced participants and the programme was conducted by people focusing on content, methodology and the practice, vide. Dr. Viju James, Mr. Niels Lendrink, Mr. Vijay Athreye, Mr. G Anand, Mr. Subburaman, Mr. Yugandhar, Ms. Manimekalai, Ms. Sharmila Abrahams and Mr. Valentin Post.

This was immediately followed by the revised pilot training of Animators at Ooty from May 27th through 30th May for the field testing of the TOT conducted at Chennai. The earlier trainings were augmented with the new insights gained, experienced trainers were mixed with new trainers and technical aspects of sanitation were made simple and visual.

The trainees were taken on a field visit to interact with the people who have constructed different types of toilets and to identify issues in the designs, discuss these in the group, and identify potential solutions. They were also taken to sewerage treatment plant of Ooty.
[ii] Training of Animators

The following three training programmes for animators were organized during the year in quick succession.

a) Navya Disha Training: The training for 21 participants from New Partner Navya Disha was conducted by Mr. Yugandhar, Mr. Vijay Athreye, and Mr. Subburaman from 1st August to 5th August, 2011 at H.D.Kote, Karnataka.

b) ASSET Training: 42 participants of new Partner ASSET were imparted training for animators by Mr. Yugandhar and Mr. S.V. Bhave from 8th August to 12 August, 2011 at Baran. The participants were also taken on a village visit for interaction with villagers and to appreciate the sanitation status in the villages.

c) SAMBHAV Training: Ms. Sharmila, Mr. Subburaman and Mr. Mukul Singhal imparted training to 18 participants of the Partner organization SAMBHAV from 16th August to 20th August, 2011.

Resource persons and technical participants at Ooty

a) Training of Master Trainers in Musiri
Training for 25 master trainers from our partner organisations and the programme implementation team was conducted at Musiri, Taminadu for 23 participants in the month of November, 2011. Mr. Subburaman, Mr. G. Anand, Mr. Yugandhar and Dr. Viju James acted as the Trainer resource Persons.

b) Training of Masons in H.D.Kote
A 7 days masons training programme was organized at H.D.Kote in February 2012. It brought together (for the first time, so we think) masons from all over India. The masons were nominated by large number of the Partner Organizations. The participants were given hands-on practical training (this was an eye-opener even for masons who had constructed many different types of toilets) while the beneficiaries for whom the SS were constructed contributed labour. Mr. Subburaman, Mr. G Anand, Mr. Yugandhar were the resource persons.
2.5 Implementation data

i) Performance report:

It is seen from the table below based on reports from the partners that the programme has taken a hit. Thus while over 100,000 SS were reportedly constructed in 777 GPs during the first two years of the programme, the performance during the year under report (2011-12) pales in comparison. One can see that against a target of 259,000 SS adopted for the year 2011-12, the partners reported the construction of a little less than 27,000 SS in 353 GPs. Thus in terms of absolute numbers and achieving sanitation densities, the performance suffered during the year under report.

One can also see the sheer drop in the mobilization of sanitation Finance from INR 564.8 million during the first two years of the programme to only INR 81.14 Million during the year under report.

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</thead>
<tbody>
<tr>
<td>BISWA</td>
<td>115,288</td>
<td>424,163,332</td>
<td>2,00,000</td>
<td>803</td>
<td>3,262,750</td>
</tr>
<tr>
<td>BWDC</td>
<td>8,401</td>
<td>61,888,000</td>
<td>18,000</td>
<td>2,499</td>
<td>19,654,635</td>
</tr>
<tr>
<td>Navya Disha</td>
<td>----</td>
<td>----</td>
<td>10,025</td>
<td>2,511</td>
<td>4,800,000</td>
</tr>
<tr>
<td>NCT</td>
<td>----</td>
<td>----</td>
<td>15,298</td>
<td>1,922</td>
<td>19,220,000</td>
</tr>
<tr>
<td>RDO</td>
<td>804</td>
<td>11,700,000</td>
<td>15,000</td>
<td>1,541</td>
<td>20,900,000</td>
</tr>
<tr>
<td>SAMBHAV</td>
<td>3,012</td>
<td>17,409,000</td>
<td>10,000</td>
<td>2,125</td>
<td></td>
</tr>
<tr>
<td>SETU-SEVA</td>
<td>1,280</td>
<td>7,680,000</td>
<td>15,000</td>
<td>14,678</td>
<td>1,800,000</td>
</tr>
<tr>
<td>ESAF</td>
<td>2,711</td>
<td>33,858,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IIRD</td>
<td>552</td>
<td>8,112,700</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gram Utthan</td>
<td>----</td>
<td>----</td>
<td>4,000</td>
<td>905</td>
<td>7,056,000</td>
</tr>
<tr>
<td>ASSET</td>
<td>----</td>
<td>----</td>
<td>8,000</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Total</td>
<td>132,048</td>
<td>564,811,032</td>
<td>295,323</td>
<td>26,984</td>
<td>81,137,385</td>
</tr>
</tbody>
</table>

