

# **SANITATION REVOLVING FUND IN VIETNAM**

Philippines, January, 2013

# LEGAL FRAMEWORK

- Law on Environmental Protection (revised in 2005);
- Decree No. 67/2003/ND-CP; Decree 04/2007/ND-CP;
- Decree No. 59/2007 (solid waste), No. 88/2007 (sanitation) and No.117/2007 (water supply);
- Decisions No. 1929/QD-TTg and 1930/QD-TTg by the PM on orientation for urban and industrial water supply and wastewater development (2009).
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# EFFORTS BY THE GOVERNMENT

- Launched National Target Program I (1998-2005), NTP II (2006-2011), NTP III (2012-2015)
- Launched National Rural Water Supply and Sanitation Strategy (NRWSS) in 2001:

| NTP goals                | By 2015/ Rural areas   |
|--------------------------|--|
| Water supply             | <ul style="list-style-type: none"> <li>* 85% of population use suitable clean water;</li> <li>* 45% use clean water at QCVN-02/BYT (60liters/day/person);</li> <li>* 100% of kindergartens and schools, health station have adequate clean water.</li> </ul> |
| Sanitation & Environment | <ul style="list-style-type: none"> <li>* 65% of rural households have hygienic latrines;</li> <li>* 100% of kindergartens and schools, health station have adequate latrines.</li> </ul>   |

| NRWSS goals              | By 2020   |  |
|--------------------------|---|--|
|                          | Rural area  | Urban area   |
| Water supply             | * Provide 100% of rural population with clean water;  | * 100% of major cities & provinces have suitable waste water treatment facility; |
| Sanitation & Environment | <ul style="list-style-type: none"> <li>* 70% households have adequate latrines;</li> <li>* 100% households practice good</li> </ul> | * 80 – 90% of population have access to waste water treatment service.           |

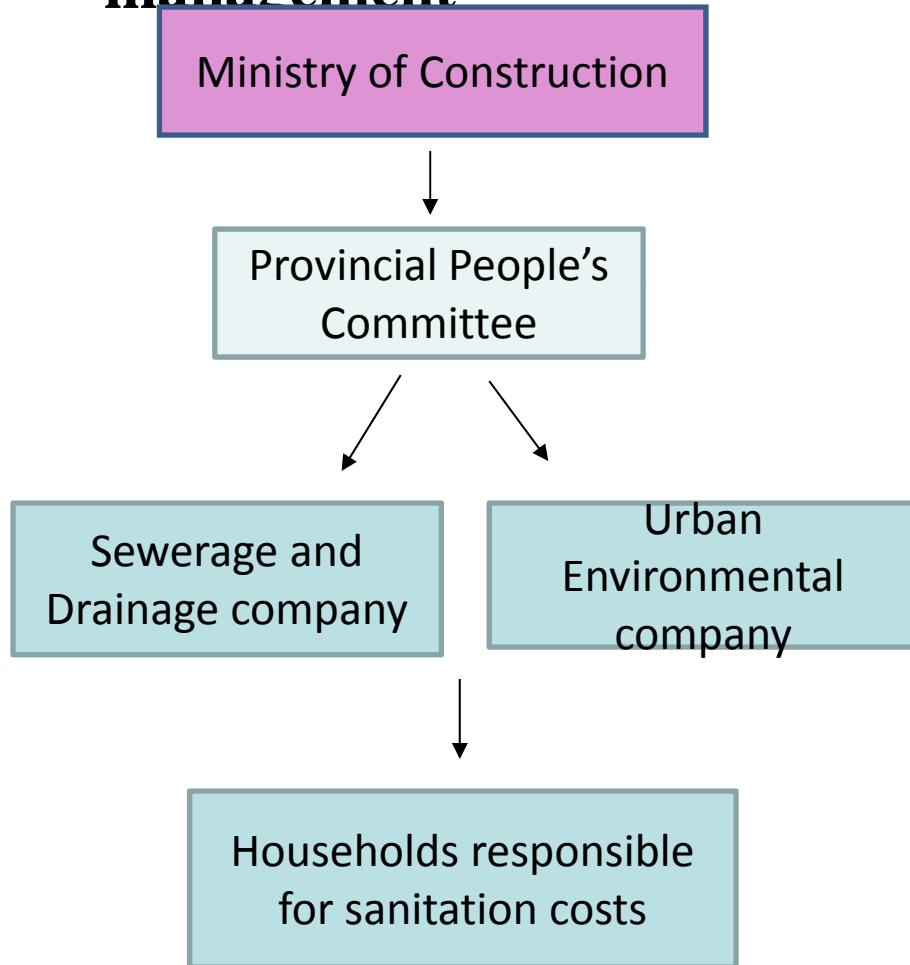
hygiene.

