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

3. 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

1. Comparison of customer satisfaction

2. Comparison of operation

3. Access by the poor

4. Efficiency of current policy and regulations
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)

- Median connection fee for Private Enterprises (PE): 67 USD
- Median connection fee for Other Service Providers: 30 USD
...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.
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 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.
Key areas for further development

- Fee setting processes
- Expected service levels
- Water quality monitoring and compliance
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Thank you

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