



WaterRemit

Remittance based digital financial service model to expand water and sanitation access in Cambodia

Developed jointly by Water.org - SAIS Practicum team





JOHNS HOPKINS SCHOOL OF ADVANCED INTERNATIONAL STUDIES (SAIS)

SAIS PRACTICUM

The SAIS International Development (IDEV) practicum course is designed to provide students the tools and opportunity to work with an external client on a development problem or opportunity. It allows students the opportunity to apply their research, analysis and practical skills to an issue that is of direct relevance to a client. The team of students works closely with the client to produce a high quality output in the form of a publishable report, policy or program that may be implemented by the client. In addition to allowing students to translate their knowledge into practice, the practicum experience also allows students to make valuable contacts with potential employers.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
.....	
CONTEXT: CAMBODIA MARKET ASSESSMENT	5
.....	
THE MODEL	6
.....	
WHY THIS MODEL	7
.....	
THE PROCESS: STEP BY STEP	9
.....	
STAKEHOLDER ANALYSIS	12
.....	
GMAC	14
.....	
WING	16
.....	
MFIs	18
.....	
WSS SUPPLIERS	20
.....	
FACTORY WORKERS	22
.....	
ESTIMATED IMPACT	23
.....	
RISKS	24
.....	
CONCLUSION	29
.....	

EXECUTIVE SUMMARY

This report presents the business model for the WaterRemit program. The model was designed to leverage digital financial services to enhance Water.org's WaterCredit programs in Cambodia. With a population of 16 million, 58% of Cambodians lack access to improved sanitation, 79% lack piped water connections of which 24% lack any form of improved water. Additionally, telecom coverage is extremely high with 174% of the population using mobile phones. Given this context, WaterRemit was designed to utilize mobile coverage and digital financial services to improve access to water and sanitation services in Cambodia.

The report describes how the model was designed based on field research and why WaterRemit is a good fit for the Cambodian context. The report outlines each step of the model and analyzes the value proposition and role of all key stakeholders. Finally, the report focuses on aspects of WaterRemit implementation including estimated program impacts and risks. The purpose of the report is to provide a clear model and implementation process to enable Water.org to initiate the WaterRemit program in Cambodia.

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SAIS Practicum Team

1 | CONTEXT

CAMBODIA MARKET ASSESSMENT

With a population of 16 million, 58% of Cambodians lack access to improved sanitation, 79% lack pipe water connections of which 24% lack any form of improved water. To address this challenge, Water.org commenced activities in Cambodia in late 2015, partnering with five microfinance institutions (MFIs) to implement WaterCredit programs. Cambodia's digital finance sector is still nascent but growing fast. This suggests the market is not saturated and is open for pioneering interventions. Given the geographical advantage of Cambodia being one land nation, telecom coverage is extremely high, while financial inclusion rate in Cambodia is 22%, mobile phone connection is 174% or 27.6 million phone connections. Water.org Cambodia is already in touch with the leading payment provider in the country (Wing), which is providing services to four of five WaterCredit partner MFIs. Water.org and the SAIS practicum team saw huge market opportunity considering Wing's customer base of 1.5 million users, compared to Cambodia's total 2 million borrowers in the microfinance sector.



Digital Financial Services

DFS is steadily growing in Cambodia, with Wing as the most dominant player. In 2017, there were 8 significant players in the sector, with a mix of local actors as well as foreign investors providing digital financial services in the country.



Microfinance Landscape

For the past decade, the outreach of the Cambodian microfinance sector has grown rapidly, making it one of the most developed and mature microfinance markets in the world. According to the Cambodia Microfinance Association, there are currently 39 licensed microfinance institutions in Cambodia.



Garment Factories

The garment and footwear sector has been the mainstay of the Cambodia's economy, playing an important role in alleviating poverty. 86 percent of the 982,203 people employed in the industrial sector of Cambodia are employed by garment factories, as of 2017.



Water and Sanitation

58% of Cambodians lack access to improved sanitation and 79% lack pipe water connections, of which 24% lack any form of improved water. 70% of rural population lack access to improved sanitation, 31% do not have access to improved water.



WaterRemit

2

THE MODEL

WHY THIS MODEL

“The biggest challenge (to latrine demand generation) is immigration; Cambodia people do a lot of immigration to the neighboring countries. So when we go to promote the latrine or health and sanitation only about 40% of the people in the village stay at home. It is difficult to find people, only the old and very young people stay at home. The decision makers do not stay at home.”

