

# SECTOR MINISTERS' MEETING 2019

San José — Costa Rica — 4-5 April



## The Laos COUNTRY BRIEF

*The Country Briefs were prepared by governments ahead of the SWA 2019 Sector Ministers' Meeting. They are a snap-shot of the country's current state in terms of water, sanitation and hygiene, and future targets.*

### 1. Overview

Lao PDR is predominantly a rural country with 67% living in the rural areas. The population of Lao PDR increased by 1.45% annually between 2005 and 2015. During the same period, the urban population witnessed an annual growth rate of 4.04%. By 2015, 33% of people

lived in areas designated as towns.

The 8th National Socio-Economic Development Plan 2016-2020 aims to ensure continued economic growth, and sustainable development along with harmonized economic and socio-cultural development; and environmental protection. It will continue to give attention to rural

development and poverty reduction in accordance with the Sam Sang (3-builds) policy directive in support of decentralization aiming at strengthening provinces, supporting districts, and developing villages into development units<sup>1</sup>.

Population trends %	1995	2005	2015	2020	2025	2030
Urban Areas	17	27	33	40	54	67
Rural Areas	83	73	67	60	46	33
Estimated transition from rural to urban population (assuming 1% urban growth till 2020, and 3% till 2030)						

The 8th National Socio-Economic Development Plan of Lao PDR outlines the direction of the country's development until 2020. Lao PDR has set a target of 90% coverage of access to clean water and 80% coverage with adequate sanitation and hygiene by 2020. To achieve these targets, Lao PDR will require financing estimated USD 247 million in cash and kind up to 2030, an estimated USD 92 million for the next two years to remain on track to reasonable SDG achievement, or USD 46 million annually, to develop sanitation and manage water services and resources for the future. An improved sanitation and hygiene status is critical to the intent of the Government to tackle the high level of malnutrition, with CU5 stunting still at 33% in 2017 (LSIS 2017). Lao PDR has drawn up plans to further reduce open defecation from the

<sup>1</sup> The government decentralization policy through the "3 Builds" policy: strengthening provinces, supporting districts, and making villages development units.

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current 23%. After the development of the WASH policy in 2015, Lao PDR has developed a WASH strategy that aims to raise sanitation and hygiene coverage to 100% by 2030. Good progress has been made in recent years by the WASH sector and associated partners. The achievement of the SDGs will require an extra effort, with a significant household participation to eliminate open defecation and progress to universal basic sanitation services. Poverty and remoteness remain important challenges in raising WASH coverage and ensuring equitable access.

Linked to the national planning process, five major actions are proposed within the SWA engagement to ensure a proactive approach to comprehensive sector progress:

1. Resource mobilization and allocation: Channel adequate public and private resources to rural sanitation and hygiene, and water supply, and initiate safely managed urban sanitation strategy
2. Scale-up strategies in Social Behavior Change Communication (SBCC) and sanitation marketing to eliminate open defecation in rural areas and improve access to basic sanitation level.
3. Raise competency and capacity for the Sector as the foundation for better performance and efficiency
4. Identify and better target resources to improve WASH coverage for vulnerable groups, schools and health facilities through collaboration and convergence with partners' programmes
5. Increase regulatory oversight and monitoring of KPIs in urban water supply and improve quality in order to achieve and sustain the new standards for safely managed services and enable utilities to become attractive for additional financing

## Further,

- Encourage businesses, temples and local authorities in charge of markets and similar facilities to ensure adequate water, sanitation and handwashing facilities for workers and visitors on their premises.
- Create capacity and competence for development, management and sustainability of all WASH systems and assets, including forward looking competence for water security, effects of climate change, and tariff structures.
- Establish a monitoring system fit for purpose with respect to sector status monitoring, district level project identification, providing suitable management information at operational level, and SDG associated criteria

## 2. Vision and targets for the SDGs

In Lao PDR the WASH sector is guided by the National WASH policy 2019. The policy builds on the Water Supply Law 2009 and the National Plan of Action 2012 for Rural Water Supply, Sanitation and Hygiene. Currently a national strategy for sanitation (WASH?) is in the final draft stage. The sector is guided by the Government Vision for “Promoting access to safe and reliable water supply and sanitation for everyone”.

The elimination of open defecation is the sector priority and will be achieved through outreach and promotion to remote and poor communities.

