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SUSTAINABLE ENVIRONMENTAL SANITATION AND WATER SERVICES

Development of small towns' management models

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THERE ARE PRESENTLY 2 agencies in Lao PDR principally responsible for WSS service provision. In urban centres, the Urban Water Supply State Enterprises (known as Nam Papa) are responsible for operating and maintaining constructed utilities on behalf of each province. Overseeing the planning of these services in the urban centres is the Department of Housing and Urban Planning (DHUP) in the Ministry of Communication, Transport, Post and Construction (MCTPC); and in the rural areas the National Centre for Environmental Health and Water Supply (NEW) in the Ministry of Public Health (MoH). The urban and rural WSS sectors have functioned separately in the past.

Until 1999, all activities were centrally controlled, but within the Government's decentralization program, responsibility has been passed to each province for developing the necessary strategies, to the districts for planning the activities and to the communities for implementing projects.

In line with the process of deregulation, the Government set up a regulatory authority in 1999, the Water Supply Authority (WASA), to oversee the developments in the water supply sector. This Authority is focusing mainly on the urban sector at present.

There is no national agency directly responsible for sanitation in urban centres countrywide.

There are four major challenges facing developments in the WSS Sector, particularly as they relate to small towns:

- lack of institutional capacity and qualified persons, particularly at the district level;
- lack of basic infrastructure services (transport, markets, electricity, telecommunications);
- lack of private companies that can supply materials or survey, design, construct and operate WSS facilities;
- lack of an enabling legislative and regulatory framework for the involvement of the private sector or communities.

National context

The population of Lao PDR lives predominantly in the rural areas of the country, with only 23% of people living in urban centres. Urbanization is beginning to increase steadily.

The current annual population growth is 2.8%, the highest in ASEAN countries, which means that the population of Lao PDR will double by the year 2025. This rapid increase is already affecting the environment through the increased use of natural resources. In remote areas, water supply infrastructure hardly exists, while there is a lack of access to adequate sanitation facilities. Lack of safe water supply, poor sanitation and inadequate hygiene are still leading factors for the high mortality in children under 5 years old in Lao PDR.

There are 143 settlements in Lao PDR that are currently classified as urban centres. The five largest settlements (which include the capital city, Vientiane, and the four secondary towns, Luang Phrabang, Khanthabouly, Thakek, and Pakse) are situated along the Mekong River. These five settlements account for some 45% of the total urban population. When taken together with the 13 other provincial centres, the main urban cities and towns encompass 58% of the urban population. The remaining 42% of the urban population (or 9% of the total population) lives in 117 small district centres or towns, ranging in size from 19,000 people (Seno, Savannakhet Province) to just 300 people (Samuoi, Saravane Province). More than 90 of these small district centres are without a piped water system with house connections.

The Government does not apply a formal definition of small towns in Lao PDR. The Lao language does not include concepts for 'small towns' and 'multi-village' (as understood globally).

There are several other terms related to 'settlements' that also do not exist in Lao PDR. Perhaps historically, due to the small population and low population density, there has been no need to define these terms. However, now that the urban population is growing, the need to define these terms for common understanding for the development of policies, regulations and new management models has become more urgent. According to current criteria developed for the WSS sector, small towns will have to fulfil the criteria that the population must be from 4,000 – 20,000 by the year 2010 to qualify for a Nam Papa. Data from the analysis of the population distributions clearly shows that, a significant number of more than 50 small towns will have a population less than 4,000 by the year 2010.

Some of these settlements might be genuinely urbanised though small in size; others could be more underdeveloped and might suit a multi-village approach. Should these be public, privately or community managed? How will the systems grow and adapt to changing needs over time? These are fundamental questions that need to be addressed to ensure equitable delivery of services to these smaller and generally poorer urban communities.

Management models development

There is currently only one main management model being used in urban centres in Lao PDR. Improvements to this model are currently being implemented.

The State-owned Enterprises (known as Nam Papa) currently manage all urban water systems. Until 1998, these were all centrally organised by Nam Papa Lao headquarters in Vientiane. The Government of Lao PDR has recently introduced a policy on decentralisation and the eradication of poverty. Following the promulgation of the Prime-Ministerial Decision on 'Management and Development of the Water Supply Sector' and this process of decentralisation, each province is now responsible for water supply within its own boundaries. As the province is the owner of the facilities, and the State-owned Enterprise is the operator, this can be described as a Delegated Management Model.

In urban centres, the Provincial Nam Papas have full financial autonomy and can organize their own budgets independently of the government system. In the case of water supply facilities, these assets belong to the province. The Nam Papas have responsibility for capital investment, for management and operation on commercial principles, and for maintenance and renewal.

In rural areas, users are expected to contribute towards the capital costs of a WS scheme and sanitation facilities through in-kind labour and local materials, and sometimes cash. They are also responsible for operation and maintenance of water supply and sanitation facilities. However, there is no legislation that directs how this should be organized at the village level for WSS services.