-anonymous quote from field interviews

GARMET FACTORY SECTOR

The garment and footwear sector has been the backbone of Cambodia’s economy over the past two decades. This sector has seen impressive growth, increasing from US\$ 80 million in exports in 1996 to US\$ 6.8 billion in exports in 2015. It is the mainstay of the country’s economy, earning billions of dollars of foreign exchange, employing hundreds of thousands of workers (87 percent of whom are female), and playing an important role in alleviating poverty.

The average salary of a factory worker is estimated to be \$200 a month, but the amount remitted home is unknown. A demand assessment at the beginning of the program would be helpful to determine the average value of remittances. Additionally, the water and sanitation conditions of factory workers’ families and their estimated demand for WASH financing is unknown and should be determined through the demand assessment.

IMMIGRATION OPPORTUNITY

Labour migration is a major phenomenon in Cambodia. Since the early 2000s, the primary form of labor migration in Cambodia has been internal labour migration, particularly, rural-urban migration, with a specific focus on strongly defined groups of migrants such as garment factories workers. The garment sector employs over 600,000 workers, mostly young female migrants coming from the provinces surrounding Phnom Penh. Many rural residents migrate to the urban areas to find jobs in the garment industry and construction given these are labor-intensive sectors. Additionally, people migrate to the city for jobs in the services sector such as motor-taxi, car wash and restaurant services. Most of the workers in garment factories and restaurant services are female, while the motor-taxi and construction workers are mainly male.

Against this backdrop, and based on findings from our field research, we were able to establish two key factors that framed the model:

- 💧 Most of the rural families without water and sanitation access that we were targeting through the business model had family members that migrated, mostly to urban centres within Cambodia, and were relying on remittances as their main source of income.
- 💧 Not only were the migrant family members the breadwinners for the family, they were also very often the decision makers of the family, and without their consent the family would not be able to sign up for any new loan for water and sanitation (WASH/WSS) products. The migrant family members also better understand the benefits of safe water and sanitation and thus may be easier to convince.

Thus we realised that while the uncovered, target population resides in the rural areas, it is more effective to approach the migrant family members and convince them in order to facilitate greater uptake of water and sanitation services by their family members in the rural areas, leading to greater impact and increased access to WSS for the Cambodian population. This was a rather welcome development for our business model for two reasons; first, the migrant family members have been exposed to the merits of having a latrine and clean water supply in their urban stays, and would thus be able to better understand the need for improved WASH facilities at their home. Second, since a majority of the migrant workers working in the industrial sector are currently employed by the garment factory sector (86 percent of the 982,203 people employed in the industrial sector are employed by garment factories, as of 2017), it makes outreach far simpler since Water.org can approach them through the factories rather than going house to house.

Additionally, another issue we found with the current loan repayment mechanism is that customers are incurring double the transaction fees for every installment they pay. This is because the migrant worker remits money to their family every month through Wing, at which point there is a transaction fee deducted by Wing. The rural family member then withdraws this remittance and transfers the installment towards the loan repayment to the MFI, again through Wing, and incurs another transaction fee at this stage. To eliminate the incurrance of double transaction fees, it makes more sense to establish a loan repayment program that directly remits installments from the migrant factory worker to the MFI from which the loan was issued.

This model is thus addressing the challenge around demand generation at the rural household level in Cambodia where the decision maker and breadwinner has often migrated to urban centres for employment. The garment factory industry in Cambodia is one of the largest employers for migrant workers. Thus, targeted outreach through garment factories will be more effective at creating greater impact and increased access to WSS for the Cambodian population.

THE PROCESS

1

ESTABLISH RELATIONSHIPS

Water.org establishes relationships between the following key stakeholders.

1. Garment Manufacturers Association Cambodia (GMAC)
2. Microfinance Institutions (MFIs)
3. Water Supply and Sanitation (WSS) providers

Water.org's WaterRemit Program Manager will be responsible for onboarding each of these external partners to the model. Further details on these relationships can be found in the Stakeholder Acquisition Strategy section below.

3

DEMAND GENERATION

The WaterRemit Program Manager in coordination with the MFIs will conduct demand generation activities at the factories.

This is similar to the WaterCredit model, but Water.org has a greater facilitation role in this model.

2

FACTORY ROLL-OUT

Garment factories under GMAC sign up to participate in the program while paying their workers' wages via Wing.

