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# Are poor households connecting? Private water enterprises in rural Viet Nam



Pathways to universal and sustained water, sanitation and hygiene







### **Key messages**

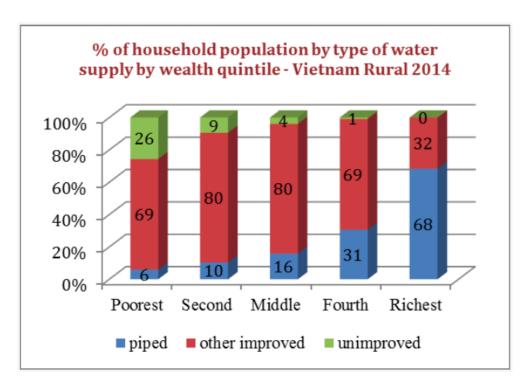
- 1. Poor households were less likely than non-poor households to access piped water services, with connection fees the main barrier (across service provider types)
- 2. Private enterprises typically charged higher connection fees and tariffs... but they also offered more flexibility
- Private enterprises CAN reach the poor, but strong public regulation is needed to ensure quality and poor-inclusive services





# Why this research?

- Increasing role of private sector in rural water supply in Viet Nam
- Limitations in state budget to invest in rural water supply
- Access to water for the poor is more difficult than the non-poor



Source: 2014 Vietnam Multiple Indicator Cluster Survey





### The study

- 4. Effectiveness of current policy and regulations
- 5. Motivators, enablers and challenges

6. Research in other countries and international experience

Private enterprise service providers

Other service
providers
(Community, CPC,
Cooperative, SOE,
pCERWASS, other
State-managed)

Vietnam rural water services

- Comparison of customer satisfaction
- 2. Comparison of operation
- 3. Access by the poor

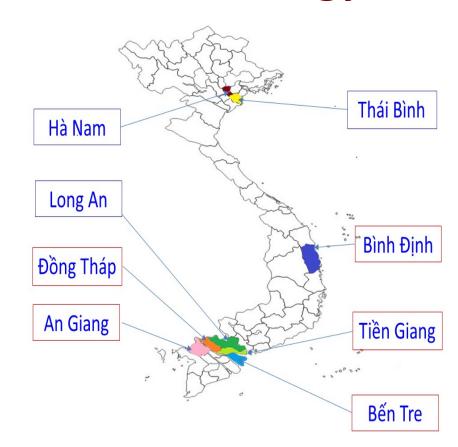




### Research locations and methodology

Research participants across all studies:

- 78 private enterprises
- 47 other service providers
- 2016 households
- 61 commune leaders







# Finding 1: Mapping of poor households and service areas showed the poor faced challenges

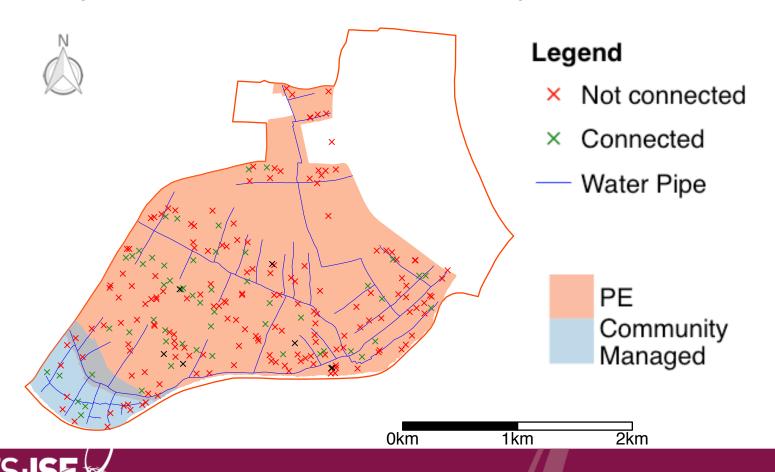
- Poor households were statistically less likely to be located in a water service area (in the two relevant case studies)
- Poor households were statistically less likely to be connected within service areas (in four of six case studies)







