

Focus In and Scale Up

*Using Evidence-based Outcomes to Transform the
Work of Partners and the Quality of Life for Families
and Communities*

Thrive Networks designs and tests innovative financing and service delivery models to bring reliable sanitation and water systems to the poorest communities in Vietnam, Laos, and Cambodia. Over three decades of work, we have built a reputation for high-quality research and crafted trusted relationships with local partners.

The evidence-based outcomes from our pilot projects are being utilized by government agencies, the private sector, and local civic organizations to scale-up proven solutions to dramatically improve the health and living standards of families across entire communities and regions.

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Dear Friends,

Thrive Networks approaches our 30th year with a tremendous legacy of delivering sustainable sanitation, water, health, and education services to underserved communities in Southeast Asia. Our investment in programs that produce evidence-based technologies and methods has created solutions that we are scaling up to reach tens of thousands of families across multiple provinces and entire school-aged populations.

Since joining the organization in May of 2017, I have been impressed with Thrive's strong reputation, based on the pillars of evidence-based outcomes and trusted partnerships. This annual report features numerous examples of our staff's innovative efforts to design financing and business models that deliver sustainable solutions with partners in government, the private sector and community-based organizations.

Our strategy for the immediate future is to focus-in and scale up. We have much to share from our research and pilot programs that can be adopted by other outstanding organizations around the world. Focusing now on scaling-up our proven approaches in Vietnam, Laos and Cambodia will position Thrive Networks to become a global leader to improve the standard of living and health of millions of people across the globe.

Technological advancements can create breakthroughs, but too many development projects have failed over the last 30 years because they focused only on technology. To make lasting change that continues without ongoing funding or external support, the relationships between organizations and the delivery of services, what we call the ecosystem, must be informed by local norms and culture. The role of the Vietnam Women's Union as the initial contact and education arm for Thrive Networks' sanitation program - funded by the Bill and Melinda Gates Foundation - is an excellent example of how integrating existing social networks into the structure of a sanitation delivery system accelerates implementation and the exit strategy for external parties such as Thrive Networks.

At Thrive Networks, we integrate rigorous third party research and assessments into our programs, making us a valuable resource to funders and implementing partners who share our commitment to delivering sustainable solutions. Our recent research into the effect of household subsidies on the uptake rate for hygienic latrines provides actionable insight

that we have shared so that our partners learn alongside our staff and become experts capable of applying the lessons learned from our research to their own work, at a far larger scale.

Expanding the involvement of the private sector and individual households is essential to scaling-up sanitation and water system connections. Access to affordable financing is a stubborn obstacle. Thrive Networks is leading research and piloting innovative methods for using output-based subsidies and rebates to create attractive markets where none have existed before.

Today, Thrive Networks is equipping government agencies with research and information to effectively implement policies and invest resources to create lasting improvements in underserved communities. Our staff is training community-based organizations to take leadership in shaping their own futures based on proven approaches and technologies to address their clean water and sanitation needs. And, we are piloting new finance delivery schemes that allow families to invest in their health and improve their standard of living.

Thank you for your support of Thrive Networks' work. As you read through the 2016 Annual Report, you will find that a great deal has been accomplished in the past year. With your continued involvement, we can scale-up the delivery of affordable sanitation and clean water services to support healthier families and build vibrant communities in Vietnam, Cambodia and Laos today, and around the world tomorrow.

Sincerely,

Lynn Foden - Chief Executive Officer
Melinda Griffith - Board Chair

A Woman Community Mobilizer Observes Progress Within and Around Her

One of the goals of Thrive Networks' Community Hygiene Output-Based Aid (CHOBA) 2 program is to expand the role of Vietnam Women's Union (WU) members as community mobilizers. These women aim to dramatically scale-up the number of households that can be reached with financing and education about hygienic latrines. Funding from the Bill and Melinda Gates Foundation, initiated in 2016, will build on the pilot program in which some WU members transformed into community leaders.

Women's Union members survey households to document what sanitation system each home has, if any. Next, they educate the heads of each household by discussing the health benefits of a latrine and answering their questions. Sometimes a WU volunteer meets with a household three or four times to answer all of the questions. The WU volunteer also provides guidance to the project management board, so the women have a voice and a role in the success of each installation. A stipend is paid to the WU volunteer for each verified installation.

As the scale-up got underway, Thrive Networks spoke with Ms. Nguyen Hong Hanh, a volunteer head of the Women's Union in Nghia Kep hamlet, to learn about her experiences as a mobilizer for CHOBA and CHOBA 2.

"Before CHOBA, I did not have much knowledge or communication skills. But since my participation in the project, I see clear

improvement; now I am more confident to talk. There are also changes in my family. When I got married, my mother-in-law managed the household finances. Since my participation in the CHOBA project, I have my own voice and my mother-in-law trusts me. She allows me to make decisions about finances and any other thing. My mother-in-law even said that, "I feel very proud about Hanh."

