**CAMBODIA SANITATION PILOT PROPOSAL**

**Prepared for:**

**Prepared by: East Meets West Foundation**

**Oxfam America**

**WaterSHED-Cambodia**

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List of Abbreviations:

CLTS Community Led Total Sanitation

EMW East Meets West Foundation

HBC Hygiene Behavior Change

MDG Millennium Development Goal

OBA Output-based Aid

ODF Open Defecation Free

## 1. General information

*Background*

Rural sanitation coverage in Cambodia is amongst the lowest in the world, with coverage less than 16% leaving over 11 million Cambodians without access to improved sanitation. Poor sanitation in Cambodia is responsible for roughly 9.4 million cases of diarrheal diseases, which result in an estimated 12,000 deaths per year. In fact, diarrheal diseases are the number one cause of sickness and death among Cambodian children. Beyond health, economic impacts due to poor sanitation and hygiene are calculated at $450 million USD, or 7.2 percent of the country’s GDP (WSP, 2008).

The Cambodian Millennium Development Goal (MDG) on environmental sustainability sets the following targets regarding clean water and sanitation:

|  |  |  |  |
| --- | --- | --- | --- |
| *Target* | *2005* | *2010* | *2015* |
| % of people in rural areas with access to safe water source | 30 | 40 | 50 |
| % of people in rural areas with access to improved sanitation | 12 | 20 | 30 |

*Partners*

A joint initiative between East Meets West Foundation (EMW), Oxfam America’s Saving for Change, and WaterSHED-Cambodia brings together a robust partnership with a set of rich, diverse experiences in community-led micro-financing, market-based approaches to hygiene behavior change, and over 23 years of social innovation in scaled-program impact and sustainability. *See Section 2 for details on organizational capabilities.*

*Objective*

Provide sanitation facilities, household latrines and hand washing devices, and hygiene behavior change (HBC) using an Output-Based Aid (OBA) approach to 2 targeted districts in one of three provinces including Kandal, Svay Rieng, or Takeo for approximately 300 households.

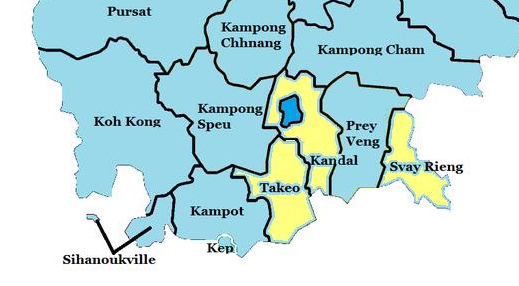
*Approach*

The typical approach used in Cambodia to improve sanitation often focuses on providing subsidized latrine hardware to households in exchange for a contribution of cash or construction labor. Consequently, only the better-off households who can afford to contribute benefit from the subsidy, which does not necessarily result in a change to their defecation habits, as years later hardware has been found unused and latrines abandoned (Robinson, 2007; Sok & Catalla, 2009), which is especially common when the end-user’s preferences or desires are not taken into account (Jenkins & Sugden, 2006). Accordingly, simply making latrines cheaper does not increase sustainable demand, and in terms of supply, nor does it promote an effective supply chain accessible by the end-user.

EMW and its partners recognize that even though the poverty level in Takeo, Kandal, and Svay Rieng provinces are among the lowest in Cambodia, so in fact is the sanitation coverage rates.

|  |  |  |  |
| --- | --- | --- | --- |
| *Provinces* | *Poverty (%)* | *Sanitation Coverage (2004)* | *Cambodia Millennium Development Goal 2015* |
| Kandal | 15.9 | 26% | 30% |
| Svay Rieng | 21.5 | 9% | 30% |
| Takeo | 23.4 | 12% | 30% |
| **Cambodia** | **25.8** | **16%** | **30%** |

(Source: CDHS 2005)



Thus, to effectively address both conditions, EMW’s approach starts with authenticating end-user’s preferences to critically establish an effective sanitation and HBC campaign. To this end, EMW and its partners are targeting ID-1 and ID-2 level groups based on the IDPoor data established by Ministry of Planning because these groups tend to be the most vulnerable in Community Led Total Sanitation (CLTS) and sanitation marketing models, which at the same time, happens to be a key strength of EMW’s OBA approach to develop innovative financing and program service delivery. By selectively targeting ID-1 and ID-2 groups, EMW envisages to combine the strengths of its partners in Oxfam America and WaterSHED-Cambodia to:

* Conduct two (2) field study trips, one in Vietnam for Oxfam America and WaterSHED-Cambodia to study EMW’s sanitation model in the Mekong Delta region and the other in each of the three targeted provinces in Cambodia to determine the pilot model for sanitation work in Cambodia.
* Establish a Community Wealth Fund, which is used in conjunction with Saving for Change micro-financing model to either provide rebates (about $20 USD) for hardware costs to only ID-1 or ID-2 Poor groups and/or expand micro-financing into new target districts to increase the reach and scale of the project.
* Educate and build capacity of animators within Saving for Change groups in sanitation and HBC to establish community-led awareness and stimulate demand for sanitation products.
* Launch HBC campaign goal to establish Open Defecation Free (ODF) zone with modules in hand washing with soap, consistent latrine usage, and drinking only safe water.
* Develop and implement promotional HBC campaigns on market-based research.

