

POLICY BRIEF

WATER, SANITATION AND HYGIENE

IN VIET NAM

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unicef 

for every child



Purpose: This policy brief lays out the current situation on water, sanitation and hygiene (WASH) in Viet Nam, as well as the financial requirements to reach the WASH targets of the Sustainable Development Goals by the year 2030. It is intended to provide key evidence and recommendations for further discussion with the Government of Viet Nam and its development partners.

EXECUTIVE SUMMARY

General: With a population of 97.4 million, Viet Nam's access to improved water supplies increased from 65 per cent in the year 2000 to 95 per cent in 2017, while access to basic sanitation jumped from 52 to 84 per cent during the same period. Despite the enormous progress made, 10.7 million people (10.15 million in rural areas and 550,000 in urban areas) still practice open defecation. Additionally, only 13 per cent of the population wash their hands with soap at key moments. The lack of access to water and sanitation coupled with poor hygiene practices contribute to high rates of diarrhoea, pneumonia and parasitic infections. As a result, one fourth of children under the age of five in Viet Nam suffer from stunted growth. In addition to their health being compromised, they are more susceptible to disease and infection and are less likely to grow to their full height or be economically productive when they become adults.

Water, sanitation and hygiene are core elements of human capital development that drive Viet Nam's

current and future productivity and growth. Human capital development is comprised of the knowledge, skills and health acquired over the course of one's lifetime. It therefore requires investment in children – especially in their early years and those who are most vulnerable – so that they can achieve full potential when they become adults and enter the job market. Water, sanitation and hygiene are indicators that are closely linked to education, skills development and stunting. Adequate investment in WASH would optimize Viet Nam's competitiveness in the regional and global market and accelerate its achievement of the Sustainable Development Goals (SDGs).

Financing for Water, Sanitation and Hygiene (WASH): Between 2016 and 2018, the total expenditure on basic WASH-related activities in Viet Nam decreased by 30 per cent. This translated to a reduction in the proportion of WASH expenditure in GDP from 1 per cent in 2016 to 0.56 per cent in 2018. Investment was focused in large network systems

such as urban wastewater treatment and sewerage systems at 59.07 per cent of total State WASH expenditure. Spending on public hygiene services (mainly at government offices) remained low at 15.07 per cent, followed by 7.8 per cent in clean water supply, 7.65 per cent in basic water supply, 6.05 per cent in basic household-level sanitation and 4.09 per cent in supportive services (training and guidelines). Spending on hygiene promotion and handwashing within the total WASH expenditure was reportedly very low, at 0.01 and 0.02 per cent respectively. During the same period, most WASH expenditure, 85.96 per cent, was allocated from the State budget. This included 47.24 per cent from government revenues, 20.49 per cent from government repayable funds (loans and bonds) and 18.23 per cent from government non-repayable funds (grants and Official Development Assistance (ODA)). In recent years, the private sector has been increasingly encouraged to participate in water supply (equitization), especially in areas of high population density.

Recommendations:

- Review and reflect specific WASH indicators and their monitoring and evaluation framework in the National Plan of Action for Viet Nam's SDGs; additionally, the Prime Minister's office takes the lead to improve inter-ministerial coordination for decision making in investment, implementation, monitoring and evaluation for WASH, and especially for sanitation and hygiene.
- Include WASH indicators and targets in the national and sub-national socio-economic development strategies, plans, national targeted programmes (for sustainable poverty reduction, new rural development and for ethnic minorities) and relevant sectoral strategies and plans (Ministry of Agriculture and Rural Development, Ministry of Health, Ministry of Construction and Ministry of Environment and Natural Resources).
- Close the financing gaps to accelerate progress towards achieving SDG 6 on WASH; urgent measures are needed to increase the current spending in WASH (at 0.68 per cent in 2017) to 1.1 percent of the 2017 GDP per year (\$2.331 billion USD) in order to provide safe water to all households and end open defecation. This will require in-depth sectoral budget analyses for core sectors.
- Scale up efforts to improve sanitation by embarking on a country-wide SDG 6 Sanitation Campaign (modelled along the lines of the Swachh Bharat Mission (SBM) Campaign in India that was led by its Prime Minister) to eliminate open defecation and bolster safely managed sanitation. This would include a nation-wide roll out of the plan of action for open defecation free and social movement for behaviour changes in sanitation and hygiene led by the Prime Minister.
- Further refine the roadmap with specific steps, milestones and timelines for sustainable WASH financing in Viet Nam, particularly how to leverage commercial finance by using government and private sector resources in the most adequate, equitable, efficient and effective manner to ensure no one is left behind in reaching the SDG 6 targets. This includes enhancement of an enabling environment including the legal and regulatory framework.





