



Background: Since BRAC's modest inception as a small-scale relief rehabilitation project in 1972, BRAC has grown into one of the world's largest non-profit organizations with over 52,000 full-time staff and over 140,000 paraprofessionals, 72% of which are women. BRAC's annual budget is over USD 480 million, 78% of which is self-financed, and BRAC's microfinance program, with 6 million borrowers, has cumulatively disbursed USD 4 billion. More than 1.5 million children are currently enrolled in 52,000 BRAC's schools and over 3 million have already graduated. BRAC's health program reaches over 100 million people in Bangladesh with basic healthcare services and programs for TB, Malaria and HIV/ AIDS. BRAC is in business to end poverty. It employs a holistic approach to alleviating poverty by integrating its core programs (health, education and microfinance) with strategic linkages and constant evolution.

The Problem: Sanitation loans are difficult to disburse as there is no visible or tangible outcome that can be seen by the community. The primary challenge is to offset the social mobilization costs. While hardware costs can be recovered fully, our experience indicates that it is not possible to recover software costs for sanitation. Thus, there needs to be a mix between micro-finance and subsidies.

The Solution: Microfinance refers to micro-credit loan provided to the poor people without collateral to improve their economic condition and bring them into the mainstream of development. Bangladesh has around 40% of its population living below the poverty line. The ultra poor, who account for 17% of the population, normally do not get access to microfinance. BRAC WASH is working in 1546 unions, of 150 sub-districts, with an integrated endeavor to provide improved water and sanitation facilities to more than 38 million people to support the Government's effort in achieving MDG goals. Demand creation for services, hygiene promotion and education coupled with integrated water, sanitation and hygiene messages and motivation of communities are the foremost objectives of WASH. WASH creates a campaign within a community, emphasizing on hygiene, safe water and sanitation where all services are procured by the community members themselves. However, targeted subsidies are provided to the ultra poor. WASH provides micro loans to enable the poor install safe water and sanitation facilities at their homes. WASH pioneered the provision of micro loans to private entrepreneurs amounting to Taka 10,000 (USD 150) as working capital to set up rural sanitation production centers. WASH has provided over 150,000 loans to poor families (about 750,000 individuals with each loan not exceeding USD 35) and to around 1500 entrepreneurs to set up rural sanitation centers in 150 sub-districts.

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WASH inspires the community to innovate and improve which brings about confidence and change. Communities have installed separate latrines in co-educational schools for girls ensuring lower drop-outs as well healthier girl students. WASH encourages all, irrespective of their economic status, to install and ensure sustainable access to safe water and sanitation facilities. The poor were unable to have this. WASH micro loans instill in them hope and provides a window for better living. On the other hand, entrepreneurship is vital for stimulating economic growth and employment opportunities in all societies. This is particularly true in the developing world, where successful small businesses are the primary engines of job creation, income growth and poverty reduction. Therefore, government and non government support for entrepreneurship is a crucial strategy for economic development.

After completing extensive training programs and opportunities provided by BRAC WASH, entrepreneurs are willing to bear the risk of a new venture if there is a significant chance of profit. Others emphasize the entrepreneur's role as an innovator who markets his technologically approved innovation, creating a competitive impact on the local economy. An entrepreneur, supported by WASH, is someone who actually searches for change, responds to it, and exploits the change as an opportunity, utilizing the micro loan. WASH provides incentives that encourage entrepreneurs to risk new ventures. Among these are laws to enforce property rights and to encourage a competitive market system. The culture of a community also may influence how much entrepreneurship there is within it. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding. It is not mandatory for any community member to source their requirements from the selected entrepreneurs.

WASH recognizes that there are differences in definitions among organizations and the government while marketing latrines. To ensure safety nets and sustainability which is an immense challenge for the near future, WASH has started incorporating lessons from its previous experience. Reimbursement of the micro loans by the poor is nevertheless a challenge for the staff, as it has to be completed in addition to their normal duties. BRAC WASH faces challenges regarding the subsidy for water supply facilities which need to be mapped & included in micro finance programs, specially piped water schemes. This has to be ensured by other agencies in order to create synergies and necessary safety nets for ultra poor.

It seems that micro credit by itself cannot scale up this intervention since there is no perception amongst the potential borrowers about the health benefits incurred by safe WS&H practices. Transaction costs and interest rate becomes cumbersome for the borrowers, thus scale becomes critical.