# CONTEXT OF SANITATION REVOLING FUND

## ESTABLISHMENT

- **Poor system of water supply, sanitation and environment in VN, especially in rural areas:** Among 755 cities and towns grade 1-5, big cities: Ha Noi, HCMC, Da Nang, Ha Long... have concentrated wastewater treatment facilities, treating ~ 10% (250.000m<sup>3</sup>/day); 30% of IZ wastewater is treated; 90% of households have suitable latrines (98% in cities); 75% of households in provinces and cities do not have connection to the concentrated treatment system...
- **Needed numbers of investment capital:** for NTP3: \$1.3 billion; for urban area: \$4.3-16.2 billion (up to technology to be used)

## Institutional structure in urban sanitation management



## Sanitation Revolving Fund:

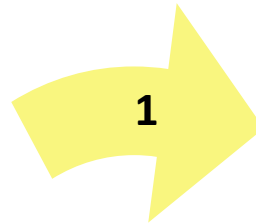
effective way to improve sanitation status of households in both urban and rural areas, especially for the poor.

## Objectives

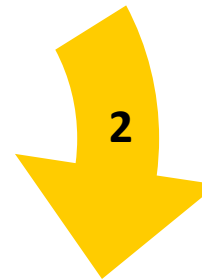
- Reduce environmental pollution;
- Reduce water-borne diseases;
- Increase awareness on the linkage between sanitation, hygiene and health; practice sanitation at household level;
- Increase community responsibility in the environmental protection

# REVOLVING FUND OPERATION

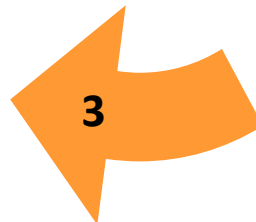
The monthly collected principal and interest is the revolving amount to be provided to new borrowers.



Sanitation Revolving Fund regulate conditions of loan access & identify the eligible borrowers.



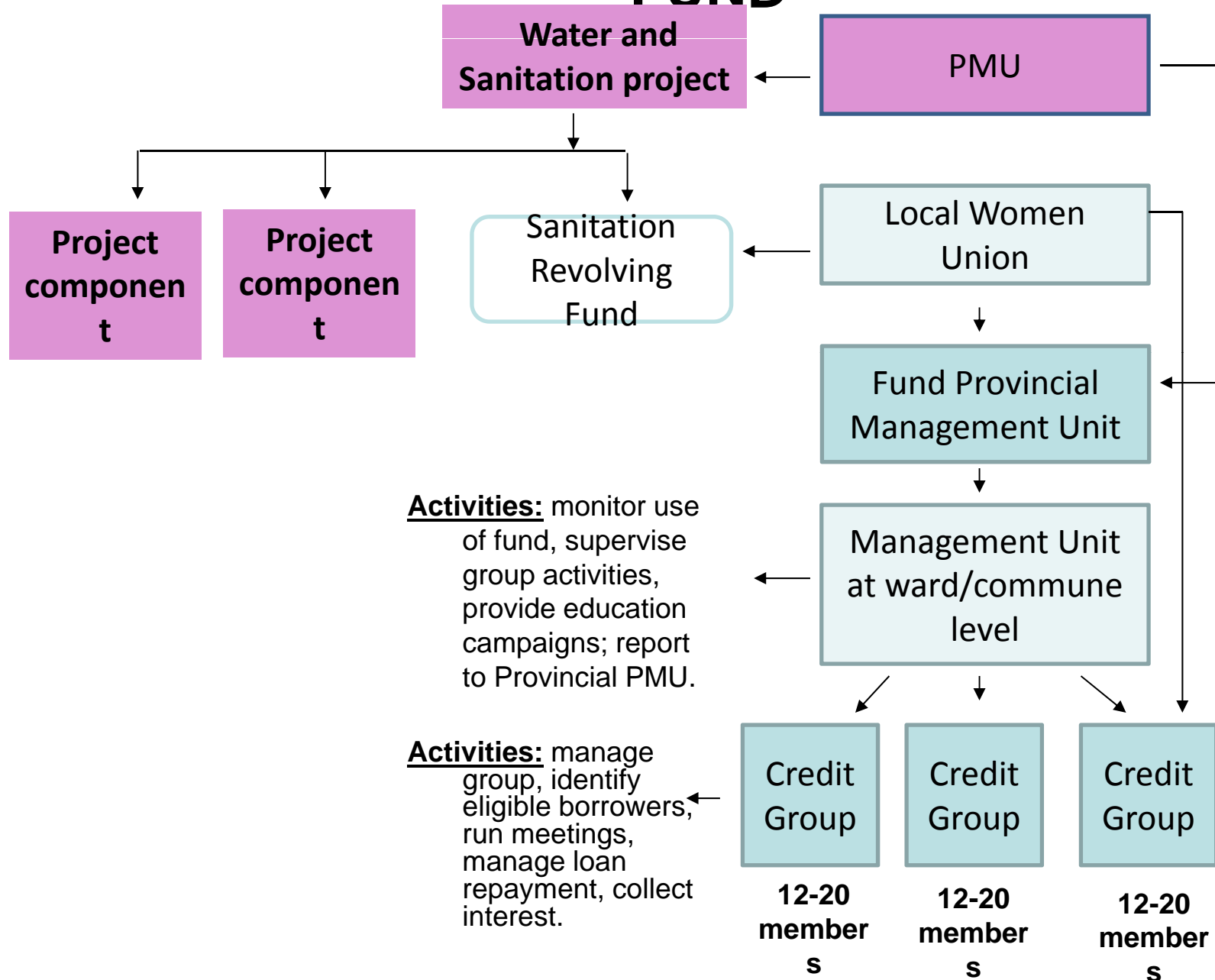
The borrowers access loans; build/improve their sanitary facilities and pay monthly interest.