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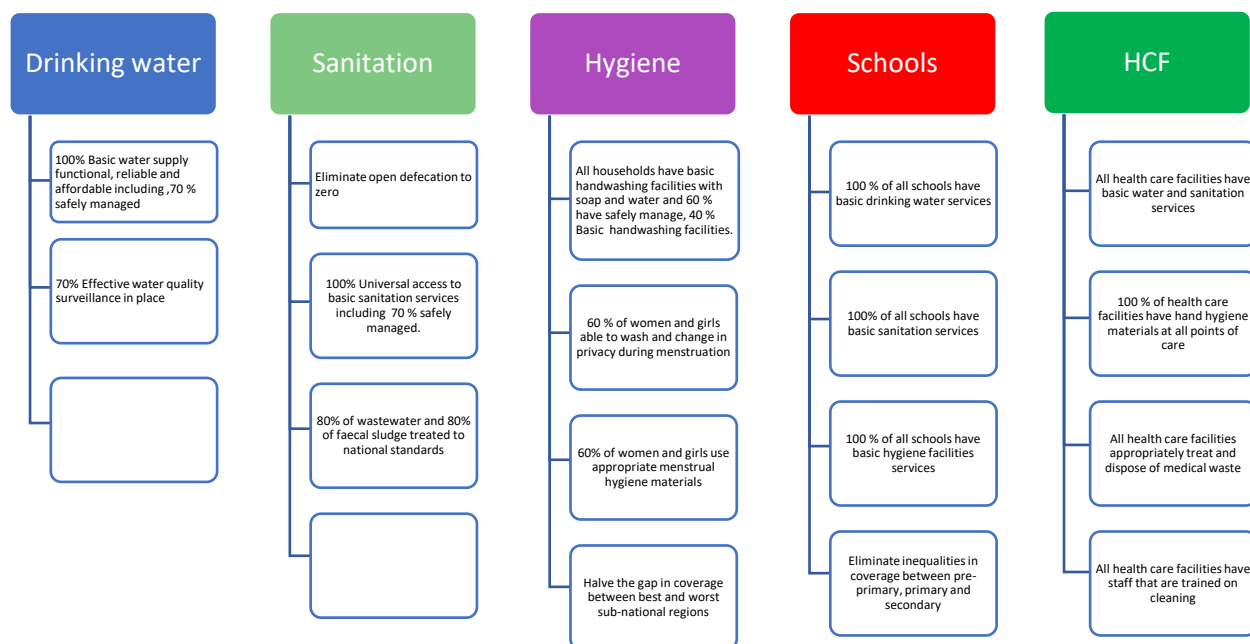


Lao PDR expects to achieve universal access to basic water services and basic sanitation and targets 70% of water and sanitation services safely managed by 2030. Its achievement is a socio-economic necessity and essential to boosting income from tourism.

## National WASH targets for WASH SDG<sup>2</sup>

In 2015, Lao PDR achieved the MDG targets for water and sanitation. The more ambitious WASH targets and standards under the SDGs significantly raises the bar for what is required. Lao PDR will aim to achieve 100% access to basic water supply and 100% to basic sanitation by 2030. The main challenges are (1) extending services and improving water quality and the management of fecal sludge, and (2) raising district level capacity in terms of human resources and capacity to develop and maintain WASH services in remote and poor communities. As service access varies considerable among communities and ethnic groups, targeting of service delivery to reduce inequalities continues to need attention.

Recent sector review shows that the critical bottlenecks to overcome include: weak sector governance and capacity to monitor, particularly the lack of separation of oversight from service provision; a heavy reliance on public financing; human resource constraints; lack of a review mechanism to assess progress on a regular basis; limited multi-year funding agreements from partners which limits predictability of planning. If these are not resolved, progress will remain slow and the SDGs will be missed. The country specific SDG targets are presented in the below graphic and matrix.



<sup>2</sup> Sources: 1) Lao Social Indicator Survey (LSIS 2017); 2) Lao PDR's Rural WASH Strategy, 2019 (draft)

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## WASH in Households

Service levels	Target Pop	Baseline (LSIS II 2017)	Target 2020		Target 2025		Target 2030	
		Basic	Safe	Basic	Safe	Basic	Safe	Basic
Drinking Water	Rural	78,3 %	25%	60%	40%	52%	60%	40%
	Urban	96,7 %	45%	50%	55%	43%	75%	25%
	National	83,9 %	33%	56%	48%	49%	70%	30%
Sanitation	Rural	64,9%	25 %	45 %	40 %	60 %	60%	40%
	Urban	94,1 %	30 %	65 %	55 %	45 %	75%	25%
	National	73,8 %	27 %	53 %	48%	52%	70%	30%
Hygiene	Rural	45,6%	20%	40 %	30 %	60 %	60%	30%
	Urban	73,3 %	40 %	40 %	50 %	40 %	60%	40%
	National	54 %	25 %	40%	40 %	50 %	60%	37%

