

## **Viet Nam Overview: Water, Sanitation and Hygiene**

### **Summary:**

Viet Nam stands by its commitment to ensure safe drinking water for all by 2030 and to eliminate open defecation by 2025. The government is carefully articulating the standards to arrive at ‘safely managed’ water supply and sanitation within this stipulated time.

To achieve these targets, Viet Nam will require an annual investment of US\$ XXX million that is significantly higher than the normal investments. The ambition to achieve open defecation free (ODF) country will require huge investment to strengthen supply-chain and to mobilize communities, whereas the cost of latrines will be mobilised from households. The responsibility for the investment in rural water supply mostly remains with the government although promising investments are foreseen from households and private sector.

Six major actions to ensure an aggressive approach to progress include:

- Include sanitation targets in the multi-year socio-economic development plans to channel adequate public and private resources.
- Develop well-funded provincial plans to promote ODF; and to professionalize operation and maintenance management and water safety measures for safely managed WASH.
- Promote integrated nutrition plan with WASH to address stunting and malnutrition.
- Increase financing ‘soft’ components such as: demand responsive approaches, strengthen supply chains, and increase access to micro-finance for rural sanitation and water supply.
- Strengthen public-private partnership (PPP) with favorable government directives to: promote innovations, improve management of services, and strengthen supply chains.
- Revise WASH sector monitoring mechanism, with revised indicators, in line with SDGs.
- Develop ICT based real-time monitoring to improve effectiveness of service delivery.
- Introduce JAR with biennial bottleneck and barrier analysis, for improved planning and management of rural WASH

### **1. Overview of the Viet Nam vision and targets for the SDGs:**

The rural water and sanitation sector in Viet Nam is guided by the national rural WASH strategy 2001-20 and the Vision 2030. The strategy prioritises the promotion of WASH through community mobilization and supply chain strengthening, encouraging private sector participation. Later while opting the membership in the Sanitation and Water for All (SWA) partnership, the government committed to eliminate open defecation by 2025 and ensured safe drinking water for all by 2030.

In 2015 Viet Nam achieved a basic coverage of 72% rural sanitation and a basic coverage of 79% rural water supply (JMP, 2017)<sup>1</sup>. The regional inequities are matter of concern as the coverages are much lower in the northern mountains, central highlands and Mekong delta (Multiple Indicator Cluster Survey, 2014). With the introduction of SDG, more ambitious WASH standards with ‘safely managed’ water supply and sanitation are raised that pose challenge to the line ministries.

The critical bottlenecks to overcome include: inadequate political will; weak institutional and human resource capacity; heavy reliance on public finance; poor absorption capacity; lack of third-party

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<sup>1</sup> In the year 2015, the national administrative data reports rural hygienic sanitation coverage as XX% and rural clean water supply coverage as YY%

quality assurance; and limited assured multi-year funding that limits predictability of planning. In case these are not resolved, progress will be slow and SDGs will be missed.

## **2. State of the Sector Building Blocks and Collaborative Behaviours**

### **Sector Building Blocks:**

#### **Policy and strategy:**

The New National Rural Development Program 2016-20 explicitly recognized participatory approaches to promote rural water supply and sanitation. The National Target Program 2011-15 in principle aimed to strengthen sanitation market; by generating demand by using behavioral change communication approaches and by strengthening supply-chain with the low-cost sanitation options. In the year 2016, based on successful establishment of about 500 ODF communities, the issuance of national guidelines on the verification and certification of ODF is a milestone work to the government's commitment to eliminate open defecation by 2025.

The national government is committed to ensure safe drinking water for all by 2030. In the year 2014, Ministry of Agriculture and Rural Development (MARD) introduced a technical working group, co-led by UNICEF, to improve the management of rural water supply schemes. In the year 2016, the Prime Minister issued a directive to stock-take the situation of water schemes and asked all provinces to ensure improved management of water schemes.

With the technical assistance from WHO and UNICEF, a National Programme on Water Safety is prepared as a collaborative effort of the Ministry of Construction (MOC), Ministry of Agriculture and Rural Development (MARD) and Ministry of Health (MOH) in August 2016.

#### **Institutional arrangements:**

MARD is responsible for the overall management of rural WASH; reports to the office of the Prime Minister. The Directorate of Water Resources is responsible for the developing policies and programs; and is also monitoring and reporting implementation progress. The National Centre for Rural Water Supply and Sanitation (NCERWASS) serves as an implementing arm for the directorate. The Provincial Center for Rural Water Supply and Sanitation (PCERWASS) under the Departments of Agriculture and Rural Development (DARD) is responsible for the installation and (sometimes) management of water supply schemes.

At the national level, Viet Nam Institute for Health Environment Management Agency (VIHEMA) under MOH provides technical guidance to the provinces for the promotion of rural sanitation. In the provinces, the Center for Preventive Medicines (CPMs) under the Department of Health (DOH) facilitates sanitation and hygiene promotion through districts. The mass organizations such as Women's Unions support community mobilization efforts.