*Output*

* Construction and installation of 300 household sanitation facilities
* HBC program delivery for 300 households in 2 targeted rural districts in one of three provinces including Kandal, Savay Rieng, or Takeo provinces.

## 2. Organizational Capacity and Approach

*Capability and Experience in Implementing Sanitation and Hygiene Projects*

EMW and its partners, Oxfam America and WaterSHED-Cambodia, have tremendously rich amounts of experiences in rural and community development, especially in sanitation and Southeast Asia.

EMW has been leading clean water and sanitation efforts in Vietnam for decades and hopes to bring OBA innovation to Cambodia along with its partners. Recently through major funding from AusAID and World Bank, EMW has enabled over 30,000 households access to clean water as well as 10,000 household sanitation facilities and further expects to scale-up to 100,000 more households by 2015.

In the Mekong Delta Region, EMW partnered with the Vietnam Women’s Union to reach nearly 20,000 residents and successfully built 4,200 household sanitation facilities (surpassed original target set at 3,000 households) in three provinces. The partnership launched an HBC campaign that targeted and engaged kindergarten teachers and students, local masons and government officials at province and district levels to ensure a comprehensive “sanitation will” behind the HBC campaign that emphasizes consistent use of latrine facilities and hand washing with soap. To this end, AusAid recently conducted a field study of EMW’s success and verified that EMW’s approach not only yielded a 40% increase in output, but required only half ($25 USD) the subsidy compared to the government’s National Target Program. This is important in that it underscores the point that despite working in impoverished rural communities, subsidies do not answer the question of affordability. Rather, subsidies in an appropriate form and proper application within a grounded strategy, help increase access and stimulate real demand for sanitation products and services.

For Cambodia, EMW aims to leverage the same innovative approach with its strategic partners in Oxfam America and WaterSHED-Cambodia while working closely with the Ministry of Rural Development, who is responsible for the Sanitation and Ministry of Health who shares the responsibility for hygiene education. In Oxfam, the community-led financing is an instrumental tool that organizes community members to participate even at the lowest levels of income. Leadership capacity is developed through a series of trainings that promote strong skills sets (e.g. economic literacy, sanitation, and HBC) as well as grounded knowledge in HBC awareness and activities. Further, the savings and loan capabilities are leveraged to either fully fund or mostly fund (coupled to rebates for households deemed ID-1 or ID-2 Poor) latrine facilities and equipment, which also allows the supply side of the market to not be under-valued due to subsidies.

Accordingly, the strength of Oxfam America’s Saving for Change program complements the deep market-based knowledge of WaterSHED-Cambodia in promoting HBC and strong supply chain efficacy to ensure that target communities not only have financial access to sanitation hardware and services, but also a strategic match-making of demand with strong supply-side options. WaterSHED-Cambodia possesses extensive market research knowledge including sourcing, distribution channels and consumer end retailers to improve the efficiency, cost and quality of sanitation supply goods. In short, the vision of this partnership brings together diverse NGOs to work together in enabling Cambodia’s rural provinces to reach its MDG targets, particularly environmental sustainability for rural areas.

### Pilot Timeline

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| --- | --- | --- |
| Activity | Output | Time Period |
| Oxfam America and WaterSHED-Cambodia travel to EMW sanitation project sites in the Mekong Delta region of Vietnam. Learn OBA model, verify program mechanisms, strategy, and begin to exchange and formulate “blue print” for Cambodia targeted provinces. | Trip report | 1 week (September 2011) |
| EMW joins Oxfam America and WaterSHED-Cambodia to visit sites in targeted provinces in Cambodia. Build upon previous exchange and develop working pilot model for Cambodia Sanitation Pilot program. | Trip report;  Working model for Cambodia Sanitation Pilot. | 1 week (September 2011)  2 weeks (September 2011) |
| Implement Cambodia Sanitation Pilot in selected 2 districts of Kandal, Svay Rieng or Takeo. Setup Saving for Change group, train group leaders (animators), and conduct capacity building activities which include micro-financing, HBC and related topics. | 8 Workshops and 300 participants | 4 months (October 2011 to February 2012) |
| Implement HBC campaign and marketing approach to ensure supply chain is available. | 8 Workshops and 300 participants | 4 months (October 2011 to February 2012) |
| Build latrine facilities | 300 latrine facilities | 2 months (February and March 2012) |
| Monitoring and Evaluation | Monitoring report | 2 weeks (March 2012) |
| Pilot conclusion and Reporting | Pilot write-up | 1 month (April 2012) |

