

# **RWS and Up-scaling of Micro-finance Models**

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# The Realities of Rural Nepal

- Not served by pipe lines/gravity flow supply
- Sources distant from settlement, absence of any alternative sources - bore holes, wells
- Time consuming in collection of water and fuel wood
- Dependence on rain for agriculture
- Existing water source is contaminated



Four fundamental, water-related components influencing rural livelihoods and supporting rural poverty reduction are:

- Access to basic water services
- Water security for Crop and livestock
- Clean and healthy water environment
- Secure and equitable water entitlement.

# VISUALS OF THE TARGET GROUP



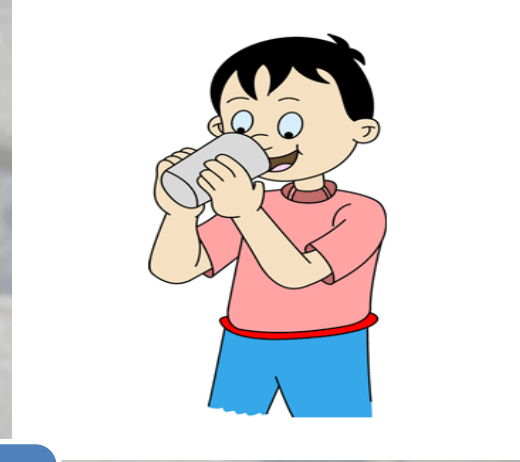
# Status of Access to Basic Facilities

- 86 percent living in rural communities
- 58% lies in the hilly areas
- 24.7% are in below the poverty line
- more than 80% of this population are depend on agriculture for livelihood



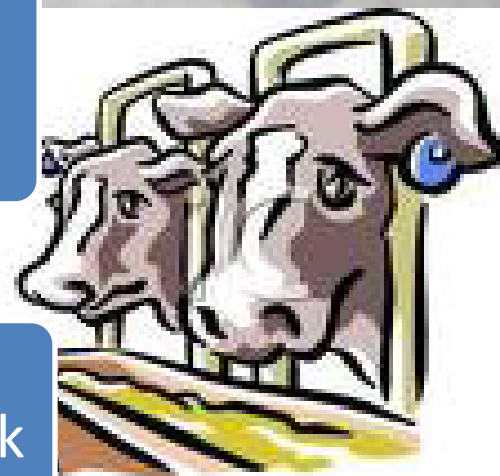


# The NEED IS FOR RAINWATER HARVESTING



Operating  
Biogas

Drinking



Livestock

Multiple  
Use

Micro  
Irrigation



# Rainwater Harvesting Technologies Promoted in Nepal

Stone/Brick Masonry Tanks

Ferrocement Tanks

Reinforced Cement Tanks



Ferrocement Partially Under ground Tanks



Plastic-Lining Tanks



Plastic Tanks

# Funding-Schemes: Enabling Investment into Water Supply

Total financial support

Community Contribution upto 30%

Subsidy – upto 30%

Community Contribution upto 30%

Micro financing – upto NRs 15,000

Subsidy – upto NRs 25,000

Community Contribution upto 30%





# Financing Modality

**RAIN Foundation (Provides Upfront Amount)**

**BSP-Nepal- (RHCC) Capacity Building, Management**

**Apex Institution (NEFSCUN)-Selection of Local MFIs, Training and Fund Flow Management**

**MFI**

**MFI**

**MFI**

**MFI**

**Member Group (Community)**

**Members (HH)**

**Members (HH)**

**Members (HH)**

# Partners in MF for RWH

(1) Government

(2) RHCC

(3) Implementing Partners

(4) Apex Micro-Financing  
Organization  
(including local  
representatives)

(5) Construction Agencies

**Cooperation**

**Coordination**

## Specific Roles

- Capacity Building
- Knowledge building
- Placing and Implementation of coherent norms – policy, client selection criteria
- credit disbursement and collection mechanism
- Ensuring Quality construction of systems and after sales service
- Creating environment for timely repayment
- Supervision and monitoring of the credit.
- Motivate the potential users for the installation of RWH in the working areas.

# Financing Details for a RWH System of 10m<sup>3</sup>

DESCRIPTION	AMOUNT in NPR
Total Cost for 10m <sup>3</sup> RHW tank (2010/11)	73,281
<i>CONDITION 1: (Deducting Subsidy on Total Plant Cost)</i>	
Subsidy All (2009/10):	25,000
Loan Amount:	48,281
<i>CONDITION 2: (Deducting Subsidy and Unskilled Labour on Total Plant Cost)</i>	
Unskilled Labour Cost:	9000
Loan Amount:	39,281
<i>CONDITION 3: (Deducting Subsidy and Unskilled Labour, Stone, aggregate, wood and sand on Total Plant Cost)</i>	
Stone, gravel, sand and wood :	26,757
Loan Amount:	12,524

# Interest and Loan Repayment Schedule

Principal	NPR	15000	Loan Amount
Interest Rate		14%	Maximum by MFI to User
Loan Duration		36	Months
Period		12	Months for interest calculation
Repayment		1	Monthly
Instalment		12	instalments

# Repayment Schedule

Installment Period	Repayment	Principal	Interest	Outstanding Principal
				15000
1	512.66	337.66	175.00	14662.34
5	512.66	353.70	158.96	13271.82
10	512.66	374.82	137.84	11440.45
15	512.66	397.20	115.46	9499.73
20	512.66	420.92	91.75	7443.13
25	512.66	446.05	66.61	5263.73
30	512.66	472.68	39.98	2954.19
36	512.66	506.75	5.91	0.00



# Current Status of the Project

	Sindhupalchowk
Name of MFI	<i>Bhosipa United Saving and Credit Cooperative Limited</i>
No. of HHs granted funding	22
Principal loan amount (NRs.)	15000
Interest Rate (%) MFI to users	14%
Laon repayent période	3 years
No. of Installment	36
Monthly Installment	512
No. of installments paid back	July 2012
No. of installments paid back	14 (Member)
Paid back amount per HH ( <i>Interest +Principal</i> )	6144

# Making MFI Possible

Total Cost (NRs)	Subsidy in Rs	Subsidy in %	User's Contribution (unskilled Labour)	User's contribution (local Material)	Estimated Loan required	Payback Period in Years	Intererst Rate	Equal Monthly Installments	Daily Liters of Milk @ Rs 40/liters	Daily kegs of Tomatoes @Rs 20kg
73281	25000	34%	9000	26757	12524	2	10	577.92	0.4816	0.9632
							12	589.55	0.4912	0.9825
							14	601.31	0.5010	1.0021
						3	10	404.11	0.3367	0.6735
							12	415.98	0.3466	0.6933
							14	428.04	0.3567	0.7134

# Challenges for Up-scaling Micro Financing

- Acceptance of RWH as a feasible trade commodity for the MFIs
- Monitoring and quality control of the process and product at every phase of the project
- Availing necessary information on RWH with respect to its utility, benefits, areas of precaution and its limitations
- Creating enabling conditions to repay the loans provided within the given period through multiple of the RWH and income generation opportunities
- Market research and demand assessments are needed to identify potential size of the market and to develop a clear delivery mechanism.
- Enhance service delivery and reduce the delivery time (construction, after sales, time, etc)
- Packaging of the WASH intervention to attract larger finance institutes

Project approach: Take Finance to the People and not People to Finance





# Linking Water to Livelihood Development



# Contact

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