The effect of the MFI crisis was demonstrably severe in case of big MFIs like BISWA, which was a star performer in the previous years, and now it had to face the financial crisis. As compared to the mobilization of INR 424 million (in earlier years) and the target of INR 800,000,000 BISWA could hardly advance sanitation loans to the tune of INR 3.2 million.

FINISH will therefore be under compulsion to reinvent its strategies to mobilise sanitation finance and select new partners so that FINISH can progress towards meeting its target of 1 million sanitation systems over the next two years.
Disbursements of funds as on 31 March 2012

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>€ 1,305 million</td>
</tr>
<tr>
<td>Loans by Partners</td>
<td>€ 10,766 million</td>
</tr>
</tbody>
</table>

[One Euro =INR60]

Grant – commercial leverage ratio 1 : 8.2

2.6 Monitoring

The project contains a number of checks and balances, peer reviews, independent third party monitoring on data provided by the MFIs, impact analysis by the academic world and finally a qualitative analysis by different academics entailing in-depth village studies.

The first impact surveys relating to impact evaluation in the area of BWDC, BISWA and SAMBHAV are completed by UNU / IFS. About 30,000 people have been surveyed. What needs to be further investigated is:

1. Collection and testing of water samples in the villages being studied.
2. The baseline data relating to impact evaluation will be shared with the MFIs and it will be reviewed with academics and practitioners for putting it to use.

FINISH Project Office also engages different Independent Agencies to test the veracity of data relating to performance provided by the partners. One must admit that this exercise is yet to get stabilised as at present it has not been possible to fix the base lines with due and proper authentication. Together with UNU / IFS a more basic method has been identified and agreed upon.

2.7 The base line surveys

A proper survey of the villages in which the FINISH Programme is implemented, is a basic requirement for the planning and monitoring of the performance of the implementing Partners. At the end of the year it is also key in determining the output based aid entitlement of the implementing partners.

It needs to be accepted that the exercise of conducting of the surveys remains a matter of worry even at the end of the third year of implementation. In the first year the MFI partners had relied on secondary data prepared by government agencies and the validation exercise by an independent agency was not satisfactory. Drawing lessons from the cause of failure (different village demarcations and use of secondary instead of collection primary data being the main constraints) some corrective measures were taken.

These entailed better interaction between the agency and the implementing partners and training the animators for collection of village household data and providing them incentives in the shape of gifts of bags.

All these attempts, however, failed to bring out the desired results in terms of validation and establishment of the basic data as the implementing partners failed to give due importance to this aspect of timely submission of the village data collected by the animators. At the same time, the performance of the monitoring agency also was below par.

It is therefore being taken up as a priority activity in which the collection of the village data and its validation will be monitored more vigorously. In the new set up it is made obligatory
on the aspiring partners to conduct a base line survey of villages proposed to be covered and furnish the data at the time of the signing of the contract or immediately after it to the Zonal Coordinator concerned. The latter then verifies and evaluates the data after personal visits to a few randomly villages and furnish a certificate of verification to the Programme Director. It is only after this that the first instalment of the grant is released in favour of the partner organization.

The office of the Programme Director is expected to conduct a validation survey in 5% of the villages to put a seal of approval on the base line data. After the data is forwarded by the Zonal Coordinators.

2.7 The website and newsletter and data collection

The FINISH website has been revamped (www.finishsociety.com). The project office prepares quarterly newsletters, but these are for the present appearing irregularly.

