

MEK-WATSAN: Unique Initiative

With ever-increasing sector demands, donor assistance to the Mekong Region in the water and sanitation sector is now lower, in both absolute and relative terms, than it has been at any time during the past decade. At a time when the Mekong Region is striving to meet its MDGs, this backdrop is a major concern. MEK-WATSAN assistance is considered to be both timely and necessary. It is widely recognised that improving water supply and sanitation is a critical factor for meeting most of the MDGs, including the eradication of extreme poverty and hunger, achieving universal primary education, promoting gender equality and women's empowerment, reducing child mortality, improving maternal health, combating major diseases, and improving environmental sustainability. Thus, increasing access to water supply and sanitation services and improving water resource management are catalytic entry points for efforts to help developing countries fight poverty and hunger, and improve the quality of life for all.

Implementation Strategy

MEK-WATSAN can be implemented in a flexible manner to suit country-specific or project-specific requirements, and can include one or more of the following phases:

- I. **Capacity Building**, which includes
 - mobilisation of political will and advocacy to promote policy, regulatory and tariff reforms, and preparation for investments
 - pilot demonstration projects, improving governance and capacity at all levels of government for effective integrated water and sanitation development and management
 - promotion of water quality, sanitation and hygiene education, and
 - performance benchmarking and monitoring of MDGs.
- II. **Project Preparation**, which aims to identify, develop and prepare investment proposals.
- III. **Investment**, in which the reforms and proposals developed under the other phases would be implemented.

Approach and Guiding Principles

In the development of MEK-WATSAN, UN-HABITAT is seeking:

- **Innovation** – faster delivery mechanisms will be pilot tested and introduced to more quickly achieve targets. Alternative financing mechanisms will be explored to enable the poor to benefit from the interventions, as well as technical and management innovations.
- **Community Involvement** – partnerships will be promoted between all levels of civil society, as well as both the private and public sectors. Involving the community as a partner, and not just a casual observer will ensure that the interventions are community-responsive, and socially inclusive.
- **Replication** – pilot initiatives will be monitored carefully and documented to support scaling up and replication.
- **Rehabilitation** – where systems exist, rehabilitation will form the basis to any expansion programme.
- **Private Sector Participation** – the potential for the private sector to become involved in the delivery of water supply and sanitation services will be explored and tested, such as small-scale independent service providers.

- **Sustainability** – this issue is fundamental to the whole programme. Engendering ownership and building awareness are two of the basic building blocks for sustainability, both within the community and within the local public sector. Capacity will be built within the local authorities and operators to a level that is commensurate with the applied technology. Pro-poor pricing policies and structures, as well as targeted subsidies, will be employed to ensure the poor can benefit from the interventions on an affordable basis.
- **Results-based** – adopting a results-based implementation approach will introduce a measure of real effectiveness. Monitoring and evaluation will be a common theme to all activities and components, which will yield results that can be independently audited.
- **Collaboration/Cooperation** – in addition to partnering with ADB, a dialogue for cooperation has been opened with the European Union, World Bank, and a number of bilateral agencies and non-profit organisations. UN-HABITAT is also exploring linkages with other ongoing initiatives such as the Phnom Penh Plan for Development Management. Under MEK-WATSAN, UN-HABITAT will also seek to build partnerships with community-based organisations (CBOs) and NGOs.

Ensuring Programme Sustainability

- Promoting ownership at local level
- Training and Capacity Building
- Developing Sustainable Structures at Local Level: Clustering of Towns
- Flexibility in Project Planning, Design and Implementation at Town Level
- Integrating Physical Planning with Water and Sanitation, Solid Waste Management and Drainage
- Gender Mainstreaming

Environmental Impact Assessment

Within the framework of the Mekong Basin Initiative, the environmental impact assessment will serve to:

- Ensure that environmental assessments are integrated in the project especially in the engineering design of water supply and sanitation but also with regard to solid waste management. To establish (drinking) water treatment plants, sewage treatment plants and landfills more land is to be set aside and a variety of environmental impacts can emanate from those. Therefore, UN-HABITAT is trying to anticipate negative environmental impacts from physical investments initiated under its projects and to amend the investment plans accordingly.
- Ascertain that negative environmental impacts from physical investments are minimised as much as possible.

Progress so far

Since the beginning of 2005, some 3-4 towns have been selected in each country for rapid technical and institutional assessment, based on criteria such as need and poverty. Following these assessments, which were supplemented by information obtained from key informant interviews, investment reports have been developed for funding consideration. So that investment proposals are appropriate, rapid sector assessments were carried out to set out policy and regulatory frameworks and identify any constraints. Subject to funding availability, it is expected that this initial phase of MEK-WATSAN will move into the next phase of preparation in late-2005/early-2006. It is envisaged that MEK-WATSAN will develop into a much larger programme over the course of 2005/6, and a 3-year rolling plan is now under development in consultation with all MEK-WATSAN members and partners.