The fact that all urban water utilities follow the same management model and that only a relatively small percentage of the urban centres have been covered, means that Lao PDR is in an unique position to be able to introduce and develop policy, regulations and community participation techniques for small towns and multi-village systems that are distinctly Lao and can be put in place before the remaining infrastructure works begin.

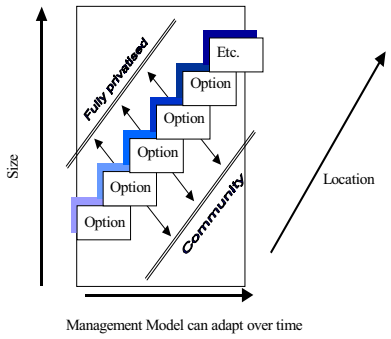

Figure 1. Management model

In Lao PDR, although the main focus has been to promote the 'delegated management model' through Nam Papas, the local government institutions have tried to experiment with some other management models with the support of various External Support Agencies (ESAs). These pilots were conducted in isolation and, therefore, have not made any overall impact on the Government's decision-making process.

The project cycles for the small towns with completed WS systems were mainly undertaken at central level. They were all initiated before the process of decentralisation and before the setting up of WASA in 1999, which has now been delegated the responsibility for setting technical specifications and standards.

Management Models Development in Lao PDR

WASA, URI and Nam Saat, together with line agencies and sector partners, have recently begun to address the issue of a comprehensive management model that could serve different levels of population and have many management approachesmodels within an overall guiding national framework. A National Consultation Workshop, supported by the World Bank Water and Sanitation Program – East Asia and Pacific, was held on December 13, 2001 that brought senior colleagues from the urban and rural sectors together for the first time to share lessons learned, bring experience of other management models (including the private sector) and discuss aboutplan the next steps forward.

At an East Asia and Pacific regional meeting in February 2002, supported by WSP-EAP, senior Lao PDR Government officials (responsible for the urban and rural water and sanitation sectors) were able to discuss issues affecting the development of models for small towns. The participants talked about the 'grey' area that exists in the present administrative definition of small towns and how this relates to the definition of 'urban' and 'rural' settlements. The ideas discussed at this meeting have resulted in this proposed outline diagram (see Figure 1) to develop models appropriate for Lao PDR. The diagram is based on the premise that 'urban' approaches can be used in villages and 'rural' approaches can be used in towns; but the choice for the type of management model comes from the users. Hence, the models need to be demand – responsive, be able to adapt over time, and be flexible to changes in location.

Institutional arrangements

Ownership

Nam Papa is responsible to the Provincial Governor and Governor's Office; but there does not appear to be any formal regulation or license stating the ownership of the Nam Papas by the provinces or how other operators might apply for a license if wanting to set up a water supply business, either in the urban or rural areas. In the rural area, ownership is usually defined through a village agreement, signed between the Province, District and village. However, there are potential conflicts when many partners are involved in supporting or contributing towards the WS facilities (e.g. community, Government [province and district] and ESAs). With the prospect for mixtures of public / private / community management in future small towns and multi-village systems, these issues will need to be clarified.

Institutional setting

Table 1. GOL administrative levels

Level	Responsibility(for WSS Sector)
Central	Regulation*(WASA)*
1 Prefecture and 17 Provinces	Strategies *(Nam Saat for rural WSS; Nam Papa for urban WS)*
141 Districts and1 Special Region of Province	Planning andFinancing *(Nam Saat for rural WSS; Nam Papa for urban WS)*
10,089 Villages	**Implementers***(Community and Private Sector)*

Utility organization

The utilities differ in management set-up in each town and this could be clarified by learning from good examples of management in each utility.

Nam Papas are regulated within the provinces through the 'Business Law 42/PR'. Each of the provincial Nam Papas visited for the study was responsible to a *Water Administration Board* consisting of 5 persons, although there are no specifics in the Business Law defining how this Board should function in relation to the water supply sector.

National strategy and principal stakeholders in the sector

There has been no national strategy combining both the urban and rural water supply sectors. Both areas have functioned separately; urban water supply through the MCTPC (WASA, DHUP and the Nam Papas) and rural through the MOH (Nam Saat).

The small town and urban water supply and sanitation sector has been without an overall guiding detailed strategy, although with the setting up of WASA in 1999, the Sector Investment Plan (SIP) for the priority urban towns has been developed. However this plan does not address the needs of the smaller, poorer urban communities. Different levels of small towns or multi-village systems have not previously been recognised as distinct.

Small towns are not specifically mentioned in any government legislation on water supply, although they are referred to in the SIP. It is anticipated that by the year 2020, through the SIP, 80% of the urban population will have access to clean water (see Boxes 10 and 11, and page 10). There are no set standards for daily water consumption levels, although a 'per capita consumption figure of 120 lcd has been proposed.

The main actors involved at the National, Provincial, District and Village levels in the water supply and sanitation sector are summarised in Figure 3. At the National Level, there are a number of existing laws, decrees and regulations that are generally understood by the main actors. However, at other levels there is a need for clarification of responsibilities, and communication to explain the existing situation.

