



Water and Sanitation: Challenges and Opportunities

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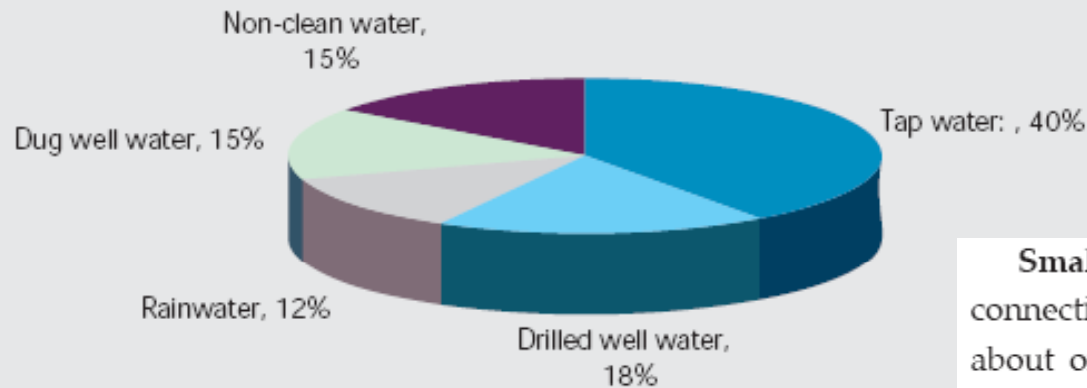


Water and Sanitation Situation

- About 70 % of urban residents have access to clean water. Access in district towns is poor
- Only one or two of Vietnam's cities and towns collect and treat wastewater.
- About 40% of households in provincial towns have septic tanks, few is connected to sewers or drains
- Urban drainage and sewerage company is funded by the city budget (no sewerage or drainage surcharges)
- Environmental degradation with untreated human waste and unregulated discharge of industrial wastes
- Flooding and pollution are most severe in largest cities

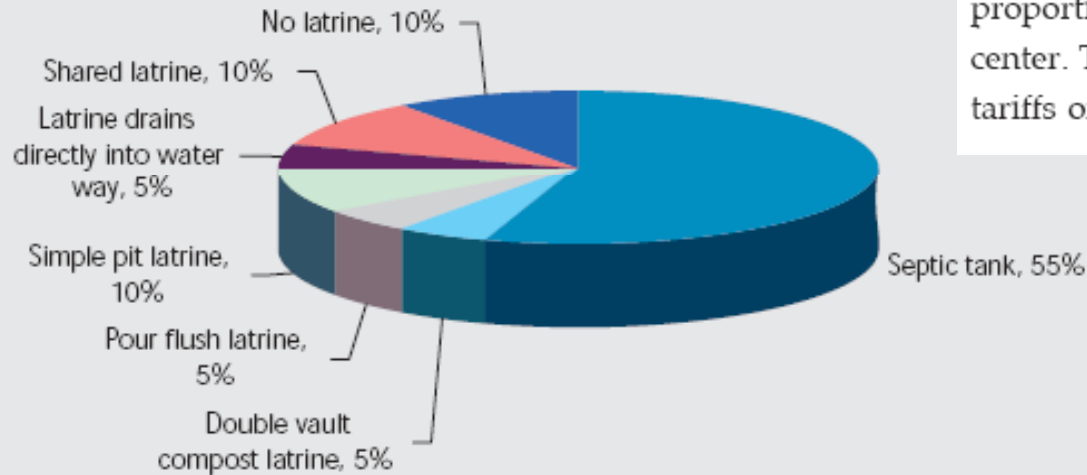
Urban Water Supply and Sanitation

Proportion of the population using different water sources:



Small towns' coverage: The percentage of connections in small towns is very low with about one third of district towns having some form of piped supply. Even where there is piped water, it typically supplies only a small proportion of the population mainly in the town center. The poor have to buy water at very high tariffs or use other water sources, which do not

Type of toilet used, % of population:



Financial and Institutional Challenges

- Access to sufficient capital: lack of the long term financial sustainability of the utility
- Efficient operations and use of capital: utilization of treatment plant capacity, particularly in small towns is low
- Institutional barriers and the need for incentives: asset ownership, performance levels and dividend policy and the autonomy and accountability of WSCs
- Towns require particular attention: only about one third of approximately 600 district towns have piped water supplies.

Infrastructure Investment Need (WB estimate)

Sub-Sector	Estimated Financing Requirement to 2010 (\$ billion)
Water Supply	3.8
Wastewater Collection & Treatment	2.8
Drainage	2.4
Urban Transport	6.0
Low-cost Housing	8.4
Total	23.4

Source: VN urban development strategy, WB (2006)



Main Solution Approaches

- Bridging the financing gap: Investment needs toward the 2020 are tentatively estimated at \$600 million annually
- Improving the sector efficiency and incentives:
 - Maturity of sector institutions
 - Private sector participation: few incentives / ownership of new facilities
- Boosting sanitation: prioritizing investment/ health and hygiene behavior
- Building capacity and addressing knowledge gaps
- UN-HABITAT : Water for Asian Cities and MEKWATSAN