In the initial stage, the program will only partner with factories that already have Wing based payments setup as part of the current MoU between GMAC and Wing. The WaterRemit Project Manager will liaise with GMAC and Wing to work towards including more factories in the program.



Credit Appraisal process prior to sanctioning of the loan:

1st level: At the garment factory, a credit and income check on the factory worker to ensure he/she has a steady flow of income.

2nd level: Due diligence check at the home of the factory worker in the rural area to gauge family's overall financial status and ability to repay the loan.

"I think it's not possible [to build the latrine after payment is complete]. [...] If we ask them to pay before materials are delivered they wouldn't agree with that."

-undisclosed interviewee

4

LOAN PROCESSING

When the factory workers sign up for the program, they agree to take out a loan for a WASH product to be delivered/installed in their home. The WASH product loans will be provided by Water.org's current MFI partners.

The MFI partner for each loan will be determined based on the geographic coverage of the MFI. If there are regions where more than one MFI provides coverage, the factory worker will be able to decide which MFI best suits its needs.

One agreement is signed between GMAC and Water.org to facilitate outreach to the factory workers, and for the factories to process payments towards the loan installments from the factory workers' paycheck directly to the concerned MFI. Wing is party to this agreement as the installments are processed directly from the factory to the MFI via Wing. A second agreement is signed between the MFI and the factory worker to take out the loan. The terms of the agreement will state the WASH product, interest rate and repayment plan. We recommend the MFI partners offer 3-4 predetermined payment and product plans which can be decided upon based on the demand assessment and in consultation with the partner MFIs.

The WASH loans are backed by the MFI based on the appraisal process explained above. To repay the loan, a portion of the factory workers' wage is periodically and automatically deducted via the Wing payroll system and transferred to the MFI with which the loan account exists.

5

MFI-WSS ENGAGEMENT

MFI contracts out the construction/delivery of the loan product to the WSS Supplier

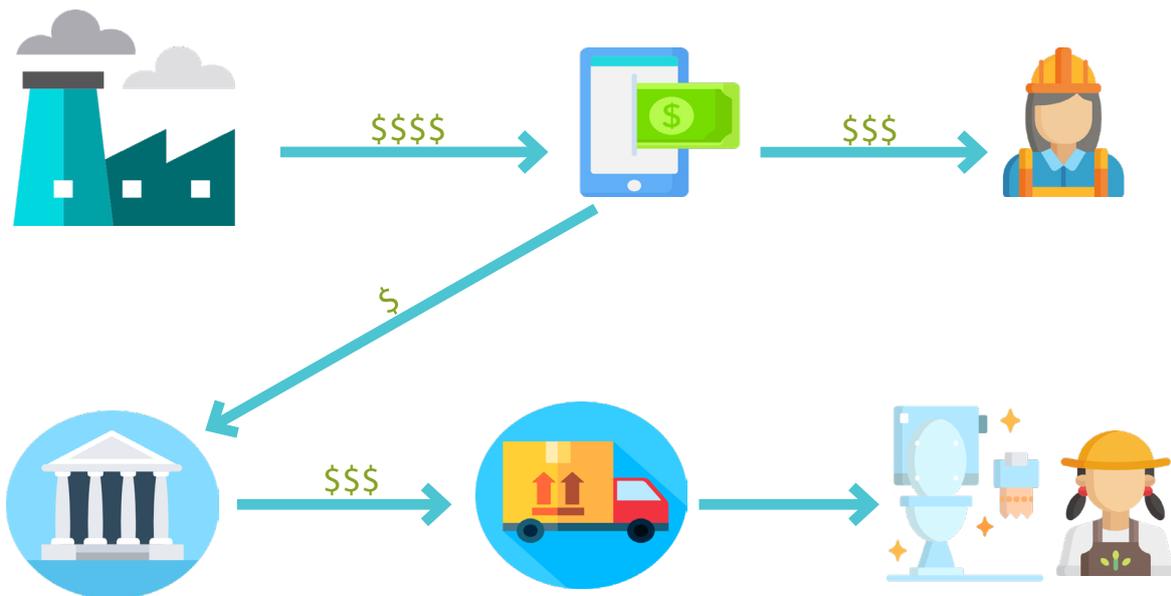
The MFI pays the partner WASH supplier to build the WASH product for the factory worker's home in the rural area. Upon the signing of the agreement between the factory worker and the MFI and the sanctioning of the loan, the MFI transfers the full amount to the WASH supplier for construction. The relationships between MFIs and WSS suppliers already exist due to the WaterCredit program, in which the MFIs play the role of identifying, certifying, and partnering with WSS suppliers. These existing relationships can be tapped for this model as well, facilitated by Water.org.

