Founder's Perspective: current WaterSHED ED Sovattha Neou interviews the first, Hengly Aun

Youtube video available here.

Sovattha: *Jum Riab Sua* (Hello) *Bong*, It's good to have you here. How are you?

Hengly: Good, doing good! How about you?

(0:15) Sovattha: I'm doing well too, thank you. So as the last Executive Director of WaterSHED, it is a very [great] honor to have a conversation with you, the first ED of WaterSHED. So much of WaterSHED's strategy and success was built on the formative years where you set the course and identity of this organization.

So ladies and gentlemen, let me share a little bit about *Bong* Hengly. Mr. Aun Hengly is one of the co-founders of WaterSHED, [beginning] in 2011, and was [Executive Director] until 2014 where his work with the first strategic phase of WaterSHED focused on developing a product system, creating a delivery model, and initiating consumer marketing – where local officials were included in the process from the beginning. Today, Mr. Hengly is based in the United States where he works as a product development specialist and a software developer for Boost Capital in California.

I took over in 2018 after WaterSHED's second phase, where the sanitation market was stable and WaterSHED shifted focus to government capacity building to maintain the market.

So my first question to you, *Bong*, when you began at WaterSHED it was unheard of to sell toilets. Can you tell us more about the origin of WaterSHED's market-based approach?

(1:45) Hengly: Yeah, thanks Sovattha, it is very nice to meet with you today, too. Back in 2011, when the situation in Cambodia was very different, at that time the sanitation coverage was around 19 percent across the whole country, I believe.

Many organizations and government agencies had been working very hard to improve water and sanitation coverage in Cambodia – most of them they worked through subsidized programs. As you know, [with] subsidies you may not be able to reach [many people] because you give the toilet to everybody, which is basically not scalable in the long term. Business is the [only] sustainable way.

Before we established WaterSHED, we brought all the partners and stakeholders to go and observe our selling pitch. A selling pitch is an event where all people from the community come and gather. On our first selling pitch there were 118 toilets sold, and customers registered to buy. Prior to that, I went to

talk with the supplier. He said, “it’s no problem”, if there's a demand, he will make the supply. But then we bring [a request for] 118 toilets that were registered to buy and he was shocked. He said, “Gosh! I thought maybe it would only be a few, but it’s 118 [that were sold]!”

So everybody was shocked and surprised and very, very happy. But we had to face another challenge, how were we going to scale from that village to other villages across the country? So we needed to think strategically *how*. And we found out that in Cambodia, specifically, structurally – at the structural level, provincial level, district level, community level, and village level – [there are] staff at all levels that implement the government national policy or guidelines. And one these [mandates they have] is to improve sanitation. So, through that structure then, we find out ‘okay’ [our programs can be sustainable] by working with the local authority and local sales agent, and local supplier – that's sustainable. And [to make it] scalable – we integrate the commune councilor responsible for water and sanitation. And so we applied our four main prong approach: working with the sales agent, supplier, local government and conduct sales events with them.

(4:38) Sovattha: Thanks *Bong*, it really was a unique and effective strategy that pushed what people thought was possible. So my next question is: what were the effects of this program for small businesses and for WaterSHED staff who had to be the advocates and practitioners of this radical approach for that time?

Hengly: Okay, WaterSHED is a local organization, and it's very, very important to be a local organization. I wanted to share the work with existing suppliers – we don't have to build a new business in the community, [but] of course if anybody had wanted to invest in their community we [helped train them] in sales and marketing as well.

I personally achieved my dream by seeing those businesses so successful. Many were small and had very little money when they started. Now they are big and they grow – and somehow they are at a hundred thousand dollars [of income], and their property is so big [that] they [are able to make] millions of dollars.

It's also important to me to help our staff too. Most of the staff at the time I believe were on average below 21 years old. I think when we calculated the [staff’s ages] at that time, most of them are fresh graduates or they did not go to the university yet, or they couldn’t afford [university]. But now, many of them [created] successful businesses, and I am still in touch with them. Some of them become very wealthy and in real estate, and they continue to apply our strategy - they adopt what WaterSHED had applied. And I can say too, that many other businesses adopt [WaterSHED’s strategy too].