Provincial level

Provincial Governments (who own the small town water utilities) have a number of duties to fulfil that are not clearly defined related to water supply, wastewater, sanitation and environmental hygiene.

Community level

Although community awareness and participation are mentioned in No. 37/PM, there is no regulation that gives rights to the consumers, especially to establish the Water and Sanitation Committee and to handle community funds.

Sanitation sector

There is no detailed law or regulation dedicated to roles and responsibilities for the sanitation sector in the urban area, and the institutional set up for this is not yet clear. Nam Saat is responsible for sanitation in the rural area.

Social assessment

In the past, community involvement seems to have been limited to social-economic household questionnaire surveys and Community Awareness Programmes (CAP) that are done prior to construction. There seems to have been little involvement of communities in the process of choosing the water and sanitation facilities or measuring the service quality.

Users need to be involved in the process to choose the level of service they want based on willingness and ability to pay, fully understanding the tariff payments and future recurrent costs. WASA is currently looking into ways of developing a government system for this in the urban / small town / multi-village setting, in association with the existing process being implemented and developed by Nam Saat in the rural areas.

Case study methodologies

This is the first time the Government undertook a study on small towns management models in the country. The Field Study Team from WASA and URI conducted the research in the four small towns using innovative research techniques such as the Methodology for Participatory Assessments (MPA), the Global Small Towns Study Methodology, and Benchmarking that built on existing government methodologies.

Government staff completed all research, data collection, community meetings, workshops and reports for this Small Towns Study, with support from WSP-EAP.

Global small towns study methodology

As part of the Small Towns Global Study, Hydroconseil developed a questionnaire as a tool for gathering data. In

Lao PDR, there are very few people outside of the capital, Vientiane, who can speak English. Also, there was an existing, but less detailed, Government questionnaire format. The Technical Team decided to combine both of these questionnaires into a single format, and this was translated into Lao language.

Benchmarking

'Benchmarking' is a new concept in Lao PDR, but is now being promoted by WASA as a tool for the future for comparing water utility standards nationally. The Technical Team were able to access the support of the World Bank 'Benchmarking' unit and its Start-up Kit. The computer programme developed for 'Benchmarking' was translated into Lao and a hard print copy was completed by each of the Nam Papas visited. The data were recorded into the computer programme. The benefit of using this system to compare data not only nationally, but also internationally, has been of importance in gaining acceptance of this process from the water utilities themselves in Lao PDR.

Methodology for participatory assessments (MPA)

The village is the central unit of life and administration in Lao PDR. It is called the 'ban' in Lao language. Within the urban centres, the 'ban' remains a distinct unit. The system of government administration also means that the village ('ban') is a very strong unit, even within municipal boundaries. Communities are able to actively participate in decision-making and are interested to be involved, as can be seen by the high turn out of users attending the MPA meetings.

For the MPA in this study, 565 people (324 women and 241 men) from 9 'ban' within the respective small town municipal boundaries participated in users' meetings to gauge the perceived benefits of the improved services. The MPA activities were held in separate groups for men and women, with a mixed plenary to discuss these results. These results have been summarised in Table 1 for latrines and Table 2 for water supply. In neither case was **'health'** perceived to be the main benefit; rather, that **'cleanliness'** for latrines and **'convenience'** for water supply are the most important factors identified through this study (Refer Box 8 opposite). The information collected will be useful for targeting promotional campaigns and urban hygiene education.

It was not possible to find information on other studies done in neighbouring countries on the benefits of the water supply in the small town setting from the users' perspective. Therefore, it was not possible to compare this data with other results. However, for latrines, other MPA studies have been carried out in the rural areas of Indonesia, Cambodia, Vietnam and Lao PDR. The findings are broadly similar; but there is a significant difference regarding ***'economic'*** benefits of latrines. In neither this study nor in the study in the rural area in Lao PDR was there mention of any economic benefit from using the latrines. However, in both Vietnam and Cambodia, there are 'cost savings' associated with the use of latrines.

Conclusions

The urban water sector in Lao PDR is in the early stages of moving from a single, top-down management model to a more open, regulated system where users can choose the type of management model in consultation with the service providers and funders. The concerned authorities are looking towards a step-by-step process to find the most appropriate models suitable for the Lao context. Some of the steps proposed are:

- Study on the potential for public / private / community management models for water utility operators. The models would need legislation to allow the agencies responsible for water supply flexibility to use different management model options for urban and rural water development within (and possibly outside) their respective provincial boundaries. There also needs to be appropriate contractual arrangements for all involved parties.
- Clarification of ownership issues, particularly as to how this would relate to community managed and privately owned utilities.
- Development of effective incentives for efficient O+M of the schemes and for full cost recovery for extension and renewal.
- Study on sanitation situation potentially leading to a Decree on the Management and Development of the Sanitation Sector.
- Further development of participatory demand responsive techniques (such as 'Informed Choice', 'Community Dialogue' and MPA being developed by Nam Saat, the national agency for rural WSS) in all stages of project design and implementation, and for gauging users' satisfaction with the WSS services. These should promote a Lao-led process of development through consultation for decision-making at the lowest level.

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