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**Parallel Session 9**

**II8 – Institutional Issues**

**Thursday 28<sup>th</sup> October 2004**

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**Pro-Poor Water Supply Legislation  
Development for  
Public-Private-Community  
Partnerships in Lao PDR**

**30<sup>th</sup> WEDC Conference**

**‘People-Centred Approaches to Water and Environmental Sanitation’**

**25-29 October 2004, National Cultural Hall, Vientiane, Lao PDR**

- National policy and strategy for growth and poverty eradication to move from least-developed country status by 2020.
- Policy states provision of sustainable water supply services to 90% of urban, small town and rural communities by 2020.
- Currently more than 80 small towns and 5,000 remote villages lack water supply services.

- Need to mobilize new management and financing mechanisms to attain access to sustainably operated and maintained water supply services to reach the 2020 target presented in the National Growth and Poverty Eradication Strategy (NGPES).
- This presentation gives an overview of recent government-led studies to develop pro-poor water supply legislation.

## **Strategies**

- National Strategy for Rural Water Supply and Sanitation, launched 1997, revised June 2004.
- There is currently no detailed strategy for urban water supply.

## **Policy**


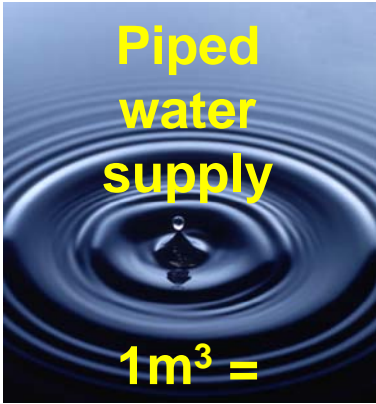



- Both urban and rural water supplies are covered by an overarching policy for 'Management and Development of the Water Supply Sector' (Prime Ministerial Decision, No. 37/PM).

- Cost of water from unregulated small-scale independent providers (SSIPs) in **poorer small towns** with no formal water supply services is expensive at **10,000 - 15,000 Kip/m<sup>3</sup>** (equivalent to about US\$1.00 - 1.50/m<sup>3</sup> )
- This compares to about **1,700 Kip/m<sup>3</sup>** (equivalent to about US\$0.16/m<sup>3</sup> ) in the larger, **wealthier urban centres**

*Pro-Poor Water Supply Legislation Development for*

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| <b>Rural<br/>Community</b>   | <b>Urban piped<br/>water<br/>(State Enterprise)</b>  | <b>Small<br/>Town<br/>SSIPs</b>   | <b>Bottled<br/>drinking water<br/>(Private<br/>factory)</b>  | <b>Bottled<br/>drinking water<br/>(Private<br/>factory)</b>   |
|--|--|---|--|---|
|  <p><b>Public<br/>Standpost</b></p> <p><b>1m<sup>3</sup> =</b></p> |  <p><b>Piped<br/>water<br/>supply</b></p> <p><b>1m<sup>3</sup> =</b></p> |  <p><b>200 litre drum<br/>x 5 drums<br/>@ 2,000 Kip</b></p> <p><b>1m<sup>3</sup> =</b></p> |  <p><b>20 litre<br/>bottle<br/>x 50 bottles<br/>@ 5,000 Kip</b></p> <p><b>1m<sup>3</sup> =</b></p> |  <p><b>0.75 litre<br/>bottle x<br/>1,333 bottles<br/>@ 2,000</b></p> <p><b>1m<sup>3</sup> =</b></p> |
| <b>0 Kip<br/>(US\$0)</b>   | <b>1,700 Kip<br/>(US\$0.16)</b>  | <b>10,000 Kip<br/>(US\$0.94)</b>  | <b>250,000 Kip<br/>(US\$23.58)</b>   | <b>2,666,000 Kip<br/>(US\$251.51)</b>   |