6

SERVICE DELIVERY

The WASH product is constructed/delivered

The WSS supplier builds the WASH product for the factory worker's family home in the rural area. The MFI continues to collect the repayment towards this loan from the factory worker as per the agreement between the MFI and the factory worker.





3

WaterRemit

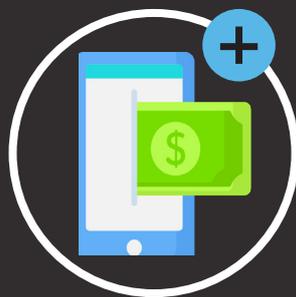
STAKEHOLDER ANALYSIS

PRIMARY STAKEHOLDERS



GARMENT MANUFACTURERS

This represents the garment and footwear manufacturers in Cambodia, representing approximately 700,000 workers all over the country.



WING

Wing is Cambodia's most prominent mobile banking service provider. The company is one of the few DFS providers in the country with a specialized banking license, giving it a competitive edge over others in the field.



MFI's

The outreach of the Cambodian microfinance sector has grown rapidly, making it one of the most developed and mature microfinance markets in the world.



WSS SUPPLIERS

The latrine supply chain is consolidated by two primary suppliers with significant geographical reach. iDE and Rural Lives Development Organization (RLDO) provide support to large networks of small business latrine manufactures (SBLM) working throughout Cambodia.



FACTORY WORKERS

Approximately 85% of 700,000 workers are women. The vast majority of workers have moved from rural locations to take jobs in the city. 64 percent of all women garment workers in Cambodia are internal migrants.

GMAC



ROLE

The Garment Manufacturers Association of Cambodia is the primary partner for this model. GMAC has roughly 600 member factories, with 300 in the Phnom Penh area, factory sizes vary from 500 to 2,000 workers. By working with GMAC, Water.org would gain access to a significant amount of factories through a centralized and government approved source.

VALUE PROPOSITION

From GMAC's perspective, this project could be another incentive for getting workers to transition to the digital payroll system. Many factories in Cambodia are eager to transition to a digital payroll as it saves factories thousands of dollars a month (this varies by factory size) and is a very lucrative option for them. As of 2018, it was estimated that 30-40 factories were transitioning (or had completely transitioned) their payroll to Wing, a demand assessment will be needed for detailed demographic information about the workers in these factories. Full rollout takes roughly six months, and factories within the association only begin the transition when they have recognized that over 50% of workers are comfortable with using digital financial services. Therefore, while there are no official plans to achieve full coverage of digital payroll amongst all GMAC members, the factories themselves are very motivated to use this service. Additionally, the project would be a good public relations opportunity, showcasing GMAC's corporate social responsibility efforts and commitment to the overall health of their employees extended family.

The current MoU with Wing includes many incentives for workers to opt in to this service, suggesting that both GMAC and Wing are motivated to have as many workers participate in this service as possible. Over time, more factories could transition to a Wing payroll system, creating a larger pool of potential partner factories. GMAC could offer Water.org's business model to these specific factories, as an optional add in feature for workers whose families do not have a functioning latrine or water products at home.

SWOT ANALYSIS

OF PARTNERING WITH GMAC

<p>Strength</p> <p>Most time efficient partnership, GMAC connects to all factories in network</p> <p>GMAC is a stable body and could lead to a long lasting partnership</p> <p>Digital infrastructure already exists in many factories due to Wing MoU - no need to reinvent the wheel</p>	<p>Weakness</p> <p>Engaging with GMAC is subject to the whims of Cambodian politics</p> <p>Garment factories are not often willing to share information about workers or allow easy access to workers</p>
<p>Opportunities</p> <p>GMAC has access to a wide range of previously untapped potential customers</p>	<p>Threats</p> <p>Cambodian government has shown hospitality to some foreign NGOs, working with GMAC could attract similar and negative attention to Water.org</p>

THE ROLE OF WATER.ORG

In the first scenario, GMAC would be Water.org's primary point of contact for this project. Since they have already signed a MoU with Wing and have access to factories in the country, GMAC would be an ideal partner. Water.org could simply sell the plan to GMAC management or ask GMAC to organize a meeting of all relevant factories at which Water.org would discuss the model. For Water.org, this strategy would mean that they would only have to advocate the business model to one body, rather than holding many individual meetings with potentially difficult to meet factory management.