The private sector engagement is encouraged in the provision and management of water schemes. It is growing, where there is a willingness to change the water tariff. It is also growing in sanitation marketing, although the modality of engaging private sector is evolving. The multinational private entities such as UNILEVER join the government and development partners in sector development efforts as part of their corporate social responsibility.

The country is witnessing increased local governance as community mobilization and local leadership is encouraged through decentralization. There is a need to develop institutional capacity at

all levels to promote transparency and governance. The scope for decentralization is promising with the engagement of mass organizations like Women's Unions and Youth Unions.

**Sector financing:**

Despite the targeted national rural WASH programs during last 15 years, there has been a continual dearth of funding for both water supply and sanitation. For example, an estimate by the World Bank explained the availability of only US\$15 Million per annum for the overall sanitation as against an estimated need of \$151 million in the year 2013; the estimate excludes the funding needs for the replacement of facilities. In later years, the comparative allocation for rural sanitation has increased by 40%. However it remains much lower to meet to the expectation of the sector. The sub-sector suffers from poor financing.

A recent \$200 million soft-loan commitment by the World Bank for the 21 under-developed provinces (of the total 63 provinces) promises amelioration of rural water supply and sanitation. A significant proportion, over 80%, of this loan will be used to support rural water supply. However, the coverage is getting marred as the demand to reinvest on the rehabilitation of defunct water supply schemes is continually increasing.

The allocation of resource to the 'soft' components such as for institutional capacity development, community mobilization and supply-chain strengthening continues to remain low adversely affecting both the subsectors. The situation demands greater allocation to 'soft' components by convincing the parliamentarians and related ministries such as Ministry of Finance (MOF) and Ministry of Planning and Investment (MPI).

The Vietnam Bank of Social Policy (VBSP) provides subsidized loan for sanitation and non-subsidized loan for water. The bank allows loans to entire rural population instead of prioritizing poorest quintile. Limited funds and lack of access prevents the hard-to-reach poor to avail such loan.

**Planning, Monitoring and Review:**

The joint annual review on drinking water, sanitation and hygiene was undertaken for the national target programs regularly until 2015. A review mechanism with the sector partners was in place to assess progress and the results were used for the planning and decision making. However the review system didn't follow a sector wide approach.

The definition of monitoring indicators varies across sources. The administrative indicators don't follow the internationally agreed definitions, although it is important to recognize that the administrative data provide a stringent overview of the sector; lower than the figures reported through the Multiple Indicator Cluster Survey and the General Statistics Office. Some provinces explore the use of disaggregated data for the investment in favor of hard-to-reach poor ethnic minorities. The monitoring data also recognizes the investments made by the donors and civil society organizations.

With the introduction to 'safely managed' and 'basic' WASH with the SDGs, there is a need to revise and strengthen the monitoring system with relatively more real-time data collection and analysis to feed to the planning and decision making.

**Capacity development:**

With the introduction of scaling up rural sanitation and water supply program with the World Bank loan of \$200 million, both the UNICEF and the World Bank have invested in capacity development of 21 under-developed provincial management staff to support their scale-up ambition. This includes exposure to the approaches such as on community led total sanitation (CLTS) for the demand generation for sanitation and the means to engage local artisans/ entrepreneurs for the production and marketing of sanitation products such as one stop shopping (OSP). Capacity development modules are being developed to promote sanitation across all the provinces. Planning assistance is being provided to improve the management of water schemes at national and selected provinces. A training manual for the community based operation and maintenance (O&M) management is also under development. There is a clear need to: build institutional capacity; engage the private sector; and strengthen the supply-chain to meet to the aspirations of SDGs.

### **Collaborative Behaviors:**

#### **Enhance GOVN leadership:**

MARD, as the lead ministry, has established a partnership under International Cooperation Department (ICD) for effective coordination of sector partners. The technical working groups are represented with the line ministries, mass and civil society organizations. The partnership is coordinated to promote new programming approaches, capacity development, knowledge management and aligning partners in favor of the sector development.

#### **Strengthen and use country systems:**

The procurement process is robust and financial reports are well built. However there is a limited access to budget and expenditure reports in the public domain. It is difficult to consolidate budget and expenditure for the WASH sub-sectors, as most of the allocations and expenditures are managed in the provinces; and there is little effort made to segregate and consolidate them. There are concerns around the slow procurement and management of programs for the emergency response.

With the persuasion of UNICEF, the government has raised allocation for WASH, especially through soft-loans from the international financial institutions. Official development assistance from the UN agencies and bilateral donors are more frequently used to strengthen country systems – policy development, capacity building, and introduction of innovative/effective approaches.

#### **One information and mutually accountability:**

A government-led Joint Annual Review (JAR) mechanism existed for the National Target Programs until 2015, although the assessment was not following sector wide approach.

