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United Nations Human Settlements Programme (UN-HABITAT)
P.O. Box 30030, Nairobi 00100, Kenya
Tel +254 20 762 3120
Fax +254 20 762 3477
www.unhabitat.org
Proceedings of the Regional Stakeholders’ Consultations for The Mekong Region Water and Sanitation Initiative (MEK-WATSAN)

Organized by United Nations Human Settlements Programme (UN-HABITAT)

20 - 22 April 2009 Hanoi, Vietnam
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Preface

The Mekong Region is now home to some 250 million people. Countries within the Greater Mekong Subregion (GMS) have witnessed rapid economic growth in recent years. The rapid growth has far outstripped the extension of basic services, such as water and sanitation, and the lack of these services is becoming a constraint to environmentally sustainable growth. The urban population in the GMS is around 33.73 million, and it is estimated that around 24.53 million (72% of the total population) still do not have access to either safe water and/or adequate sanitation.

UN-HABITAT is implementing the Mekong Region Water and Sanitation (MEK-WATSAN) Initiative in collaboration with the Governments of the Mekong Region. The initiative focuses on improving access to water and sanitation in the fast growing towns located in or close to the economic corridors of the Greater Mekong sub-region. The initiative was launched in 2005 in response to the requests from Governments of Cambodia, the People’s Republic of China (on behalf of Yunnan and Guangxi provinces), Lao People’s Democratic Republic and Socialist Republic of Vietnam. The first fast-track project was rolled out in 2006 in Xieng Nguen, Lao PDR. Since then fast track projects have been initiated in 16 other towns and these projects envisage benefiting around 125,000 with improved access to water and sanitation.

In December 2008, the programme has received additional funding support from the Government of Netherlands. A roll out phase I of the project has been initiated with towns' assessment and project formulation carried out in 17 towns. It is estimated that the roll out phase I will benefit 280,000 people with improved water and/or basic sanitation. The programme includes infrastructure improvements based on participatory and demand led approaches; capacity building for affordable and sustainable service provision. With the increasing demands from the governments to meet the MDG targets, further request for scaling up the project has been made. UN-HABITAT is looking towards implementing roll-out phase II. The total budgetary outlay of this phase is to the tune of US$ 19.8 million, expects to cover 23 towns, and intends to benefit around 400,000 people.

In order to obtain broader consensus of participating Governments on the objectives and implementation modalities of the UN-HABITAT supported MEK-WATSAN programme, this regional consultations with stakeholders was organized in Hanoi, Vietnam from 20-22 April 2009. The proceedings of these consultations has been documented in this publication, which also includes the joint statement (“the Hanoi Declaration”), issued by the participating Governments. The Hanoi Declaration is a testimony of support and commitment of the participating Governments for the MEK-WATSAN initiative.

I hope these consultations shall help in developing a framework for exchange of both experiences and good practices which shall further help countries in the Mekong region to meet the water and sanitation challenges.

UN-HABITAT looks forward to closely work with its partners in pursuance of the Millennium Development Goals at various levels in the region.

Andre Dzikus
Chief
Water and Sanitation Section II
Water, Sanitation and Infrastructure Branch
UN-HABITAT Nairobi
I. BACKGROUND FOR THE REGIONAL CONSULTATIONS

In Dec 2008, UN-HABITAT received USD 6.6 million from the Government of Netherlands for scaling-up of MEK-WATSAN activities. A further USD2 million is made available for MEK-WATSAN from the WSTF. This is to be utilized for expansion of activities to at least 8 more towns in Vietnam, Cambodia and Lao PDR. The project is being implemented against the backdrop of reforms in the three South-East Asian countries’ institutional framework for water and sanitation services delivery. The reforms involve the re-engineering of utilities such that they are encouraged to generate revenues, as well as allow for the proper use of internally generated funds for normal operations and recurrent investments. By providing targeted assistance to these utilities in the crucial areas related to business planning and programme management, MEK-WATSAN’s intervention would assist in improving the sector governance framework, thereby fostering institutional sustainability.

For this reason, regional consultations with stakeholders were held in Hanoi from 20-22 April 2009. The key objective of the consultations was to obtain broad consensus of participating Governments on the objectives and implementation modalities of the UN-HABITAT supported programme. This was reflected through a statement (“the Hanoi Declaration”), jointly issued by the participating Governments at the end of the consultations. Attending the consultations were representatives from the 3 participating Governments, UN and other International Agencies, Donor Organizations, Academia and journalists from the three countries.

