



# east meets west

A PROGRAM OF THRIVE NETWORKS

## Lao PDR

### Let's celebrate!

Provincial government buy-in for the Public Private Partnerships (PPP) approach to water supply is strong, partly due to long term success of PPP programs implemented by GRET. The provincial government's financial commitment to this program is triple that of equivalent earlier projects.

### Highlights of the approach

1. Sanitation: EMW is partnering with the World Bank's Water and Sanitation Program (WSP) to implement a CLTS and sanitation marketing scale-up program. EMW uses smart-subsidies to target the poor. A randomized control trial is being conducted to test combinations of incentives: (1) ODF incentive + poor household OBA incentive; (2) ODF incentive only; and (3) poor household OBA incentive only.
2. Water: This is a combined OBA and PPP model, with financial mechanisms to incentivize private investment and ensure sustainable services.



L-R: Arnaud Vontobel and Ha Huong with Partners in Lao



Khouankeo Lao



Nam Saat presenting a CLTS progress report to the community

### Things to share

1. Government capacity - strengths and challenges when implementing an output-based financial incentive for poor households and performance based incentive for implementers.
2. The progress of water scheme construction largely depends on the capacities of the private operators (financial and technical) and on the active involvement of the local authorities. Access to commercial loans is a major constraint.

### Context

1. Output-based aid (OBA) for sanitation is novel in Laos and the targeted provinces include hard to reach areas, which differs from EMW's previous target areas in Vietnam and Cambodia.
2. Lessons learned from this sanitation project could influence the WSP's and the government of Lao approach to rural sanitation. It will also contribute to the wider global debate about CLTS, Sanitation Marketing and the role of subsidies.
3. The attractiveness of the water projects under OBA/PPP model for the private sector is increasing due to the confidence from private investors in transparent and reliable project procedures.

### Things to learn

1. The challenges facing sanitation markets in geographies like in Laos, with many remote and hard to reach areas, and lower population densities than many places in South East Asia
2. Examples of support from local authorities to local entrepreneurs to develop products and provide services to communities.

THRIVE NETWORKS

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