The data collection system existed across provinces to estimate annual administrative coverage. The definition of indicators are not aligned to WHO-UNICEF joint monitoring program and monitoring system is weak. With the introduction of SDGs, both the ministries plan to improve the country monitoring framework in line with the internally agreed definitions. Apart from improving the data management system, it is expected to internalize real-time monitoring, with the application of ICT.

#### **Build sustainable sector financing:**

Data are available on taxes, transfers, and tariffs. However, it is difficult to calculate their contribution to the WASH subsector(s). The complication of maintaining expenditure records persists across local to central government. WASH external support expenditure through

international agencies are usually available. Funding from the international financial institutions and bilateral/multilateral donors such as the World Bank, Asian Development Bank, Department for Foreign Affairs and Trade, UNICEF, etc. goes through national budget. In the previous national program, the international funding for rural WASH was lower than 30%.

The rural sanitation sector receives low funding. The behavioral change communication and supply chain strengthening need substantial increase in the recurring expense. With the low funding for the soft interventions and limited access to micro-finance to the rural households, the progress in the rural sanitation subsector remains a challenge. Aiming ODF Viet Nam by 2025 needs substantial increase in the allocation of fund to the ongoing planning period 2016-20.

The operation and maintenance expenditures for water supply schemes are often managed through tariffs, although in several cases the expenditures are partially subsidized.

#### **Priority actions to be taken to ensure the readiness of the sector for the SDGs:**

- Include sanitation targets in the multi-year socio-economic development plans to channel adequate public and private resources.
- Promote integrated nutrition plan with WASH to address stunting and malnutrition.
- Develop well-funded provincial plans to promote ODF; and to professionalize operation and maintenance management and water safety measures for safely managed WASH.
- Ensure financing demand responsive approaches, strengthen supply chains, and increase access to well-funded micro-finance for rural sanitation and water supply.
- Strengthen PPP with favorable government directives to: promote innovations, improve management of services, and strengthen supply chains.
- Revise WASH sector monitoring mechanism, with revised indicators, in line with SDGs.
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### **3. Investment needs, the financial gaps and areas for improving efficiency**

#### **Investment needs and funding gaps:**

Viet Nam will require US\$ X million per year to achieve the rural water, sanitation and hygiene targets. The largest share of the investment will be targeted at capital expenditures in the medium-term and mostly dominated by the investment needs in rural water supply and sanitation. These costs are derived mostly by the population growth and new construction to expand services. Currently the financial gap is estimated US\$XX million.

The deficit in rural sanitation and hygiene is XX%, where the current funding projections cover cost of: community mobilization, supply chain strengthening and quality assurances.

#### **Strategies to close financing gap**

Government of Viet Nam understands the importance of closing the financial gap to accomplish the SDG targets. A combination of domestic revenues, efficient allocations and use of available financing as well as private sector investments are necessary. In addition, inefficiencies must be curtailed those emanating from the rehabilitation of defunct water systems, poor revenue/ tariff

collection, high level of non-revenue water, poor functionality and high operating costs. Increase in efficiency is expected to attract commercial finance to expand coverage and sustained services.

The current contribution of tariffs to operations and maintenance can be further improved, if quality of services is high. To achieve the SDGs and particularly to mobilize additional funding, an aggressive resource mobilization strategy, which combines higher household and public contributions as well as access to commercial financing is needed.

The current recurring investment needs for the ‘soft’ components to be improved to ensure efforts are made in favor of: institutional capacity development, engagement of mass/civil society organizations and private sector, supply chain strengthening, and community mobilization.

#### **4. Planned actions to catalyze progress towards the SDGs – where possible be specific about the lead agency for each action**

Steps the government and partners are prepared to take to make the sector fit for the purpose:

- MOH will persuade inclusion of sanitation in the multi-year socio-economic development plans to channel adequate public and private resources.
- MOH through VIHEMA will support provinces to develop ODF plans with the ambition to eliminate open defecation by 2025.
- MOH will prepare joint action plan to address the issues around malnutrition and stunting; ensuring involvement of National Institute of Nutrition and Viet Nam Health Environment Management Agency.
- MARD and MOH will persuade MOF and MPI for greater allocation of recurring fund in favor of ‘soft’ components.
- MARD and MOH will review and revise existing modalities on PPPs to promote innovations, improve management of services, and strengthen supply-chains.
- MARD and MOH will revise WASH sector monitoring mechanism in coordination with MPI, with revised indicators, in line with SDGs.
- MARD and MOH will introduce ICT based real-time monitoring to improve effectiveness of service delivery.
- MARD, in collaboration with MOH, will introduce sector JAR, with biennial bottleneck and barrier analysis, for improved planning and management of rural WASH

#### **Plans and strategies to reduce the financial gap**

- MARD and MOH will carry out joint advocacy at various levels to improve resources allocation; and to target poorest quintile population, including ethnic minorities and vulnerable groups.
- MARD will promote cost-saving measures and transparent management of utilities. Guidelines will be issued to publish audited annual reports.
- Guidelines for tariff structure will be issued and utilized by 2020; and gradual increase in tariff will be proposed to cater to inflation and cost recovery.