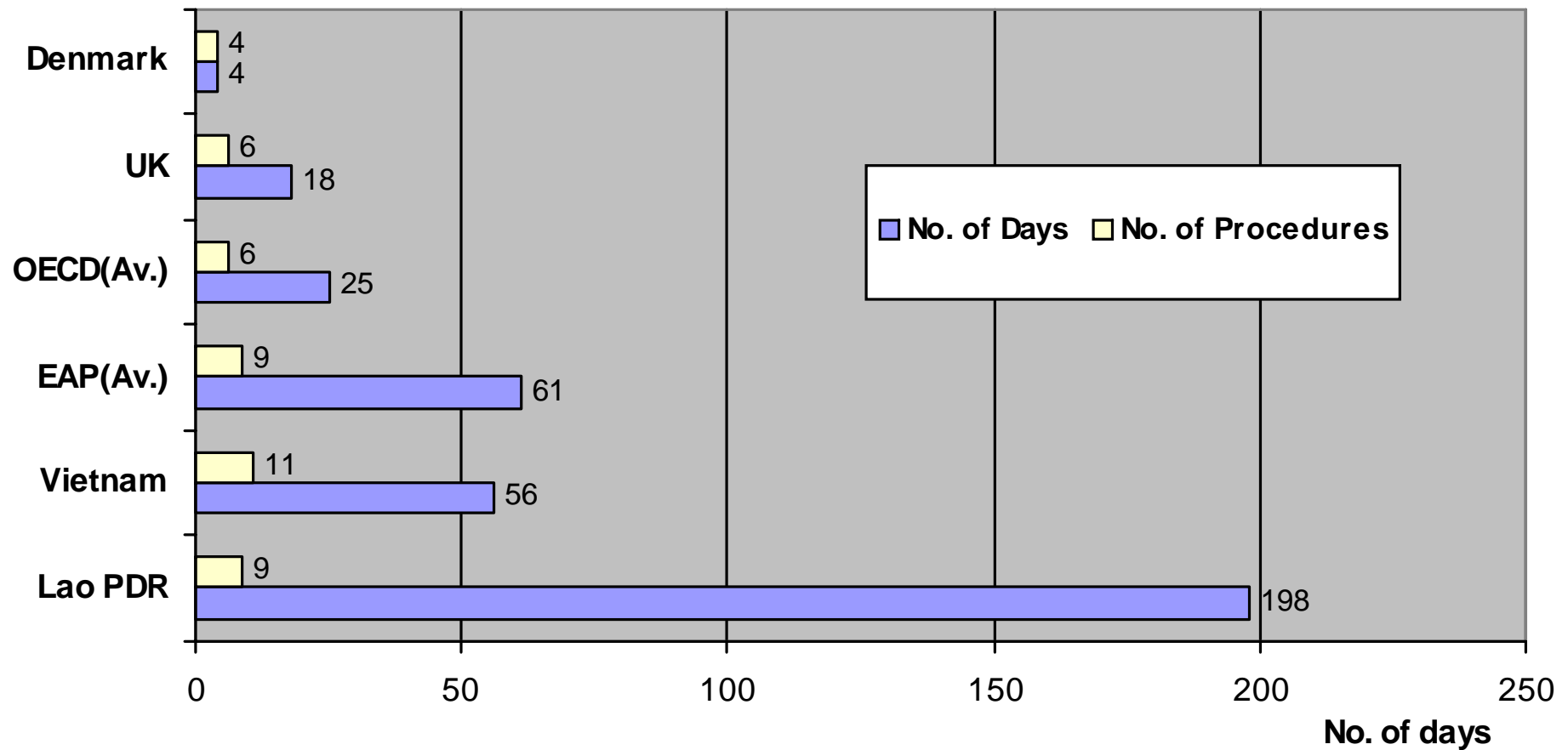
**The price of 1m<sup>3</sup> of water from different suppliers in Lao P.D.R.**

Source: WASA (June 2004)

- There are a small number of existing private investments in water supply in Lao PDR
- tend to be build-own-operate (BOO) type contracts.
- These are simple contracts based on shared private and community financing, with a high level of trust between the partners.
- The model is not widespread due in part to limited financial resources and the high costs of commercial debt.

- GOL has recently enacted a new decree on the promotion and development of small and medium sized enterprises (Decree No.42/PO, 20 April 2004),
- new banks for entrepreneurs (refer Article 8 of this Decree) will be established to encourage local business development and reduce the time to start a new business

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**Number of days and procedures to start a business**

Source: World Bank 2004

## **Development of a Water Supply Law**

The concerned actors in the sector are now looking to see how an overarching water supply law can be developed that reflects on-going developments in both the rural and urban sectors.

### **Total registered businesses nationally** (informal sector not recorded)

|                                |              |
|--------------------------------|--------------|
| Bottled Drinking               | 188          |
| Water Factories                |              |
| Ice Factories                  | 362          |
| Construction Companies         | 427          |
| Shops (Construction Materials) | <u>283</u>   |
| <b>Total</b>                   | <b>1,267</b> |

### **Not currently interested in water supply due to**

- lack of guarantees,
- difficult access to credit, and
- lengthy and complicated administrative procedures

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## **Identified legislation related to water supply**

**There are more than 100 identified Lao legal instruments related to water supply that need to be analysed to assist in improving the enabling environment for implementing water supply services in Lao P.D.R.**

| <b>Type</b>                    | <b>Number</b> |
|--------------------------------|---------------|
| 1. Laws                        | 29            |
| 2. Decrees                     | 35            |
| 3. Orders                      | 1             |
| 4. Decisions                   | 7             |
| 5. Ministerial Orders          | 3             |
| 6. Provisions                  | 10            |
| 7. Regulations                 | 4             |
| 8. Strategies                  | 4             |
| 9. Notices and others          | 8             |
| <b>TOTAL</b>                   | <b>101</b>    |
| 10. Legislations not yet found | 14            |