2.8 Health insurance

The exploratory discussions with Max Bupa and L & T Insurance to consider their partnering in FINISH have resulted in L&T joining the programme management board and the FINISH Society discussing with them tailor-made insurance products based on their approved health insurance products. Most likely this will entail a health insurance premium discount to those clients that do have a sanitation system.
Chapter 3: Qualitative Results

3.1 Brief

In consonance with the modest targets and a state of the qualitative performance indicators also show modest achievements and interventions for the creation of sanitation awareness and generation of demand for safe sanitation. Details are as in the table below.

Table: Qualitative data as furnished by partners

<table>
<thead>
<tr>
<th>Name of the Partner</th>
<th>GPs Covered</th>
<th>Animators Engaged</th>
<th>Film Viewing (People Participated)</th>
<th>Pamphlets Distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>BISWA</td>
<td>60</td>
<td>60</td>
<td>25 (2000)</td>
<td>5,000</td>
</tr>
<tr>
<td>BWDC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Navya Disha</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCT</td>
<td>129</td>
<td>45</td>
<td>22</td>
<td>7,000</td>
</tr>
<tr>
<td>RDO</td>
<td>25</td>
<td>25</td>
<td>25 (2000)</td>
<td>7,000</td>
</tr>
<tr>
<td>SAMBHAV</td>
<td>69</td>
<td>72</td>
<td>69 (1800)</td>
<td>12,000</td>
</tr>
<tr>
<td>SETU-SEVA</td>
<td>60</td>
<td>60</td>
<td>60 (4000)</td>
<td>25,000</td>
</tr>
<tr>
<td>ESAF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IIRD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gram Utthan</td>
<td>10</td>
<td>8</td>
<td>4 (334)</td>
<td>-</td>
</tr>
<tr>
<td>ASSET</td>
<td>----</td>
<td>20</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Total</td>
<td>353</td>
<td>290</td>
<td>205</td>
<td>56000</td>
</tr>
</tbody>
</table>

* Navya Disha had no FCRA account, so it could receive no external funds for these activities and hence support was financed from their own resources.

The engagement of 290 animators by our partners, over 205 film viewings of the film “let’s make it right (developed by FINISH) and distribution of over 56,000 leaflets, several mural paintings, performance of street plays etc. has been the backbone of this demand creation for sanitation. Yet we also acknowledge that these numbers are lower than last year’s, but in view of the micro finance crisis that hit all our partners in various degrees, it is very positive that they continue these activities.

A film was made: called small change for dignity which showed the impact sanitation can make on the life of a poor women, how loans can be channelled to the sector and finally with a call for investors to contribute towards (social impact) investing with decent returns. The film is used in board room sessions, by our partners in the PMB but also in various training programmes.
3.2 Cases as presented by Partners

BWDC has given SHG loan to a few men SHGs those who are involving income generation activities. Likewise Thiruvalluvar men SHG in Thirunelliikkaval village are one among them. BWDC has given a loan of Rs. 200,000 to them for the establishment of hollow block manufacturing unit. A few of the members of the SHG already known masonry work. Through the loan support, they procured machines and raw materials and started the production unit at their own village- Thirunelliikkaval. The unit was started on May 2011month and continuously producing hallows blocks. All the produced hallow blocks are sold in local market.

BWDC is implementing a sanitation programme with the support of FINISH – society under this programme we are constructing thousands of household sanitation systems through micro finance support. We encourage the toilet loan beneficiaries to use the hallow blocks in the toilet construction. After our continuous approach and motivation, many of the beneficiaries have accepted to the hallow blocks.

While using the hallows blocks instead of burned bricks the cost incurrence is considerably reduced up to 30% in the room construction cost by means of reducing materials cost and labour cost. The appearance of the toilet also very nice. Hence the people like to use the hallow blocks in toilets in our working area.

As a result, the cost of the toilet is reduced and market for the production of hallow block unit also enhanced and ensured.

3.3 Sanitation Investment Fund (SIF)
The guidelines for the Sanitation Investment Fund that were approved by the Programme Management Board on 4 November 2009 are published on www.finishsociety.com/ sanitation investment fund.
In 2011 Setu Sewa Trust was provided with interest free advance of INR 1 Million from the SIF for taking up refurbishing of defunct toilets in District Anand of Gujarat. The advance will be used as a revolving fund for providing micro credits to enable villagers to repair the defunct toilets and to put them to use.