ACCESS TO WATER, SANITATION AND HYGIENE (WASH) AND WHY WASH IS IMPORTANT FOR CHILD DEVELOPMENT IN VIET NAM?

With a population of 97.4 million¹, Viet Nam has made positive strides in economic growth and poverty reduction in the last thirty years. The national poverty rate has reduced significantly from 21 per cent in 2010 to 9.8 per cent in 2017². However, the disparity of poverty rates between urban and rural areas, as well as between the Kinh majority and ethnic minorities is significant.

In the past two decades, Viet Nam has made progress in increasing the coverage of water supply and sanitation. Access to improved water supply increased nationwide, from 65 per cent in 2000 to 95 per cent in 2017, while access to basic sanitation jumped from 52 per cent to 84 per cent during the same period. However, disparities across rural and urban areas, and between the rich and the poor continue to prevail. Figure 1 indicates that in 2017, 93 per cent of the rural population and 84 per cent³ of the poorest groups had access to improved water supply, compared to 99 per cent of their urban peers and 99 per cent of the rich. Access to basic sanitation facilities mirrors the same trend and was 78 per cent for the rural population and at 41 per cent for the poor, compared to 94 per cent for the urban inhabitants and 98 per cent for the rich. Additionally, it was estimated that 82 per cent of the rural population and 64 per cent of the poor practiced basic hygiene, as compared to 93 per cent of their urban peers and 97 per cent of the rich.

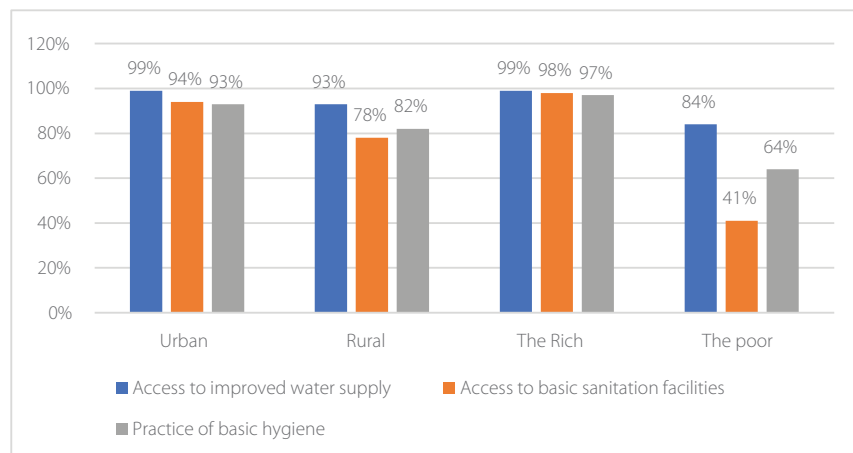
1 The World Bank (2020) *East Asia and Pacific in the Time of COVID*

2 The World Bank – Databank- Key Indicators for Viet Nam

3 UNICEF, JPM and WHO (2019) *Progress on household drinking water, sanitation and hygiene*

It is reported in the WHO/UNICEF Joint Monitoring Programme Report that as at 2017, about 2.4 million people living in rural areas practiced open defecation, compared to 500,000 people in urban areas⁴. However, this data did not take into account fishponds and hanging latrines which, in reality, are a serious cause of open defecation in Viet Nam. According to UNICEF's calculation, in 2019, 10.7 million people across Viet Nam (10.15 million in the rural areas and 550,000 in urban areas) still practiced open defecation.

Figure 1 - Access to improved water, basic sanitation and hygiene



Source: UNICEF, WHO and JMP (2019) Progress on household drinking water, sanitation and hygiene Report

The Northern Mountainous Region was ranked the highest with 28.5 per cent of its population practicing open defecation⁵. Further, 2 in 5 households in the Mekong Delta use hanging latrines that release excreta directly into water bodies. Only 13 per cent of the rural population wash their hands with soap at key moments, and this rate is even lower among ethnic minority groups⁶.