## WASH in Schools<sup>3</sup>

School WASH	Specific	Baseline (EMIS 2018)	Target 2020	Target 2025	Target 2030
Functional Water, Sanitation and Hygiene (WASH) Facilities in Schools		Basic	Safe	Safe	Safe
	Adequate Water supply & Sanitation	74 %	70 %	90 %	100 %
	Handwashing with water and soap	NA	50 %	70 %	90 %
<b>WASH in Health Care Facilities<sup>4</sup></b>		Baseline 2015	Target 2020	Target 2025	Target 2030
Water, Sanitation and Hygiene		60 %	70%	85%	100 %
Waste management		NA			90%
Environmental Cleaning		NA			80%

<sup>3</sup> Sources: EMIS 2018; Lao PDR's Rural WASH Strategy, 2019 (draft)

<sup>4</sup> Source: Lao PDR's Rural WASH Strategy (draft) 2019

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## 3. Review of the sector – State of the Sector Building Blocks and Collaborative Behaviors

In the last decade, Lao PDR has moved from being classified as a low-income country to a lower middle-income country. It has managed to halve its national poverty rate to 24.8 % by 2015. Since 1999 the WASH sector has gradually developed into an active contributor to national development. Legislation, ministerial guidance, a WASH policy and sector strategies provide directions towards achieving the SDGs by 2030. There are several gaps which need to be addressed in a number of building blocks.

### **[Policy and strategy]:**

While the sector has drafted an overarching WASH policy, the strategies for achieving these will need revision and harmonization for efficiency, and to reflect SDG targets appropriately. The growing role of the decentralized government authorities needs to be further clarified and supported to raise service delivery capacity (Sam Sang Policy<sup>5</sup>). Social service gaps need to be resolved through WASH specific district level plans. The district level plans should reflect a multi-stakeholder approach for investment and sustainability of services, on cost-sharing basis. Special attention is to be given to economically less developed districts and targeted measures to further reduce open defecation.

### **[Institutional arrangements]:**

Apparently the Center for Water Supply and Sanitation (Nam Saat) under Department of Hygiene and Health Promotion of MoH and the Department for Water Supply and Sanitation (DWSS) of the Ministry of Public Works and Transport are the two lead agencies in the sector. DWSS mainly serves the urban sector and collaborates with the Ministry of Health which implements sanitation, hygiene activities, and water supply in the rural areas. Implementation of the WASH policy and WASH strategy have clarified the roles and responsibilities of government agencies at all administrative levels, with emphasis on raising management capacity at district level. An independent regulatory body for water supply and sanitation may need to be established in due course to enhance quality control and good governance. Multistakeholder coordination at national and provincial level needs improvement to enhance monitoring and information exchange for better targeting, and to enhance synergy among complementary programmes.

### **[Sector financing]:**

Lao PDR remains very dependent on external financial sources for investments in the WASH sector (Transfers by international donor agencies). Most of the external funding is provided to urban water supply. This donor dependence creates uncertainty with respect to long-term planning and Human resource development (HRD) requirements for the sector. Public spending for rural WASH has improved in the last few years but remains well below requirement.

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<sup>5</sup> '3 Builds' of Decentralization Policy

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The existing urban water supply agencies (Nam Papa) continue to receive capacity building support for performance improvement and are gradually moving towards full cost recovery.

Financing for sanitation improvements is serviced by individual households, with some exceptions for the ultra-poor and vulnerable. However, public finance should be employed for mass communication campaigns for good WASH targeting SBC, to further develop sanitation markets and establish micro-finance opportunities at local level to leverage affordability of social services in support of leaving no one behind.

Until today, there are still only limited regular financial planning and expenditure/tracking data available for the WASH sector.

Projections of available finances indicate higher allocations and more predictable funding streams from taxes. However, taxes alone will be insufficient to guarantee the aggressive nature of progress which is required to achieve the SDGs. A combination of domestic revenues, more efficient allocations and use of available financing as well as accessing commercial revenue is needed. The most viable options for mobilizing additional resources include accessing domestic private markets and commercial resources. In addition, inefficiencies must be curtailed particularly those emanating from poor revenue collection, high levels of non-revenue water, poor functionality and high operating costs. These make the water and sanitation service providers an unattractive investment for commercial finance which is needed to expand coverage and sustain services. In addition, cost saving measures will be needed particularly by using alternative energy sources for utilities. The current contribution of tariffs to operations and maintenance can be further improved if quality of services is high.