(6:28) Sovattha: Thank you. By the way, there's one thing I would like to ask you, it’s about the per diems. We all know that [paying for] per diems is a common practice where an NGO will pay a government official to support [their] work or join their program. One thing that WaterSHED is very well known for in the community, and also within the government, is that we don't pay for [per diems for our

government counterparts]. And even now, when we have a new staff [member], they feel somehow [so] uncomfortable not giving the per diem, that sometimes they even want to give their own money from their own pocket. But when you started you were the first to say 'no' to per diems. How did this philosophy develop, and how did you make it work?

Hengly: Yeah, thanks, it reminds me so much of the tough part of my life! At that time, you know, it's not easy to involve the commune levels in a program without paying their per diem because they [were] used to it, with many other organizations who work at the commune-level giving them money to come [and participate in programs]. [So basically] the NGO is paying the government to do their job – and that doesn't sound right to me, and our donors, and management team.

We were fighting those norms, and it's not easy. Many people didn't like me at that time, there were a lot of bad words I heard, [and people saying things like]: 'You are Cambodian, why do you care so much about the money that donors already give?' But it's not about that [for WaterSHED]. We had to explain to [government] that it's about thinking sustainably, and more importantly [a per diem] is a lot of money to pay them, too. And the question is, why don't they just do their job [without per diems from NGOs]? Maybe it's influence from outside factors: from the other organization that they pay them, or maybe the [existing] per diem they got from the government is not enough. [If that's the case] We have to ask how to make the local people work to do their job, [and] if they don't have enough, [what do they need] to do their job?

That's why we introduced the sales agent strategy as part of the four prong approach – we were looking at the gap. If you have a job and you are responsible for improving water and sanitation in your community, [and] if you work with the supplier, you will get [financial] incentive [from making commission on toilets], plus the toilet [becomes] much cheaper than the market [price] at that time because we introduced bulk buying. Like, normally they sell only 1 toilet a month, but with this program they can sell up to 150 sets of toilets per month. And buying a toilet is not just about the toilet, it's about many other materials needed to build a toilet as well.

So [the] local authority becomes the sales agent, and they can get incentive [from toilet sales], plus they still have the basic salary [from the government] to cover their expenses, and they get credit [for] improving water and sanitation in their community.

So that's why we see this opportunity, it's a sustainable way – without WaterSHED, they are still able to do it and continue to work with the local supplier as well.

(10:19) Sovattha: You know, I would also like to share with you that your philosophy has continued until now. There was a time during my time at WaterSHED, [when] we asked the provincial team – because the [government] used to complain [to them] for not giving the per diem for refreshment so we asked last year, I guess – if they would make a decision, will they give the per diem and refreshment to the government [for their] meeting right now. And you know what was their response? Their response was 'No!' and I asked, ' why did you say no, because [you] and some of your team have been asking to pay

your own money because you feel it's very difficult to deal with the government!' And then the team said, 'we've been working very hard for years to build this momentum [and] to build this philosophy. Now it works, the government already pulled their own resources for their own per diem [and] for their own refreshment. And some NGO in the same province started following WaterSHED's [example].' So [our staff], they feel that it's really a legacy they left behind, and for them, [they] value that they're doing this work with the government without using money.

So, I really would like to thank you for building this foundation with this philosophy. Thank you. So my next question, WaterSHED was also unique in the way that they do not create branded training or programs. Can you explain your thinking on this?

Hengly: Yeah sure. At that time, many big organizations working in the sanitation marketing sector were pushing that NGOs should create branding to gain trust, [and] to gain 'so on so on'. I [say] 'no', because I don't see any value added by creating a brand, besides [growing our] ego. When I say ego, [I mean] who will get credit? When the aid organization builds [a] brand and many people buy, what's the point? The point is to get more funding [and money from donors]. Basically, people want to have brands and people want to be a trusted NGO for selling, but again I say 'no', I don't see any value in an NGO promoting that. But if the local business [is promoting their sales and brand] then I say, 'yes go ahead', it's your effort, your energy you put in.