The lack of access to improved water and sanitation and poor hygiene practices contribute to high rates of diarrhoea, pneumonia and parasitic infections and thereby impact economic growth and the GDP due to loss of productive working days. Diarrhoea and pneumonia are responsible for 10 and 12 per cent of under-five child mortality, respectively. One-third of children's deaths in Viet Nam are attributed to malnutrition, closely linked to frequent incidence of diarrhoea and nematode infections⁷. A major problem in Viet Nam is stunting that affects over a quarter of children under the age of five as a result of diarrhoea, nematode infection and environmental enteropathy, in addition to poor feeding practices⁸. The stunting rate remains high among children within ethnic minorities⁹, at over 30 per cent. This difference in height is irreversible over a child's lifetime and significantly affects their cognitive development and as such are closely linked to the suboptimal outcomes in learning, skills development and productivity. In sum, water and sanitation is critical for maximizing the overall human capital development of Viet Nam.

⁴ UNICEF, JMP and WHO (2019) Progress on household drinking water, sanitation and hygiene

⁵ UNICEF calculation of open defecation based on statistics from 2019 Viet Nam Population Census

⁶ Vietnam General Department of Preventive Medicine/MOH and the center for water supply and environmental sanitation (2006) Survey on rural environmental sanitation in Viet Nam, Medical publishing house, Hanoi

⁷ WHO (2012) Report on Child Mortality and Maternal Health

⁸ WSP (2014) Policy Brief on Investing in the Next Generation: Growing Smarter and Taller with Toilets. WSP Research Brief

⁹ Vietnam Nutrition Surveillance Profiles (2015) National Institute of Nutrition



1. FINANCING FOR THE WASH SECTORS IN VIET NAM

1.1. Trends in WASH spending

Between 2016 and 2018, total expenditure on basic WASH-related activities in Viet Nam reduced by 30 per cent, from VND 46,778,947 million (USD 2.016 billion) in 2016 to VND 32,423,311 million (USD 1.397 billion) in 2018 as shown in figure 2. During the same period, total WASH expenditure per capita (from all sources) fell from VND 495,308 per capita (USD 21.3/capita) in 2016 to VND 334,385 per capita (USD 14.4 per capita) in 2018. In general, total spending on WASH reduced from 1 per cent in 2016 to 0.68 per cent in 2017 and 0.56 per cent of GDP in 2018 (figure 3). In the focus group discussions with provincial managers shortage of specific criteria and targets for WASH budget allocation was identified as a key challenge in sustaining WASH funding¹⁰. Since 2016, WASH finance has been integrated as part of the National Targeted Programme (NTP) for New Rural Development (2016–2020) and NTP on Sustainable Poverty Reduction (2016–2020). Yet, there are no specific criteria and targets to allocate WASH budgets to these programmes, let alone the criteria for equitable allocation.

¹⁰ Technical consultation organized by the National Centre for Rural Water Supply, Hygiene and Sanitation (NCERWASS) on 5 November 2019 to validate the rapid review on financing for WASH sectors in Viet Nam.

Figure 2. WASH-related expenditure in Viet Nam, 2016-2018 (million VND)

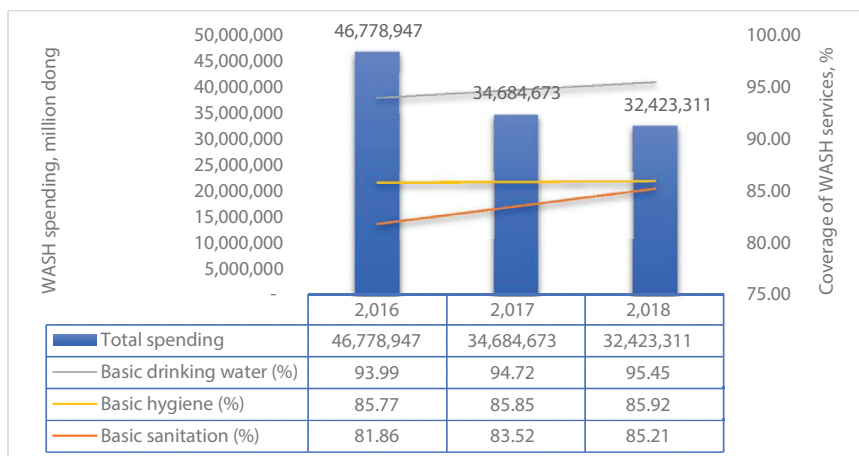
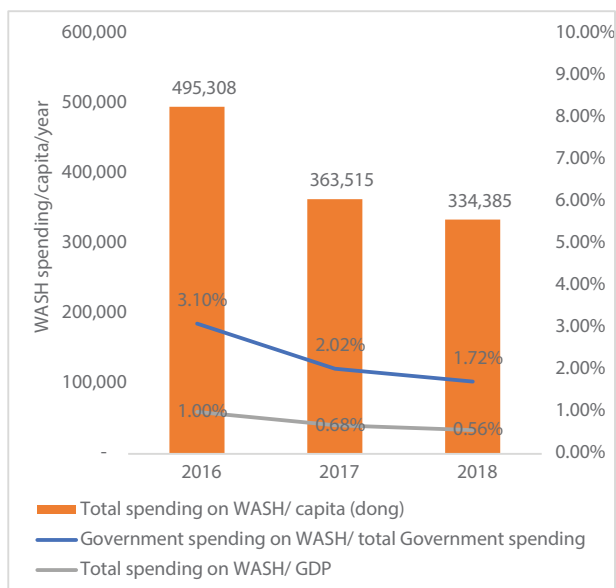