Based on how this partnership continues through the initial three year period, Water.org could support GMAC and Wing in expanding the reach of digital payroll services by providing technical and monetary support to a task-force. The goal of the group would be to encourage more factories and their employees to opt into a digital payroll, thus expanding the pool of participants for WaterRemit model.

WING



ROLE

Wing will be a key actor in this model, working as the link between factories, MFIs, and WASH suppliers. Alternatively, if Water.org would not like to work directly with GMAC (due to their government connection), Wing would be the primary partner for this business model. In that scenario, Wing would offer this model as an additional incentive to GMAC factories and advocate for this model with all relevant factories. The advantage of this strategy is that, since the Government of Cambodia has shown some hostility towards foreign non-profit organizations due to political reasons, Water.org would be able to avoid government attention from partnering with GMAC. However, it would also be a difficult model to sell to Wing if the company feels the costs associated with advocating and implementing this plan are not outweighed by the benefits of new customers.

VALUE PROPOSITION

For Wing, this business model is another excellent opportunity to grow their customer base. Already the MoU between GMAC and Wing includes many incentives for workers to transition to a digital payroll, the WaterRemit program could be framed as another incentive and potentially encourage more workers to sign up for digital payments. Furthermore, if any of the workers' rural family members were not using a DFS provider - or intermittently using Wing and its competitors - such a strategy could promote more consistent, long term users for Wing. In addition to this, if Wing opts to waive user fees on this model, the company could also count this towards their CSR efforts, which have been WASH related in the past. In fact, when Wing was first launched through ANZ bank, the service itself was framed as a CSR initiative as it promoted inclusive access to financial services. However, more research is needed on CSR regulations in the country, as it is possible that they have changed since 2008.

SWOT ANALYSIS

OF PARTNERING WITH WING

<p>Strength</p> <p>Widely used and accepted DFS</p> <p>Reduces collection costs for MFIs</p> <p>Provides the factory workers with digital footprint/credit history</p>	<p>Weakness</p> <p>Wing may not have access to factory management to sell its digital salary model</p> <p>It may take Wing a long time to meet individually with all the factories</p>
<p>Opportunity</p> <p>Appetite for growing customer base, open to new ideas</p> <p>Could easily expand model beyond garment factories when necessary</p>	<p>Threats</p> <p>Could lose government favor and therefore competitive advantage</p>

THE ROLE OF WATER.ORG

In an alternative scenario where Water.org works with Wing as the primary partner in this model, Water.org could offer to carry most of the advocacy load. In this scenario, Wing would present the business model as an additional perk to GMAC's existing MoU with Wing and Water.org would lead discussions with factories - and even workers - about why they should opt into the WaterRemit program. Essentially, all other stakeholders - MFIs, and WASH suppliers - would be a part of the business model, however, Water.org would not be dependant on GMAC's approval.

MFIs



ROLE

MFIs will establish loans with factory workers for water or sanitation products being funded by a portion of their wages. MFIs will transfer the loan amount to identified water and sanitation suppliers for the installation of the product at the rural home of factory workers' families. MFIs will receive payments from factory workers through Wing each month.

VALUE PROPOSITION

By partnering with Water.org through the WaterRemit Model, microfinance institutions will gain more capital. Additionally, by participating in this project, MFIs will benefit from a lower administrative cost for the transactions since Water.org will be charged with marketing responsibilities, and all of the payments to and from the MFIs will be purely digital.

CURRENT PARTNERSHIP WITH WATER.ORG

Cambodia is an ideal environment for Water.org's WaterCredit solution. A well-developed microfinance sector in a country with high water and sanitation needs represents an excellent platform for expanding access to affordable financing for water supply and sanitation improvements. Water.org currently works with five local microfinance institutions to meet the demand of low-income families. These microfinance partners establish water and sanitation loans in their portfolio offerings. Water.org supports them by providing resources, education, connections with other practitioners, and technical assistance.

WaterCredit borrowers use these small, affordable loans to purchase a latrine or water filter for their homes and get access to local suppliers who can provide and install the product.