Again, we want to make sure that local business and local authority feel ownership of whatever they do.

(13:15) Sovattha: Thanks a lot, and my next question is about you as the founder of a Cambodian organization. Can you share more about your perspective of including local staff?

Hengly: Yeah, at the time, Geoff Revell is the co-founder of WaterSHED, along with Lyn McLennan and Danielle Peddy. They give me space and opportunity to try what is the best for the program and for the people of rural Cambodia – not for WaterSHED.

One thing I want to point out is that Lyn, Geoff, all of them, you know, all of them used to be my bosses, and later on they became my employees. I want expatriate staff, especially in Cambodia or [people from] developed countries working in developing countries, to learn from the example of Lyn, Geoff and Danielle. Like how they did it at the beginning where they used to be my boss. They supported me, trained me, helped me, guided me, and shared knowledge with me about their perspectives. Of course, ultimately, I'm the one that decides for the organization, and I can tell you so far, I don't see any organization [who does] that. More importantly, I was the one that evaluated their performance, and I decided how much they get for their salary, whether they increase [their salary] or are fired. I think that I'm very fortunate to know them and to work with them.

People always ask why I go to the field most of the time. [They ask] 'Why you go to

field a lot, you are the CEO, you should stay in the office!' I can tell you that my skin still has a burning from the sun in Cambodia. And after I live in the US for a while, I still have that burn. I think I am grateful that it's the mark of one of the good times in my life to work for this program in sanitation marketing.

As a Cambodian leading this organization, I wanted to lead by a good example at that time. I consistently met the supplier, consumer, and the government on the ground [to] really build connections and understand what else we can do to improve our program and ensure sustainable and scalable [development].

That's the role for expatriates from my point of view. To support local staff is to guide and support – to explore new ideas – because the local people they have, *we* have, *we have*, our own ideas of how things work. If [we] really put [our] mind in to make sure, to want things to work, we have our own ideas. So the expatriate can share their knowledge from the other part of the world, and combined together, I believe, hopefully, it becomes a great idea, between local and expatriate people because they have one goal. For example, we have different ideas, but so far since we have one goal, we accomplish things.

I see expatriates that work from the US, Canada, and other countries too, they are CEOs for life. They just just followed the same system. Is that really sustainable development? This question I ask for any expatriate, and to local people too, but I just want everybody to think every day that you do [your work], every time that you [employ] an expatriate, what's the purpose in the organization?

Another question I want to put out there is, where does the money go if the expatriate's been working there for decades – not just a few years, but decades? And I believe the salary of the expatriate is maybe five or ten times compared to the management of Cambodians. So most of the money will go to the expatriate. And so, where does this money [really] go? Who will lead the change in the development when there's no incentive for the [expatriate] to do their job, or have job security and income?

The question is really what is successful, what is sustainable? Empowering local people, [that's] the answer. I want people to know that the real development is not the success of their organization but it's the [success of the] people in the country.

(18:08) Sovattha: Thank you, *Bong*. I learn a lot from this conversation. And you know for me personally, I really learned from your work and the success of our program, due to your strong foundation and leadership that [helped build] this market for rural sanitation and also WaterSHED's culture for pushing the boundary of what is possible.

So in these final days as an ED of WaterSHED, I'm very proud to finish your legacy, our team's legacy, that you and other founders began. And I'm confident that systems are stronger, and the correct actors in the system are positioned to continue to grow and evolve WaterSHED's work after our exit.

So thanks a lot for your time today, and I wish you all the best there and that we all stay safe from COVID and live happily. And we will invite you again for our exit ceremony online.

Hengly: Thank you, too, Sovattha. You did a great job, and I'm so proud and pleased to hear that WaterSHED really has a plan of exit unlike many other organizations who want to be an organization for life – I don't know why [they would want to be an organization for life]. But I'm grateful. Thank you and good luck for your next journey, and I wish that everybody at WaterSHED has a successful life after WaterSHED.

Sovattha: Thanks a lot for your time, please stay in touch.

Hengly: Thank you, okay take care, bye.