Figure 3. WASH government spending and expenditure/capita (VND)

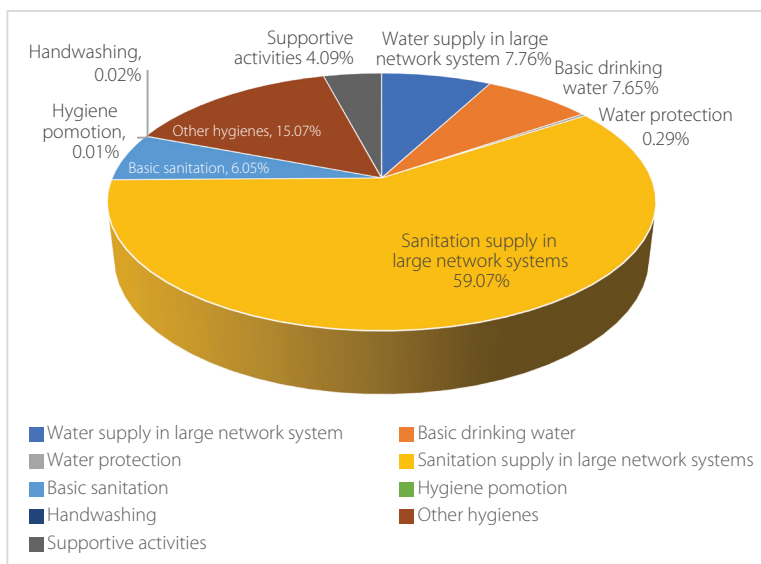


Source: UNICEF (2019) Rapid Review of Financing for WASH sectors in Viet Nam

1.2. Composition of WASH spending

As shown in Table 1, services related to sanitation supply in large network systems (mainly urban wastewater treatment and sewerage systems) received the most investment at 59.07 per cent of total State WASH expenditure with additional expenditure from international organizations. Spending on other public hygiene services (mainly at government offices) amounted to 15.07 per cent, followed by clean water supply at 7.76 per cent, basic drinking water supply at 7.65 per cent, basic sanitation (household level) at 6.05 per cent and supportive services (training and guidelines) at 4.09 per cent. Spending on hygiene promotion and handwashing were reportedly very low, at 0.01 and 0.02 per cent of total WASH expenditure, respectively.

Figure 4 - Breakdown of total spending in percentage by WASH (2016-2018)