WaterCredit is a catalyst. With support from Water.org, the microfinance partners are able to attract more capital, giving out more loans to bring access to safe water and sanitation. All microfinance institutions in Water.org's network allow their customers to make loan payments through Wing.

THE ROLE OF WATER.ORG

The existing relationships between Water.org and five microfinance institutions in Cambodia allows the WaterRemit program to utilize the existing MFI infrastructure to transfer loan payouts to water and sanitation suppliers. Water.org will continue to provide resources, support, and technical assistance to ensure that these microfinance institutions have adequate capacity to receive and distribute new flows of money.

WSS SUPPLIERS



ROLE

RLDO and iDE's networks of small business latrine manufacturers (SBLMs) would be utilized to distribute and build latrines across Cambodia. Both organization's networks of reliable and quality SBLMs could facilitate the delivery of latrines purchased by factory worker relatives.

RLDO and iDE would be designated certain provinces in which to provide coverage. When a factory worker signs-up for a latrine remittance they will elect which province it should be built in. The order will be sent to the local MFI partner and the local MFI partner will reach out to either RLDO or iDE, depending on the province, to facilitate the payment of the local SBLM and the instalment of the latrine.

Additionally, RLDO and iDE will be responsible for the quality assurance of latrine construction. Customers will be notified when they sign up for the loan that they can reach out to RLDO or iDE if there is an issue with the construction of their latrine.

VALUE PROPOSITION

iDE and RLDO will benefit from participating in the WaterRemit program because it will increase the sales of their partner and member SBLMs, which will in turn help their organizations' missions of improving sanitation in Cambodia. Additionally, both organizations currently spend financial resources on marketing and sales teams. The WaterRemit program would bring additional sales without the expense of employing sales teams.

KEY ASSUMPTIONS

- 💧 iDE's Sanitation Marketing Scale Up Program (SMSU) is extended beyond year 2018. The current iteration of the program ends July 2018. iDE expects funding to continue the program but this is not yet certain.
- 💧 RLDO and iDE cannot reach all rural districts. Although the Director of RLDO stated they could deliver and instal latrines anywhere in Cambodia, as long as there was demand, this assertion has not yet been tested.

THE ROLE OF WATER.ORG

Water.org will facilitate the relationship between partner MFI's and iDE/RLDO. Additionally, Water.org will designate either iDE or RDLO to work each province. This decision will be made in correlation with iDE and RLDO based on which organization has a stronger network of SBLMs in each province. Additionally, Water.org's new WaterRemit Program Manager could incorporate further research on water products and suppliers into the demand assessment. This would support the expansion of water suppliers and products into the model in the future.

FACTORY WORKERS



MARKET SIZE

The garment sector in Cambodia employs approximately 600,000 people and up to 85 percent of workers are women. The vast majority of workers have moved from rural locations to take jobs in the city. 64 percent of all women garment workers in Cambodia are internal migrants. For factories in Phnom Penh, 97 percent of the female workforce are internal migrants. A job in the garment sector is potentially an opportunity for economic development. Women workers send home an average 40 percent of their salary. Currently 601 garment factories in Cambodia are members of the Garment Manufacturers Association of Cambodia. Approximately 20 to 30 of these factories currently use Wing as a platform to distribute workers' wages.

VALUE PROPOSITION

According to the focus group discussions during fieldwork, most microfinance customers living in rural and peri-urban areas in Cambodia are making loan payments for various products through remittances from family members living in urban areas. By utilizing this new business model, garment factory workers interested in sending money to family members to pay for water and sanitation products will save both time and effort. This model also has the opportunity to serve as a money management tool for factory workers since they now must properly budget their salaries after a portion is removed for a loan payment. Additionally, factory workers' families will likely have improved health once they gain access to the water and/or sanitation product. Other benefits include increased levels of respect and dignity.