Since I started to mobilize people in the CHOBA project, I see that the sanitation and environment has been much improved. There is no more garbage spreading on the two sides of the road. Families classify their garbage and there is treatment. I feel happy knowing that I helped improve the rural sanitation in my commune."

MS. NGUYEN HONG HANH,
Volunteer head of Women's Union in
Nghia Kep hamlet
Mobilizer for CHOBA and CHOBA2

Output-Based Aid – Building Accountability into Sanitation Systems for the Poor

Output-Based Aid (OBA) is an innovative model to expand access to basic services for the poor and to ensure sustainability. Under traditional aid programs, the donor provides funding to implementing partners before the work begins. OBA delivers payment based on verified results after implementation. The donor and service provider agree on a payment level that is profitable to the service provider and cost effective. The service provider mobilizes funds to pre-finance the work. The OBA model builds in accountability, design to meet the needs of users, and incentives to encourage delivery of “last mile” services – the final, and often most expensive, leg of a delivery network.

OBA LESSONS LEARNED

Water Supply: Paying for each new household connected to an existing system incentivizes utilities to deliver “last mile” coverage, which often includes poor households.

Sanitation: Small rebates paid to households upon verification of properly built and used latrines encourages the poor to build hygienic latrines now, not later.

Cost: OBA delivery costs are far lower than other approaches, while both leveraging local investment and reaching large scales.

TRADITIONAL INPUT-BASED APPROACH

Donor Funds Project



Service Provider Paid



Installation Service Completed

OUTPUT-BASED APPROACH

Donor & Service Provider negotiate payment
amount for each installation



Service Provider Mobilizes Financing



Installation Service Completed



Verify Household Results



Donor Reimburses Service Provider for
Verified Output

Demonstrating Sanitation Ecosystems for Government Scale-Up

Under the Civil Society WASH Fund 2 provided by the Australian government, Thrive Networks' sanitation focus in 2016 moved away from comparing the cost of Output-Based Aid (OBA) with other pre-existing government approaches and towards demonstrating the effectiveness of the model to scale-up rural sanitation coverage.

Thrive Networks sanitation programs completed 12,373 latrines in 2016.

10,879 - Vietnam

877 - Laos

617 - Cambodia

From this total, 3,612 latrines (29%) were installed in non-poor households, demonstrating that pro-poor subsidies do not necessarily create a disincentive to other potential hygienic latrine adopters.

Over the past seven years, Thrive Networks has researched and designed pilot projects to test sustainable sanitation ecosystems comprised of government agencies, health workers, and the Vietnam Women's Union. Today, we are using a blend of evidence, demonstrated results, and government advocacy to bring about policy change. Identifying "champion" provinces to profile and celebrate in national forums is helping to promote further buy-in and a sense of competition between provinces. Provincial champions are highly effective as trainers and at encouraging their peers to get on board.

Thrive Networks provided data demonstrating that after 30 months, the uptake rate achieved by its East Meets West program is four times faster than the National Target Program. Under EMW 16,000 latrines were built, while 4,000 were built in the same period under the NTP in four provinces.

Thrive Networks' objective is to scale up the OBA approach through government systems and to transfer the program to government agencies in Vietnam, Cambodia, and Laos as our role phases out. In 2016, these Vietnamese provinces started that process by committing to scaling-up Output-Based Aid.

- Ben Tre Province: USD 22 subsidy provided for each poor household that builds a latrine
- Thai Nguyen Province: 200 KG of cement allocated for each poor household building a latrine
- Ha Tinh Province: USD 25 OBA rebate match for each household that builds a latrine
- Three Provincial People's Committees have committed to phase in provincial budgets for output-based sanitation



Expanding the Role of the Vietnam Women's Union in CHOBA 2

Launched in July of 2016, with funding from the Bill and Melinda Gates Foundation, CHOBA 2 activities in the second half of the year focused on designing delivery models and training partners to move into the construction phase. These foundational efforts have already installed 8,000 household sanitation systems in the first half of 2017.

Based on lessons learned during CHOBA, the program will expand the role of the Vietnam Women's Union (WU). This network spans the country, which makes WU members an effective task force for getting accurate surveys of existing sanitation practices and educating families about the health benefits of investing in hygienic latrines. WU has also been successful at mobilizing loans and aid funds for household use from provincial and commune government levels.

CHOBA 2 is promoting a nationwide sanitation conversation through the following trainings and workshops:

- 1 national and 5 provincial launching conferences
- 6 TOT trainings
- 108 trainings for promoter at commune level
- 2 workshops in privately manufactured ROTO tank

In the coming year, CHOBA 2 aims to install hygienic toilets in 20,000 households by expanding the use of in-house financing and engaging additional investors. Through workshops, landscape analysis reports, and detailed pilot designs, Thrive Networks will support scale-up efforts by government agencies and other organizations with the lessons from these pilot projects.