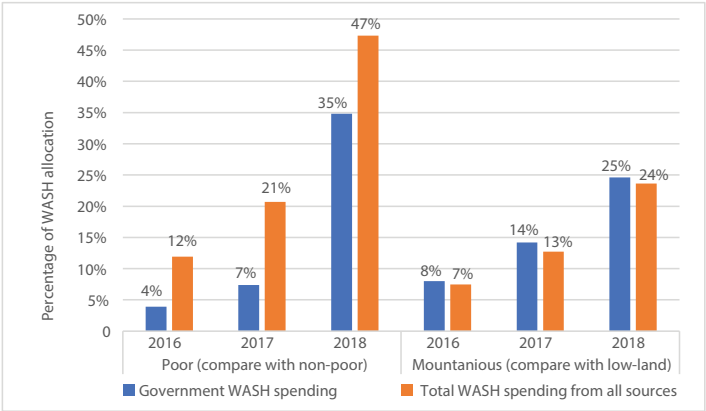


Source: UNICEF (2019) Rapid Review of Financing for WASH sectors in Viet Nam

1.3. Equity in WASH budget allocation

In spite of the significant reduction in WASH expenditure in recent years, the Government has maintained efforts to ensure equity in the access of WASH services. Figure 5 shows that the percentage of government WASH expenditure in mountainous provinces has more than tripled, from 8 per cent in 2016 to 25 per cent in 2018, while the rate of government WASH spending in poor regions increased to 35 per cent in 2018, compared to 4 per cent in 2016. Similarly, total WASH spending from all sources for the poor increased from 12 per cent in 2016 to 47 per cent in 2018, while total WASH spending for the mountainous areas increased from 7 per cent in 2016 to 24 per cent in 2018. However, a detailed analysis of the total spending for WASH in 2018 indicated that 52.1 percent of the total spending was on sanitation supply in large network systems, followed by water supply in large network systems (14.8 per cent), while basic drinking water and sanitation, hand-washing and hygiene promotion accounted for only 11.31 per cent.

Figure 5 - Equity in WASH Spending

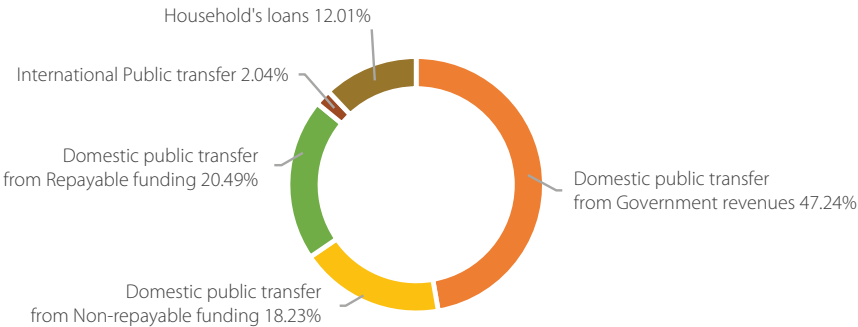


Source: UNICEF (2019) Rapid Review of Financing for WASH sectors in Viet Nam

1.4. Financing options for WASH

Between 2016 and 2018, the Government was the primary source of funding for WASH services. Figure 6 indicates that most WASH expenditure (85.96 per cent) was from the State budget, including 47.24 per cent from government revenues, 20.49 per cent from government repayable funds (loans and bonds) and 18.23 per cent from government non-repayable funds (grants and ODA). This pattern reflects Viet Nam's status as a lower middle-income country since 2012, resulting in financial sources shifting from international grant-based funding to Government revenues and repayable loans. It will be important for Viet Nam to explore blended financial options in order to achieve SDG 6 on WASH.

Figure 6 - WASH spending by funding source



Source: UNICEF (2019) Rapid Review of Financing for WASH sectors in Viet Nam

1.5. Financial gaps in achieving SDGs for WASH

Viet Nam would need to spend 1.1 percent of the 2017 GDP per year (USD2.331 billion USD) or a total of 13.8 per cent of 2017 GDP (USD 30.308 billion) to provide safely managed and affordable drinking water to all households and end open defecation. Conversely, Viet Nam will need to spend 0.5 per cent of its annual GDP on water and 0.6 per cent on sanitation in order to achieve the SDG targets set for safely-managed water and sanitation. In recent years, the private sector has been increasingly encouraged to participate in water supply (equitization), especially in areas of high population density, by being provided with preferential land access and loan subsidies. The biggest concern remains the fragmented water supply in remote areas, where donor assistance still plays an important role, and the maintenance costs are high and ever increasing¹¹.

2. SANITATION REVOLUTION – AN EXAMPLE FROM INDIA¹²

2.1. What is the revolution about?

In 2014, the Government of India launched a pro-sanitation programme titled Swachh Bharat Mission (SBM). The SBM brought about behavioural change in people and increased rural sanitation to 99.1 per cent in 2019, compared to 38.7 per cent in 2014. SBM became the world's largest toilet-building initiative. More than 95 million toilets have been built across rural and urban India since the launch of this mission.