# Example: Non-poor ~6.5 times more likely to be connected than poor (Hoa Hau commune, PE area)

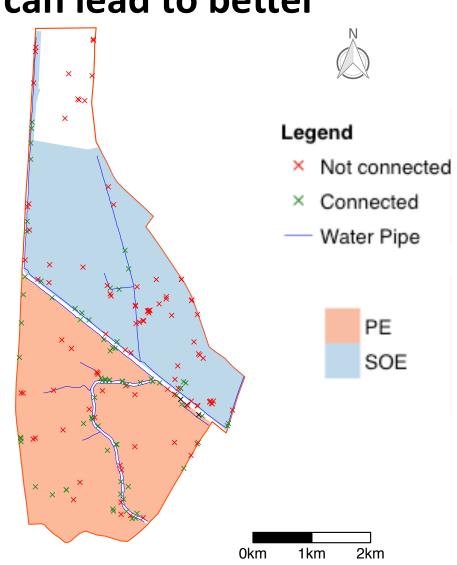




But a pro-poor approach can lead to better

access for the poor

Thien Trung commune
Private enterprise
service area: **poor**households were
~5.26 times more
likely to be connected

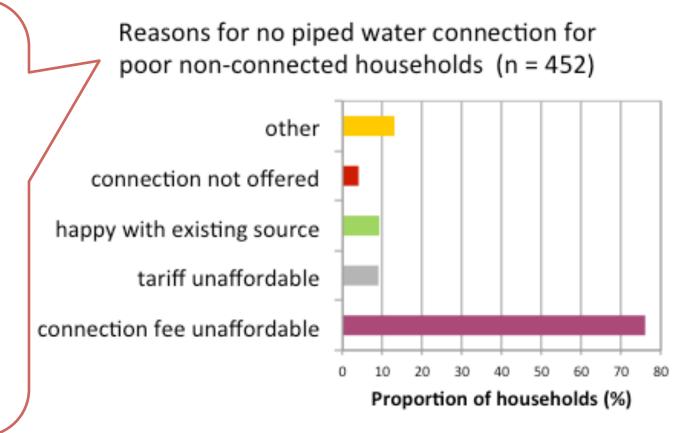




#### Connection fees were the main barrier

"I don't want to connect to the piped water service because we are too poor..."

Householder from Song Binh Commune, Tien Giang Province

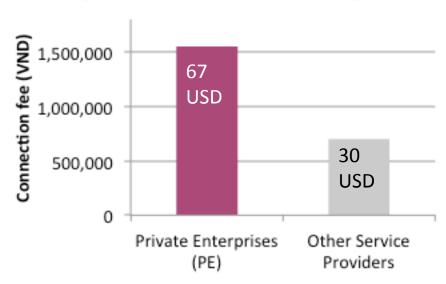






# Finding 2: Private enterprises generally charged higher fees...

Median connection fees (VND) (Ha Nam, Thai Binh, Binh Dinh)

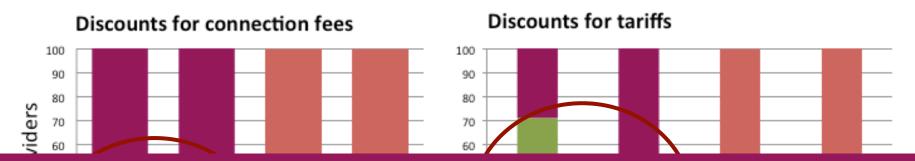








#### ...but offered discounts more often



However, communication about subsidies was not systematic and some poor households did not know that they were eligible to receive a discount

Mekong	Mid/North	Mekong	Mid/North	Mekong	Mid/North	Mekong	Mid/North
private enterprise		other service provider		private enterprise		other service provider	





# Finding 3: Private enterprises can reach the poor, but stronger government regulation is needed



74% of responses (n=128)

Customer demand

Distance, density, profitability

Landscape/ geography 5% of responses (n= 128)

Serving the poor

What are important factors for deciding location of infrastructure?





#### Finding 3: Need for stronger government regulation

Only two of eight provinces had a formal of complaints mechanism

Currently there are only investment certificates rather than formal legal agreements including service performance standards

Currently there are often unclear or overlapping roles in terms of planning and monitoring

Accountability mechanisms for service provider to users

Formal agreements between state and service provider

Clear roles at province, district and commune levels





#### Key areas for further development

Fee setting processes

Expected service levels

Water quality monitoring and compliance

Accountability mechanisms for service provider to users

Formal agreements between state and service provider

Clear roles at province, district and commune levels





### **Key messages**

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- 2. Private enterprises typically charged higher connection fees and tariffs... but they also offered more flexibility
- 3. Private enterprises can reach the poor, but strong public regulation is needed to ensure quality and poor-inclusive services





# Thank you

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