

SANITATION REVOLVING FUND IN VIETNAM

Philippines, January, 2013

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

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"> * 70% households have adequate latrines; * 100% households practice good 	* 80 – 90% of population have access to waste water treatment service.

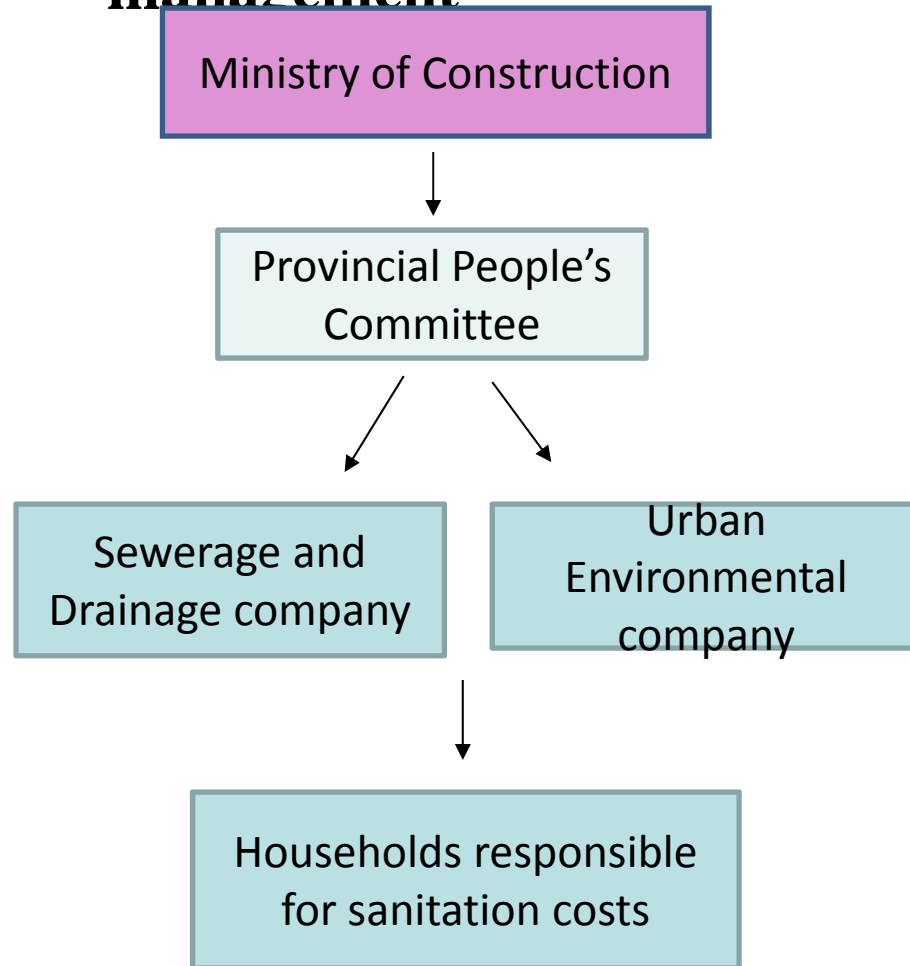
hygiene.

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% (250.000m³/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:

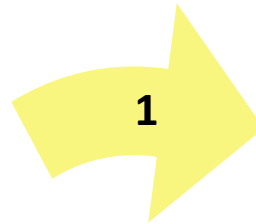
effective way to improve sanitation status of households in both urban and rural areas, especially for the poor.

Objectives

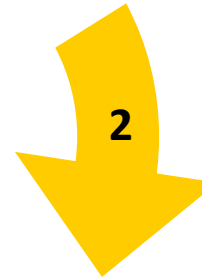
- Reduce environmental pollution;
- Reduce water-borne diseases;
- Increase awareness on the linkage between sanitation, hygiene and health; practice sanitation at household level;
- Increase community responsibility in the environmental protection

REVOLVING FUND OPERATION

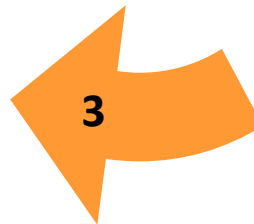
The monthly collected principal and interest is the revolving amount to be provided to new borrowers.