II. OBJECTIVES OF THE REGIONAL STAKEHOLDERS’ CONSULTATIONS

Key objective of the consultations was to obtain broad consensus of participating Governments on the objectives and implementation modalities of the UN-HABITAT supported MEK-WATSAN programme. The sub-objectives of the regional consultations were:

- To achieve **consensus on challenges and opportunities in the WATSAN sector** in the three countries in the Mekong region and agree on regional programme activities such as training needs analysis, capacity building, gender mainstreaming, Human Values Based Water, Sanitation and Hygiene education, advocacy and MDG monitoring.

- To develop and agree on **country level action plans** for Lao PDR, SR Vietnam and Kingdom of Cambodia, identifying programme towns, key areas of interventions, main activities, cost estimates, implementation schedule, implementation modalities (including procurement, time frame and responsibilities related to supervision, quality control, implementation and monitoring)

- To obtain **policy level endorsement** of the action plans and MoUs in each country as well as implementation modalities.

III. OVERVIEW OF THE MEK-WATSAN INITIATIVE

MEK-WATSAN initiative is a collaborative effort between UN-HABITAT and the Governments of the Mekong region. MEK-WATSAN’s philosophy is to support participating Governments attain their water and sanitation related MDGs: to halve the proportion of people without access to improved water supply and sanitation services by 2015.

MEK-WATSAN promotes:

- **Pro-poor urban water governance** – The initiative will provide an enabling framework for new pro-poor investments in urban water supply and sanitation with emphasis on serving the urban poor with piped water and formal sanitation facilities;
• **Urban water conservation and demand management** – It introduces demand responsive and demand management strategies to improve efficiency and equity of water supply and water use, and to give more influence to those currently deprived of water and sanitation;

• **Integrated urban environmental sanitation** - Priorities include the development of appropriate technical options; the promotion of public-private-NGO partnerships for scaling up sanitation facilities; and the development of innovative financial mechanisms for mobilization of local funds for sanitation services; and

• **Income generation for the urban poor through community-based water and sanitation services** – The initiative aims to develop and implement strategies for the provision of water & sanitation services that will maximize the income and employment earning opportunities for the urban poor.

**MEK-WATSAN for Secondary Towns**

In order to support the participating Governments in the Greater Mekong Sub region (GMS) attain their water and sanitation related Millennium Development Goals (MDGs), UN-HABITAT initiated the development of the MEK-WATSAN for Secondary Towns which will:

• Expedite pro-poor water and sanitation investments in secondary towns;

• Enhance institutional and human resource capacities at local and regional levels to sustain water and sanitation services;

• Operationalize upstream sector reforms at the local level;

• Enhance capacities of local private sector entities in service delivery;

• Reduce the adverse environmental impacts of urbanization on local river catchments;

• Support economic development in secondary towns through improved water & sanitation, and related income generating activities;

• Support cooperation between the countries of the Mekong region, and thus economic development.

GMS comprises Cambodia, Yunnan Province (the People's Republic of China), Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam.

**IV. RESULTS ACHIEVED SO FAR**

So far, 43,700 people have benefited from improved water and/or sanitation in the fast-track/quick-win approach. The programme has reached a stage where increased investments can have a rapid impact on water and sanitation coverage for the poor in the region without the delays that are usually associated with new programmes and the need to gain the confidence of stakeholders. The emphasis of this initiative lies in providing quick, cost-effective and sustainable access to improved water and sanitation with a pro-poor focus, while also keeping in view the long term objective of sustainable and equitable economic development.

**V. SUMMARY OF THE PROCEEDINGS**

The regional consultations drew on a wide range of participants and stakeholders in the water and sanitation sector in the Mekong Region, led by senior Government representatives from the Kingdom of Cambodia, Lao PDR and S.R. Vietnam, UN-HABITAT, Asian Development Bank (ADB), UNICEF, UNESCAP, IUCN, Eco-Asia, World Bank, Government of Netherlands. Also in attendance were representatives from the selected towns in the three participating countries, UN-HABITAT partner organizations such as the Gender Water Alliance (GWA), Asia Water, Water Integrity Network (WIN), and the South East Asia Ministers of Education Organization (SEAMEO). The participants list and the Agenda of the consultations are attached as Annex 1 and 2 to this document.