2.2. How did India achieve the 'unachievable'?

India's five-year programme success lies in the 4Ps: Political Leadership, Public Finance, Partnerships, and People's Participation:

- The revolution was personally launched and led by Prime Minister Modi and as a result, sanitation became a State Subject at the top of the Government's agenda.
- To ensure the success of the mission, the Government of India allocated a cumulative sanitation budget of \$20 billion between 2014 and 2019. Together with this large public funding, the Government made consistent efforts to leverage investments from the private sector, development agencies, faith-based organizations and citizens.
- The SBM built several strategic partnerships with ministries, development partners, media and other prominent influencers to ensure the mainstreaming of sanitation in all sectors. These partnerships helped the mission scale best practices on behaviour change rapidly across the country.
- The SBM became a national movement of the people, by the people and for the people. Millions of Indians from diverse socio-cultural and economic backgrounds came together and made sanitation everyone's business.

¹¹ IMF (2020) A working paper titled "Viet Nam's Development Success Story and the Unfinished SDG Agenda"

¹² Parameswaran Iyer (2019) *The Swachh Bharat Revolution*, Harper Collins Publishers India

3. RECOMMENDATIONS FOR VIET NAM

- Continue to review and ensure a National Plan of Action for Viet Nam's Sustainable Development Goals as well as its monitoring and evaluation framework, covering specific WASH indicators, especially for hygiene and sanitation. This will allow the government to monitor the country's progress towards SDG 6 related to WASH. It reiterates the need for and importance of reviewing and strengthening the inter-ministerial coordination mechanism for decision making in public investment as well as monitoring and reporting WASH, especially sanitation and hygiene, particularly at household level. It is recommended that this work be led by the office of the Prime Minister.
- Continue to advocate and address WASH as a priority with concrete indicators and targets for water supply, sanitation and hygiene in the national and sub-national Socio-Economic Development strategy, plans, national targeted programmes (for sustainable poverty reduction, new rural development and for ethnic minorities), and relevant sectoral strategies and plans of the Ministry of Agriculture and Rural Development, Ministry of Health, Ministry of Construction and Ministry of Environment and Natural Resources. This is a critical step in ensuring that a strategy on WASH is adequately and coherently planned and budgeted at national and sub-national levels to achieve WASH-related targets under SDG 6.
- Close the SDG 6 WASH financing gap: Urgent measures are needed to increase the current spending in WASH (at 0.68 per cent in 2017) to 1.1 percent of the 2017 GDP per year (USD2.331 billion) or a total of 13.8 per cent of 2017 GDP (USD 30.308 billion) in order to provide safe water to all households and end open defecation in line with the SDG 6 WASH targets. In order to advocate for increasing investment in WASH with specific and practical recommendations, in-depth sectoral budget analyses are recommended for the sectors of health, agriculture and rural development, education and training, and construction.
- Scale up efforts to improve sanitation by embarking on a nationwide SDG 6 sanitation campaign (modelled along the lines of the SBM Campaign in India led by the Prime Minister) to eliminate open defecation and bolster safely managed sanitation. As an immediate step, it is recommended that the Prime Minister endorse the roadmap on open defecation free with an implementation plan and a budget at sub-national level and with cross-sectoral coordination mechanisms in coordination with all concerned ministries and agencies. In the medium term, it is proposed that the Government, through the Ministries of Health and of Construction, develop and implement a nation-wide social change movement on open defecation free to create an enabling environment for behavioural change in sanitation.
- Further refine the SDG 6 roadmap with specific steps, milestones and timelines for sustainable WASH financing in Viet Nam, particularly in leveraging commercial finance by using government and private sector resources in the most adequate, equitable, efficient and effective manner to ensure no one is left behind. The development of a national 'SDG 6 WASH Investment Plan' and related 'SDG 6 WASH Financing Strategy' is recommended especially for poor people living in rural, mountainous areas and ethnic minorities in Viet Nam. The development, finalization and implementation of such a roadmap will require participation from all relevant stakeholders, including ministries, private sector and other international organizations in line with the SDG timeframe towards 2030. In this regard, a special dedicated national blended finance modality is recommended to achieve sustainable WASH financing. Blended finance is the strategic use of Government budget and development finance for the mobilization of additional commercial funding for sustainable development in emerging markets¹³. Leveraging revenue based commercial debt-financing to the WASH sector may require further enhancement of the enabling environment including the legal and regulatory frameworks to ensure investment in the most disadvantaged areas.

¹³ OECD-DAC (August 2019) - *Making Blended Finance Work for Water and Sanitation. Unlocking Commercial Finance for SDG6*



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