Some old proposals are under consideration for the sanitation investment fund:

[i] the zero leakage urban biogas reactor (ZLUBR) at Trichi
[ii] fixed deposit with CBI as a first loss guarantee
[iii] Revolving fund and grants to BWDC for refurbishment of defunct SS
[iv] Creation of a Sanitary mart by BWDC

. Important vents

i Signing of an MOU between FINISH Society, ASSET, and Central Bank of India

Central bank of India and FINISH agreed to collaborate efforts for effecting construction of sanitation systems [safe toilets] in the villages of District Baran and Banswara with active involvement of ASSET. An MOU was signed between CBI, FINISH and ASSET in this connection in October 2011.

As per the MOU the Central Bank of India agreed to provide sanitation finance to members of SHGs in villages within 15 kilometers of the branches of the Bank in the Districts of Baran and Banswara in Rajasthan initially for effecting construction of 2000 SS. For this purpose an amount equivalent to 10% of the loan sanctioned by the Bank for the beneficiaries will be kept in FDR during the term of the loan with the bank on behalf of FINISH society as a measure of comfort. In addition ASSET has committed to keep an amount equivalent to 2% of the loan as the first loss guarantee. Depending upon the success of this model further extension of this pattern of sanitation finance will be considered.

ii Activities of FINISH Society

FINISH Society was registered as a National Level Society under the Registration of Societies Act 1860 with idea to create an exit strategy for FINISH at an early stage through creation of a legal entity that can be responsible for the implementation of the FINISH programme and to carry it forward after the expiry of the DGIS supported programme by the same name in 2014. The Society successfully implemented certain activities under FINISH programme out of the grants of INR 700,000 kept at its disposal during the year.

It also undertook to construct School toilets in a village in Jharkhand at a cost of INR 181,000 for which grants were provided by IGEP Foundation (from Merck, Germany) The Society was also successful in obtaining Prior permission for receiving foreign contribution under the FCRA.

iii New sanitation technology

The concept of the first prize winner of last years sanitation contest, i.e. directly using nutrients in agriculture in a simple manner, was implemented in Southern India by SCOPE (another prize winner in the implementation category). Thus sanitation is now directly linked
with greywater management, biogas production and agricultural use for a relatively modest investment amount. Experiences will be closely monitored.

iv] **New film on sanitation technology**

Three animals have started a quest to end open defecation. The cartoon follows them through their journey and described various technologies. In the end the wise old owl present the technologies that are deemed safe to the audience. This cartoon contains signing animals, pay for use toilets etc. It is used in technical trainings and for viewings.

v] **A winner**

The film: “let’s make it right” won the first prize at the International Film Contest at the 6th World Water Week in Marseille, early 2012. The prize money is earmarked for more film makings.
Definitions

Inputs: in the more common logframe terminology ‘inputs’ are defined as (not per se critical) contributions, usually in money terms, made by the program for the benefit of the implementation of the programme (on activity level). In the new DGIS definition ‘inputs’ are defined as contributions made to the programme by third parties.

Outputs: Related to outputs DGIS uses more or less the commonly used definition of ‘outputs’. Outputs are defined as the direct tangible results of activities, such as workshops, constructed toilets, provided waste bins, papers, etc (result level), within the span of control of the programme and especially within the control of the project partner organisations and companies.

Outcome: ‘Outcomes’ are referred to as effects (impacts) of the programme that can be expected within the time-span of the programme. Outcomes are within the span of influence of the programme.

Sustainability: In the more common logframe terminology ‘sustainability’ is referred to as long-term ‘impacts’ beyond the programme time-span (overall goal level). Sustainability or impact is considered outside the span of influence of the programme.

Target: A target is defined as an operationalised quality criteria meant to quantify the indicators for input, output, outcome and sustainability.
ANNEX 1.1 Principles & Structure

Budget principles & structure

The FINISH Annual Plan 2011-12 budget is conservatively and safely compiled based on no additional grant financing forthcoming in the short term from other sources.

The budgeting for MFIs is based on contracts between WASTE and the MFIs. The changes in budget allocations during 2011-12 will be done with the approval of the Programme Management Board. The large budget revision in 2012 is not subject of this report.