Piloting Technology and Organizational Models for Fecal Sludge Management in Vietnam

As part of its research grant under CHOBA 2, Thrive Networks' EMW program will join the Asian Institute of Technology (AIT) to pilot technical and service delivery options to address the lack of rural fecal sludge management (FSM) in Vietnam.

Research will be conducted in Ben Tre province, where AIT will lead the work to understand the most appropriate FSM technology solutions and EMW will conduct a feasibility study to determine the most appropriate FSM treatment options and service delivery models. An expected outcome of the research will be a national FSM policy guideline to support government agencies in the future.

While technology is a fundamental element of an FSM solution, Thrive Networks will work closely with the Vietnam Women's Union, the provincial government, and local stakeholders to develop the organizational structure and roles of each player to ensure high quality and sustainable FSM service delivery. This component will be critical to the future adoption and success of FSM.

If suitable technical options are identified in the feasibility study, a pilot project will follow. Outcomes from the pilot will fill-in knowledge gaps and contribute to policy advocacy.

THANG HAMLET – A PILOT FOR LOCAL AFFORDABLE FINANCING

Affordable financing remains a stubborn obstacle to scaling-up the installation of hygienic latrines for many families. That is why Thrive Networks continues to lead research and to pilot innovative methods to lower the barriers to household sanitation improvements. In CHOBA 2, the Vietnam Women's Union is piloting a community-based rotating loan to finance building hygienic latrines in Thang hamlet.

This hamlet was chosen because out of 30 households, only 8 had latrines. Since February 2017, ten households have contributed between \$22 and \$44 to create a sanitation fund. The inexpensive, ready access to cash has made it possible for ten households in Thang hamlet to install hygienic toilets and more are underway.

In the coming year, we plan for training programs to begin replicating this pilot.

Research Cambodia

Complementary Interventions: Outcome-Based Aid and Sanitation Marketing



In Vietnam and Cambodia, Thrive Networks’ OBA subsidy program has delivered as many as 10,000 latrines per month to households by effectively leveraging donor dollars. Together with the Water and Sanitation Program of the World Bank, Thrive Networks took a closer look at how sanitation marketing (SanMark) and OBA subsidies affect latrine uptake and whether or not subsidies to the poor might decrease latrine uptake by better-off households.

The research examined the differences in latrine uptake across different income levels in 120 villages in Cambodia exposed to an OBA subsidy (rebate and discount), SanMark alone, or both interventions combined. The study found that the availability of subsidies to poor households resulted in increased latrine adoption among all households. Meanwhile, there was no evidence of pro-poor subsidies acting as a disincentive to wealthier households to purchase and build latrines.

	Both Interventions	SanMark	OBA Subsidy
Wealthiest 55% of households	25%	18%	7%
Middle 19% of households	33%	29%	22%
Poorest 26% of households	33%	8%	17%

Improved Data Collection Helps LAO, PDR Deliver Sanitation to Poorest Families

Lao, PDR has increased the overall delivery of sanitation to 62% of households in the country. However, the discrepancy between urban and rural settings remains high, with 87% of households in urban areas using a proper toilet compared to only 48% in the rural areas.

Knowing where to focus limited resources is the first step to an effective national sanitation program. Currently, household data is rarely available in Laos and its accuracy is difficult to assess. Under our Water, Sanitation, and Hygiene Output-Based Aid (WASHOBA) program, Thrive Networks developed a simple and transparent poverty identification system using three sets of indicators: (i) housing conditions, (ii) income earning potential, and (iii) other durable assets. Local authorities successfully implemented this approach in every target village to identify 3,796 potential beneficiary households that met the criteria. Thrive Networks plans to scale-up this analysis in our future OBA sanitation programs.

Testing Public-Private Sector Models to Scale-Up Sanitation in Cambodia

Thrive Networks is preparing for a sanitation scale-up in Cambodia through a combination of government advocacy and sustainable commercial model development that generates revenue. The vision is for the government to cover the full subsidy for poor households and private sector partners to cover the costs of the performance based incentives in the sanitation ecosystem.

Under Civil Society WASH Fund 2 provided by the Australian government, Thrive Networks is testing this approach in 30 communes in Prey Veng province. The Department of Finance at the provincial level has allocated budget to the commune fund that makes it possible for the Commune Council to provide \$5 out of a total \$18 rebate to every ID Poor 1 or 2 household that builds a latrine. The Australian government funding is covering the \$13 difference. By working closely with government partners, we expect that the Commune Council will be able to cover the total rebate within the next three years.

2,415 latrines have been constructed under the Civil Society WASH Fund 2 program, leveraging a \$12,075 investment by the Government of Cambodia.