Fast-track Activities

Since starting the rapid assessments, and at the request of the participating members, MEK-WATSAN has been able to support a fast-track activity in the town of Xieng Nguen in Lao PDR. This is a community-based initiative in which the community and the local service provider are each contributing around 20 per cent each to the overall cost of the water supply and sanitation intervention. This pilot project will be a very useful demonstration of how communities can mobilise and work effectively with local authorities to meet MDGs. UN-HABITAT is providing \$250,000, as well as technical assistance.

The initiative will benefit the target population within a short period of nine months. The formulation of more fast-track proposals in other countries are also under way.

The Mekong Water and Sanitation Initiative

MEK-WATSAN



A Regional Programme of the UN-HABITAT Water and Sanitation Trust Fund
Supporting Secondary Urban Centres in the Mekong Region to Achieve the Millennium Development Goals on water and sanitation



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Background

It was widely recognised at the 2002 World Summit on Sustainable Development in Johannesburg that the current global water crisis is a major threat to economic development, poverty reduction, and world peace and stability. In Asia alone in the year 2000, around 670 million people lacked access to safe water, and 1.9 billion lacked access to basic sanitation. This major concern at the summit gave rise to a declared endorsement and renewed commitment to achieving the Millennium Development Goals (MDGs) agreed in 2000, the most significant being to *halve the numbers of people without access to safe water and basic sanitation by 2015*.

Responding to this challenge, in 2005 the United Nations Human Settlements Programme (UN-HABITAT) initiated the development of the Mekong Region Water and Sanitation Programme for Secondary Towns (MEK-WATSAN). This initiative is a collaborative effort between UN-HABITAT and the governments of the Mekong region, which seeks to work with other development partners in the region, one of the most significant being the Asian Development Bank (ADB). The whole philosophy of MEK-WATSAN is to support participating governments attain their water and sanitation related MDGs. At this stage, the participating members of the Mekong region are Cambodia, Lao PDR, Vietnam and Yunnan (People's Republic of China [PRC]).

Overview of the Region

The term **Mekong region**, which is now home to some 250 million people, generally refers to the geographic area centred around the world's 12th largest river, the Mekong. The economy of Thailand is an important part of the region's growth, but the emerging transitional economies of Cambodia, Lao PDR, and Vietnam are now leading to higher regional economic growth, which is predominantly urban-based.

The Mekong Region Countries and the River



Source: UNEP – Greater Mekong Subregion Atlas of The Environment

Need for MEK-WATSAN

National coverage levels for urban water supply in Lao PDR and Cambodia are less than 30 per cent and 40 per cent, respectively. Although these figures are low in themselves, as national averages, they mask a critical situation in the secondary towns of these countries. In Lao PDR, some 100 of a total of 145 district or secondary towns have no access to safe water, and in Cambodia, only 11 per cent of the provincial urban population has access to basic sanitation. Although the situation would appear better in the cases of Vietnam and Yunnan, each respectively having around 60 per cent and 70 per cent coverage, the secondary towns face a similar situation to their smaller neighbouring countries.

Although water supply and sanitation programmes are currently underway in the Mekong Region, current levels of investment are grossly inadequate. Secondary towns, which have been starved of investment for decades, are particularly in need. With limited budgetary resources, governments are severely constrained in their ability to meet the needs of these secondary towns. Private sector participation may hold the key, but serious financing challenges lie ahead, as the secondary towns are home to many poor immigrants. Urbanisation presents yet a further challenge. It is currently out-pacing the development of water supply and sanitation and, at current rates of investment, percentage coverage rates are set to fall substantially before 2015. It is clear that some countries will not meet their MDGs by 2015, unless there is a paradigm shift in the levels of investment and in the commitment of the governments to implement reform.

Challenges facing the Mekong Region

Urbanisation

Urbanisation is placing an enormous burden on many secondary towns in the Mekong Region, which will become ever more onerous as we move toward the MDG target year of 2015. Urban areas are growing at rates of 4.3 per cent in Cambodia, 4.9 per cent in Lao PDR, and 3.6 per cent in Vietnam. These rates, which are around 2.5 times the national population growth averages, are projected to increase the urban population of the Mekong region by 50 per cent by the year 2015. The vast majority of the new urban citizens are the poor, newly-arrived rural migrants. They invariably have to pay higher prices for their water, or use unsafe water, as well as endure unsanitary conditions.

Although urbanisation drives economic growth, it brings with it serious challenges. Without policy and institutional reform, there is a real risk of urban services becoming unsustainable, leading to environmental degradation and serious health problems. These outcomes ultimately undermine the competitiveness of towns and cities, and make them less liveable.

Poverty

Although relatively high economic growth rates are making inroads into reducing poverty, the statistics indicate that there are still major causes for concern. The percentage of people living below the poverty line (less than one dollar/day) is still as high as 29 per cent in Vietnam and 36 per cent in Cambodia. In addition, poverty has a further dimension, that of access to basic services, such as water supply and sanitation. Secondary town coverage rates are invariably much lower than the national averages. The poor not only have low incomes, but they have little or no access to safe water and basic sanitation, which adversely impacts on their health and productivity, and perpetuates the poverty. The opportunity to rise out of this poverty trap is constrained by the limited capacity of local governments and authorities to sustain or expand access to safe water and basic sanitation.