## **[Planning, Monitoring and review]:**

A national WASH sector monitoring system is not in place yet. However, water supply utilities are benchmarking their performance through key performance indicators. For district level planning and asset management a suitable monitoring system for water supply is still needed. Annual feedback from local authorities on the status of sanitation (and rural hygiene) also needs to be established. In consultation with district public health and education authorities an up to date system for monitoring WASH + MHM facilities at health facilities, schools and markets should be set up. With regular joint sector reviews, district level stakeholder meetings and regular analysis and feedback on sector achievements greater respect and familiarity will accrue that will further improve effectiveness of planning and greater cost efficiency.

## **[Capacity development]:**

The WASH has gained profile and increasing capacity with the establishment of the Department of Water Supply. It implements town water supply projects supported by several donor partners and development banks and provides technical assistance to the urban water supply utilities. The Centre for Environmental Health and Water Supply of the Ministry of Health support sanitation, hygiene and point water sources in the rural areas, assisted by INGOs. It also works with the Poverty Reduction Fund. The government agencies and sector partners are nowadays working closer together in support of capacity development and sector coordination. The development of the overarching WASH policy, the Joint Sector Review process and the WASH strategy have generated closer collaboration and understanding among the various

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sector partners. The government has led the process of developing the sector vision policy, which is focused on achieving universal access by 2030.

However, the Sector will need to renew itself urgently as many current staff will retire shortly. The national HRD plan needs to be updated and relevant staff and career development opportunities need to be created. Dedicated training programme will be needed for all sector staff, management committees and the private sector

## **[Coordination]:**

In line with the SWA Collaborative Behaviors, government and development partners are increasingly working together to improve the ways of working in the water, sanitation and hygiene sector. The government has led the process of developing the sector vision and strategy, which is focused on achieving universal access by 2030. The majority of development partners have orientated their programs and funding to the achievement of this government-led strategy. More can be achieved if similar levels of alignment were achieved on the use of country systems. While the government is working to standardize and streamline procurement procedures, development partners will gradually and progressively aim to use the government defined procurement systems. In addition, most funding from development partners is on-budget. The government is working with partners to capture most of the funding on the national and sector plan as well as national budget.

## **4. Country priorities and commitments:**

**Commitment No. 1:** By 2023 all Lao citizen will live in Open Defecation Free Environment in the country.

- External support agency commitments:
- UNICEF's commitment: WASH Bottleneck Analysis to feed into/support provincial planning (at least 2 provinces); Support to develop Sanitation Roadmap; Support to finalize and disseminate the rural WASH strategy
- DP: Align funding and priorities targeting resources to poorest districts by means of.....
- CSO commitments: Identify and implement targeted pro poor approaches that will improve sanitation in poorest and hardest to reach areas
- Academia and Training Institutes' (Research and Learning) commitments: Develop training package on sanitation and Hygiene Promotion and provide training to produce sanitation cadres
- Private sector commitments: Engagement with all stakeholders in outlining the role and responsibility of private sector actors in developing and delivering the Rural sanitation strategy.

**Commitment No. 2:** By 2019 a National WASH Committee is established to provide guidance on WASH policy implementation. (2nd WASH JSR 2017 action point)

- External support agency commitments: Technical support for N-WASHCOM Secretariat including dedicated capacity development activities based on a training needs assessment

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- Represent Private Sectors (Chamber of Commerce etc.) and contribute as member representative to National WASHCOM

**Commitment No. 3:** By 2020 Establish a National WASH Trust Fund to finance for sustainable WASH Service delivery. (2nd WASH JSR 2017 action point).

External support agency commitments: Support to develop Guidelines and Standard Operating Procedure for management of National WASH Trust Fund

- DP: Align funding for WASH Sector financing to achieve national target; provide budgetary support for trust fund (pool of fund); Develop business proposal for private sectors
- CSO/NFA: Mobilize communities (WASHCOM) to raise fund for operation and maintenance
- Academia and Training Institutes' (Research and Learning) commitments: Research and business case development for WASH Innovative Financing
- Private sector commitments: Develop WASH schemes under Build Operate and transfer (BOT) model