The overall objective is to improve sanitation and thereby, living and economic conditions of poor rural and peri-urban households, through economic incentives, primarily enhancing financial inclusion of these households.
## Project Financial Inclusion Improves Sanitation and Health (FINISH)

**Reference:** DMW/CU-415/09

**Reporting period:** 1 May 2009 - 31 March 2012

<table>
<thead>
<tr>
<th>Code</th>
<th>REAL</th>
<th>TOTAL</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/05/09-31/03/10</td>
<td>01/04/10-31/03/11</td>
<td>01/04/11-31/03/12</td>
<td>01/05/09-31/03/14</td>
</tr>
</tbody>
</table>

### Accountancy Cost WASTE (A 67)

#### REAL

- **Consultancy**
  - ADT advisory and managerial services: 11
  - Consultancy - field sec. ADT: 12
  - Documentation Reporting ADT: 1
  - Internal consultants: 1

#### TOTAL

- Sub Total: 130.291

### Programme management board

#### REAL

- (complete costs, travel, allowances, facilities (Euro 6000/meeting))

#### TOTAL

- Sub Total: 43.857

### Project Implementation Team - India (PIT)

#### REAL

- Programme Manager: 8
- Trainer: 21
- Monitor: 22

#### TOTAL

- Sub Total: 45.563

### Promotional Film (3 Films/6 lang)

#### REAL

- Film viewings at village level (at Euro 9/viewing)

#### TOTAL

- Sub Total: 85.542

### Independent mid-term and final evaluation

#### REAL

- International Travel Study tours onf:
  - International Travel:
  - Travel:
## A. Project Details

<table>
<thead>
<tr>
<th>Name activity</th>
<th>Financial inclusion improves sanitation and health</th>
<th>For use by Department of Water and Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>organisation of implementation</td>
<td>WASTE</td>
<td>Initials</td>
</tr>
<tr>
<td>country of implementation</td>
<td>India</td>
<td>ate</td>
</tr>
<tr>
<td>Activity number</td>
<td>19866/DML0110326</td>
<td></td>
</tr>
<tr>
<td>Date of reporting</td>
<td>20 June, 2011</td>
<td></td>
</tr>
</tbody>
</table>

## B. Annual Realisation 2011-12

<table>
<thead>
<tr>
<th>Investments</th>
<th>Drinking water</th>
<th>Sanitation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. contribution IS</td>
<td>0</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2. contribution other ODA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. contribution other non ODA</td>
<td>0</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>12,000,000</td>
<td>12,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output of people</th>
<th>Drinking water</th>
<th>Sanitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total numbers of beneficiaries</td>
<td>0</td>
<td>00,000,000</td>
</tr>
<tr>
<td>Numbers to be attributed to IS</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Nit price</td>
<td>1.0</td>
<td></td>
</tr>
</tbody>
</table>

## C. Attribution of Output

<table>
<thead>
<tr>
<th>Period</th>
<th>Drinking water</th>
<th>Sanitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Drinking water</td>
<td>Sanitation</td>
</tr>
<tr>
<td>-------</td>
<td>----------------</td>
<td>------------</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>2010*</td>
<td></td>
<td>660,000*</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>140,000</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>1,250,000</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>1,500,000</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Cumulative of first two years.

### D. Sustainability

#### Period 2009 – 2014 (if applicable)

<table>
<thead>
<tr>
<th>Numbers of checks (# samples drawn)</th>
<th>Drinking water</th>
<th>Sanitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>#</td>
<td>#</td>
<td>As reported by partners</td>
</tr>
<tr>
<td>Number still functioning (% properly used facilities)</td>
<td>%</td>
<td>100 %</td>
</tr>
<tr>
<td>Corrective measures taken?</td>
<td>Yes/No</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

### E. Comments

Commercial financing was less successful in the fiscal year 2011-2012 as the MFI crisis in India deepened and one of our larger partners (ESAF) opted out, a smaller partner could not fulfill its growth scenario (IIRD) and BISWA achieved only a fraction of what it had planned. The Financial crisis curtailed growth of all MFIs. Sustainability is targeted / addressed in 3 ways.

1. People will take a sanitation loan, thus they need to be convinced. It is believed that this will maximise the proper use of facilities.
2. Positive health impact due to improved sanitation is subject to rigorous impact analysis by UNU, the baseline studies have been completed and it is expected that in the ongoing year the impact analysis will commence.
3. Furthermore, health impacts of sanitation are also dependent on high sanitation coverage (next to safe sanitation itself, good quality water and hygiene improvements). This is stimulated through provision of output-based aid. So far there is only one claim for output based aid and this is still under review, as random 3rd party inspection of construction and use of sanitation systems and data provided were diverging.