Environment

As the urban cities and towns in the Mekong region have grown over the past decades, so has the level of pollution that these settlements discharge into the local waterways. Governments, both local and central, as well as service providers have not been able to adequately manage wastewater discharge from urban centres, especially secondary towns. Low levels of revenue generation that barely support operation and maintenance undermine the institutional and human resource capacities necessary to sustain the delivery of services, whilst protecting local environments. Gross Domestic Product (GDP) growth in the Mekong Region is now heavily biased toward industry and services, reflecting the urbanisation trend. Without adequate consideration of the potential adverse impacts of inadequate sanitation, local waterways may become unusable as raw water sources.



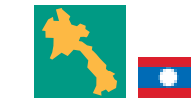
Water and Sanitation in the Mekong Region



Cambodia

The situation in Cambodia with regard to water and sanitation services is a serious concern, especially in rural areas and secondary towns, where a large part of the population, and particularly the poor, remain unserved. Of increasing concern recently, is the high-levels of arsenic that have been detected in some of the existing wells across the country.

To address this issue the government has taken several steps, one of the most critical being the formulation of a national policy on Water Supply and Sanitation, which was approved in February 2003, and which covers issues such as private sector participation, financial sustainability, protection of the poor, decentralisation and regulation. The challenge now is to operationalise these policies. In view of the task at hand, the government allows and encourages private service providers to participate in the sector, even though the legal and regulatory frameworks are not yet adequately developed. Some are very small, and informal, but some are on a larger scale, and operate under a license from the Ministry of Industry, Mines and Energy (MIME).



Lao PDR

With the exception of the capital, Vientiane, and the other provincial capitals, water supply and sanitation coverage in secondary and district towns remains a major concern for the government. Relatively high unit capital costs and large numbers of poor pose a special challenge for the government. The National Growth and Poverty Eradication Strategy (NGPES) under which all development programmes are implemented has identified water supply and sanitation as one of four high priority sectors to be developed in order to meet the government's economic growth and poverty eradication objectives. To meet this goal, the government has prepared an urban water sector investment plan to guide development for the period 2005-2020. The plan, which is estimated at \$266 million, will serve an additional 1.95 million urban inhabitants, and is mainly focused on small- to medium-sized towns. Realisation of the plan will need a sustained investment effort over the next 15 years.

Lao PDR recognises that it will need the support of the private sector to meet its MDGs, and has embarked on an ambitious goal to establish a regulator before inviting private entities to participate on a formal basis.



Vietnam

Vietnam has experienced relatively high economic growth in recent years, with rapidly developing urban centres. Much of this urbanisation is based on newly arrived rural migrants, who place considerable demands on the town's urban services. The government is trying to address this problem through its Comprehensive Poverty Reduction and Growth Strategy (CPRGS), 2001-2005, which has targets of 80 per cent coverage for urban water supply by 2005, and 100 per cent coverage for sanitation by 2010. It is widely recognised however, that these targets are overly optimistic and will need to be revised. It is estimated that of the estimated \$8billion required to meet the 2010 development targets, only \$230million/annum is being invested at this stage.

The institutional and enabling frameworks have not attracted much private sector interest at this stage. Consequently, the government is considering a concept that involves unbundling existing water utilities and corporatising them, with a view to improving their performance.



Yunnan Province of PR China

Although water supply and sanitation programmes are currently underway in the Mekong Region, current levels of investment are grossly inadequate. Secondary towns, which have been starved of investment for decades, are particularly in need. With limited budgetary resources, governments are severely constrained in their ability to meet the needs of these secondary towns. Private sector participation may hold the key, but serious financing challenges lie ahead, as the secondary towns are home to many poor immigrants. Urbanisation presents yet a further challenge. It is currently out-pacing the development of water supply and sanitation and, at current rates of investment, percentage coverage rates are set to fall substantially before 2015. It is clear that some countries will not meet their MDGs by 2015, unless there is a paradigm shift in the levels of investment and in the commitment of the governments to implement reform.

In more recent times, the government has realised that the participation of the private sector not only mobilises more resources, but can also introduce higher levels of technology and management expertise. The water and sanitation sectors therefore, are now welcoming private sector participation, such as build-operate-transfer (BOT) initiatives.

MEK-WATSAN Goal

MEK-WATSAN's fundamental goal is to improve the living condition of the urban poor in the Mekong Region and protect local environments.

MEK-WATSAN Aims

To meet its overall goal, MEK-WATSAN will aim to:

- expedite pro-poor water and sanitation investments in secondary towns;
- enhance institutional and human resource capacities at local and regional levels;
- operationalise sector reforms;
- enhance capacities of local private sector entities in service delivery;
- reduce the adverse environmental impacts of urbanisation on local environments;
- support economic development in secondary towns through improved water and sanitation, and related income generating activities, and;
- support cooperation between the countries of the Mekong Region, and thus economic development.