The Fund Management Unit supervise the loan repayment and provide education materials to borrowers.



# STRUCTURE OF SANITATION REVOLVING FUND



# KEY POINTS

## • OPERATION PRINCIPLES



- Ensure right loan beneficiaries, in line with project goals/objectives
- Loans and loan repayment: voluntary, democracy, publicity, and transparency.

## ELIGIBILITY TO ACCESS LOAN

- Be member of Credit group; having long-term/ permanent residence permit;
- Be poor/marginal poor household;
- Be in need of money for building/improving sanitary works; + be introduced by local Women Union or local authority;
- Be free of outstanding loan/ guaranteed for previous debt;
- Be able to pay back the loan;
- Obey the group principles;

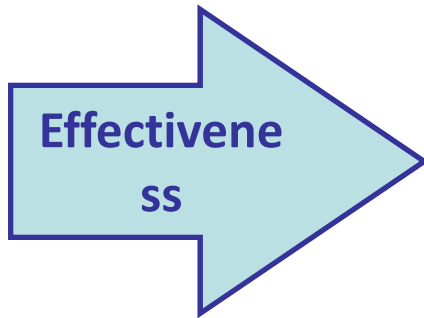


## LOAN COST

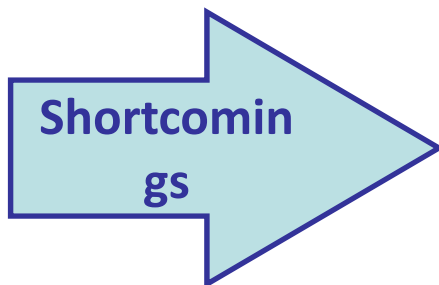
- Loan amount: up to 10 million VND (480 USD);
- Duration: 12-20 months;
- Interest rate: 0.5-0.65% (half of commercial rate).
- Payment: after 1 month since the borrowing date.



## SOME COMMENTS



- Increased number of sanitation coverage: approx 1.5 million households benefited.
- Sustainable access to sanitation service.
  - Increased awareness for local people.
  - Strengthened capacity for Women Union.
- High repayment rate: 99.3-99.6%



- Demand of higher amount of loan;
- Less use of loan for sewer connections;
- Limited access to the fund by the poorest.

# RECOMMENDATION

- Design Sanitation Revolving Fund as a compulsory component in new water and sanitation projects in Vietnam;
- Better allocation of resources to the Fund for more beneficiaries;
- Creation of some special subsidies for extremely poor households to access to the Fund.

## Improvement of sanitary facilities



Sanitary system



Latrine



Gutter



Sanitary equipment

## Training courses



**THANK YOU!**