### Pilot Budget

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| --- | --- | --- |
| **Activity** | **Unit** | **Total Cost** |
| Field visit for Oxfam America and WaterSHED-Cambodia to Vietnam (4 persons @$500/person) | 4 | $2,000.00 |
| Field visit for EMW to Cambodia (2 persons @$500/person) | 2 | $1,000.00 |
| Community Wealth Fund (300 households @$20/household) | 300 | $6,000.00 |
| HBC Campaign and Capacity Building for Saving for Change groups | 300 | $4,500.00 |
| EMW overhead includes Monitoring and Evaluation and financial admin @$5/household | 300 | $1,500.00 |
| Subtotal: $15,000.00 | | |

## 3 Capability and Experience of Managing and Accounting for Grants

EMW has many internal mechanisms in place to ensure good stewardship and financial transparency including a dedicated and experienced team of finance and accounting, an engaged Board of Directors that provides thorough oversight of every dollar that EMW spends, four board and staff committees that focus on monitoring finances, and several written policies in place to guide the Board and staff.

*Organizational Structure*

EMW was established in Oakland, California in 1988 as a 501 (c)(3) tax-exempt nonprofit organization in the United States of America. It has had a license to operate in Vietnam since 1988 and in Cambodia since 2008.

*Dedicated and Experienced Team in Finance & Accounting*

In Vietnam, the Country Director, Ms. Minh Chau Nguyen, has more than 30 years experience in program and project management and international development. With the assistance of an Administration and Finance Department led by Ms. Ho Thi Y Nhi, Ms. Minh Chau Nguyen manages the budget for EMW, which in 2011 is $15 million USD. To date, EMW has disbursed more than $92 million USD to Vietnam and over $200,000 USD in Cambodia.

*Project Budget Discipline*

Regarding financial transparency and accountability, the finance staff in both US and Vietnam offices focus heavily on budget discipline, accuracy and transparency, all of which are enforced by yearly audits.

Regarding budgetary discipline, it is the job of the finance team to work with program staff to develop realistic budgets. The chief financial officer and country director for Vietnam facilitate this process by reviewing every line item of each budget request with project managers on a quarterly basis. EMW currently has 31 program budgets and 10 department budgets, and each is unique—from operating an orphanage to building a medical school. Yearly budget requests are evaluated based on historical data, available funding, program needs and a host of other factors. After the meetings, the individual budgets are compiled into a comprehensive budget which is presented to the Board Finance Committee and then ultimately to the entire Board for approval.

*Secure and Transparent Accounting System*

The finance team closes its books and reconciles all balance sheet accounts on a monthly basis. Managers receive monthly budget vs. actual summaries, along with a report for each budget detailing all transactions, allowing managers to accurately track their program budgets and avoid deficits at year’s end. The accounting database is online and real time, providing managers the financial information they need to make decisions.

Back-up is required, and therefore readily available, for every transaction at EMW. Every number entered into our database is properly supported. If it is a deposit, EMW has records of the deposit slip, check or grant agreement on file. If it is a payment, EMW has records of the invoice or contract and documented approvals.

*Independent Auditors*

The effectiveness of these accounting practices is evaluated by several yearly audits. EMW's accounting in Vietnam is audited by Ernst and Young and its financial statements are audited in the United States by PMB Helin Donavan, LLP. Additional audits include those stipulated by certain grantors like the US government and the World Bank, as well as a Human Resources audit to evaluate our HR policies and practices. Audit reports, annual reports and financials are available for download on the EMW website [www.eastmeetswest.org](http://www.eastmeetswest.org).

*Independent Ratings of EMW’s Accountability*

A few of our recent results exemplify EMW’s financial strength. The results of our 2010 consolidated audit revealed that **94% of every dollar donated was spent on programs** (an increase from our already impressive 93% overhead rate in 2009. In 2010 and 2011, the nonprofit rating organization Charity Navigator gave EMW the highest possible rating—four out of four stars. Additionally, the World Bank carried out an evaluation of EMW’s financial management in 2007, which was updated in 2009.

## 4 Project Management Experience, Monitoring and Evaluation Capacity

EMW has over 23 years of project management experience for projects ranging from 100,000 USD to over $10million USD in various sectors including building and construction, clean water and sanitation as well as other areas in health and education.

In each project, EMW has developed monitoring and evaluation systems and institutional capacity to ensure program outputs and outcomes are well aligned with project goals and objectives. In nearly $10million USD project funding with the World Bank funding, an Independent Verification Agent is built into the monitoring and evaluation of the project where EMW staff have gained invaluable experience working within the OBA framework and adopted and developed monitoring tools for project management. Per this proposal, EMW’s Senior Operations Director, Mr. James Dien Bui, has more than 12 years of experience in developing monitoring and evaluation tools for projects totaling over $20million USD.