4

WaterRemit

ESTIMATED IMPACT

PEOPLE REACHED

Stage	Duration	# of Participating Factories	Average # of Workers per Factory	Product Offered	% of Workers	# of People Benefiting from WSS Solution	
Pilot	6-12 months	15	1,200	Latrine - new	10%	4.5	8,100
				Latrine - improvement	10%	4.5	8,100
				Water - filter	30%	4.5	24,300
				Water - other	5%	4.5	4,050
Subtotal Pilot Stage							44,550
3 Year	3 Years	50	1,200	Latrine - new	15%	4.5	40,500
				Latrine - improvement	15%	4.5	40,500
				Water - filter	35%	4.5	94,500
				Water - other	10%	4.5	27,000
Subtotal 3 Year Program							202,500
Subtotal Pilot and 3 Program Combined							247,050
		200	1,200	Latrine - new	15%	4.5	162,000
				Latrine - improvement	15%	4.5	162,000
				Water - filter	35%	4.5	378,000
				Water - other	10%	4.5	108,000
Total at Scale							810,000

CAPITAL MOBILIZED

Stage	Duration	# of Participating Factories	Average # of Workers per Factory	Product Offered	% of Workers	Loan Amount	Estimated # of People Reached
Pilot	6-12 months	15	1,200	Latrine - new	10%	\$500	900,000
				Latrine - improved	10%	\$100	180,000
				Water - filter	30%	\$35	189,000
				Water - other	5%	\$300	270,000
Subtotal Pilot Stage							1,539,000
3 Year	3 Years	50	1,200	Latrine - new	15%	\$500	4,500,000
				Latrine - improved	15%	\$100	900,000
				Water - filter	35%	\$35	735,000
				Water - other	10%	\$300	1,800,000
Subtotal 3 Year Program							7,935,000
Subtotal Pilot and 3 Program Combined							9,474,000
		200	1,200	Latrine - new	15%	\$500	18,000,000
				Latrine - improved	15%	\$100	3,600,000
				Water - filter	35%	\$35	2,940,000
				Water - other	10%	\$300	7,200,000
Total at Scale							31,740,000



5

WaterRemit
RISKS

MICRO LEVEL RISKS

- 💧 Customer loses factory job and is unable to pay back loan
- 💧 Customers are dissatisfied with the quality of toilet construction, but do not have an easy mechanism for complaints.

"About 30% of our clients [...] were rejected by the microfinance institution because of over indebtedness. In Cambodia, we have a law that MFIs cannot release loan to an over indebted client."

-anonymous quote
from field interviews

MESO LEVEL RISKS

- ◊ Partnering with GMAC could draw unwanted government attention to Water.org.
- ◊ There could be low demand among garment factory workers for digital salary payments.
- ◊ There could be low demand among garment factory workers for a specialized remittance model.
- ◊ The RLDO and iDE networks could be less organized and efficient in practice as prescribed by their Directors.

“In the rural areas, the Wing agents do not have enough capital in their account, so they can’t pay out.”

-anonymous quote
from field interviews

MACRO LEVEL RISKS

- New tariffs could be imposed by the United States and the garment industry in Cambodia could be negatively affected. This could result in unexpected factory closures and a decrease in demand for the remittance model.
- The Government of Cambodia could increase the interest rate cap further, reducing MFI's ability to supply latrine loans. Cambodia could face an over indebtedness crisis; leading to resistance towards credit models

“The reason why we believe that microfinancing is not going to be the magic bullet to finish the job is first [...]the regulatory environment in Cambodia. Since last years cap on interest rate, the MFI have a low appetite for sanitation loans in general. The second thing is that we have done an RCT study that really shows very clearly that the poor don't want loans and the MFI rarely tend to lend to the poorest. The third reason it doesn't work is that level of indebtedness in Cambodia [...] has really exploded in the last three or four years and I believe we should do no harm and not participate in aggravating in the debt level of Cambodia household with interest bearing loan.”

-undisclosed interviewee

CONCLUSION

This report presents the business model for the WaterRemit program. The model was designed to leverage digital financial services to enhance Water.org's WaterCredit programs in Cambodia. WaterRemit, when implemented will utilize mobile coverage and digital financial services to improve access to water and sanitation services in rural Cambodia. The model could therefore lead to improved water and sanitation landscape in Cambodia while also increasing financial inclusion and adoption of digital financial services in the country.

The SAIS Water.org Team would like to acknowledge all the people who have helped us and assisted us throughout the course of this project. Firstly, we would like to thank the Water.org Team for providing us with the opportunity to work on such a fascinating and impactful project. In particular, we would like to thank Nozomi Witherspoon, Kakada Dourng, and Satya Ay from the Water.org Cambodia office for guiding us and giving us their continuous support throughout the year and for being great hosts and making our research trip to Phnom Pehn very productive. We are also grateful to our advisor Professor Tanvi Nagpal from Johns Hopkins who supported us through each step of the process.

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SAIS International Development Practicum Team (2017-18)



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