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



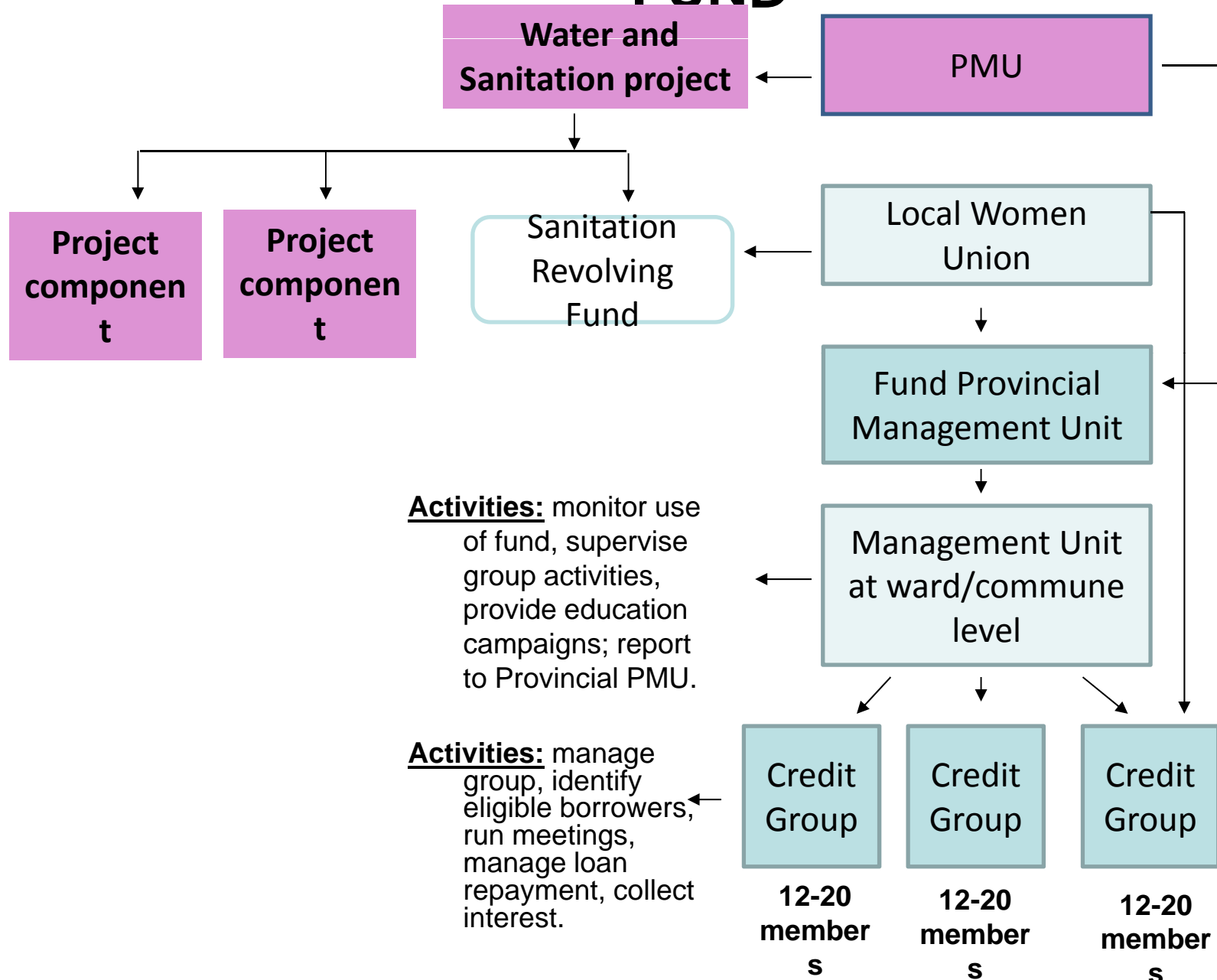
The borrowers access loans; build/improve their sanitary facilities and pay monthly interest.



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



STRUCTURE OF SANITATION REVOLVING FUND



KEY POINTS

• OPERATION PRINCIPLES



ELIGIBILITY TO ACCESS LOAN

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



Effectiveness

- 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%



Shortcomings

- 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!