The meeting was divided into daily plenary sessions as further outlined in the next page.
Mr. Nguyen Sinh Hy, Director General of the Department of International Cooperation and representing the Ministry of Construction welcomed all participants to the regional consultations and expressed appreciation for UN-HABITAT's work in the Mekong region. He highlighted the severe conditions of the water and sanitation sector in the Mekong region and the need for increased access to water and sanitation services and community awareness. Mr. Hy asked the participants to recognize that the problems associated with water and sanitation services cannot be addressed individually and solved overnight, and that partnerships are important for a shared understanding and commitment from local to national levels to an integrated systematic approach.

In his opening remarks, Mr. Andre Dzikus, Chief of Water and Sanitation Section II, UN-HABITAT Nairobi, thanked the participants for their presence in the consultations. He highlighted that the main purposes of the consultation were to develop a better understanding of existing regional initiatives and challenges, discuss design and implementation mechanisms, and to demonstrate political resolve for the implementation with the signing of the Hanoi Declaration.

Mr. Dzikus reminded the gathering of these timely meetings given the main challenges the sector faces coupled with the global financial and food crisis, climate change, particularly for countries in this region that might be affected by rising sea levels. He stressed that the focus is not only on infrastructure, but also in education, operation and maintenance, mobilization of political will, innovative financing, monitoring (through citizen report cards), pilot and demonstration project, and community participation. One important challenge in these consultations will be how to translate planning into action. Mr. Dzikus added that the regional consultations are due to an expansion of the program to at least 8 more towns and he thanked the Government of the Netherlands for their support.

Ms. Nguyen Phuoc-Binh Thanh, representing the Embassy of the Kingdom of Netherlands in Hanoi, welcomed the participants to the regional consultations which she said provided an excellent opportunity to discuss design and implementation of the programme. She recognized that MEK-WATSAN would facilitate partnerships between government, private sector and the donor community, promote the adoption of innovative approaches based on international experiences, directly contribute to MDG 7, and create the enabling environment for additional investments for the region as a whole. Ms. Thanh added that the Millennium Development Goals cannot be achieved without the efforts of all stakeholders, adding that there is a need to
redefine the responsibilities of the private and the public sector, taking into consideration program sustainability and the poor, and promoting the decentralization of implementation.

4. **Mr. John Hendra, the United Nations Resident Coordinator for Vietnam** also highlighted the need to focus on partnerships and collective action to bring important changes in development through working together and more effectively as one. He added that the lack of basic infrastructure is a constraint to economic growth particularly for the poor who face increased mortality rates, decreased capacity of level force and subsequent increase in poverty as part of a vicious cycle. Mr. Hendra further added that water and sanitation is an important UN initiative in Vietnam promoting models that are effective and can deliver results. Although levels of national coverage are improving in the 3 countries, there are still major challenges and gaps in service provision might be underestimated. He mentioned that secondary and small towns do not need major infrastructure investments and improvements can be made through the rehabilitation and upgrading of existing infrastructure.

5. **Mr. Ayumi Konishi, ADB Country Director for Vietnam**, mentioned that the agreement between the ADB and UN-HABITAT strengthens collaboration and action in the Asia region. He focused his speech on capacity building, the sanitation sector and the current financial situation. Mr. Konishi highlighted that the region faces the pollution of rivers and lakes, which has in turn impacted the tourism industry and the health sector. In Vietnam only 6% of sewage is collected and treated and 200 towns have no sewage services and infrastructure at all. This translates in a significant loss in the GDP.

Regarding the current economic crisis, he noted that it can bring opportunities with Governments developing economic stimulus packages that focus on urban infrastructure services since the provision of urban services is always necessary. The countries in the region have not been strongly impacted because their financial sectors have limited exposure to global markets. Mr. Konishi also noted that the crisis could lead to opportunities for more business opportunities with innovative schemes and increase private investments in the sector.

### Plenary 1.1: Challenges in Water and Sanitation in the Mekong Region

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<tr>
<th>Time</th>
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<th>Description</th>
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| 10:40 | MEK-WATSAN concepts and results so far | Mr. Andre Dzikus
- Overview of the challenges, ongoing fast track activities, achievements and lessons learnt, scaling up and strategic partnership. |
| 11:10 | Results of regional programmes—Brief presentations | 1. Greater Mekong Sub-Region (GMS)/ADB (Hubert Jenny)
2. Water and Sanitation Programme (WSP) (Christopher Trethewey)
3. UNESCAP (Dr. Salmah Zakaria)
4. UNICEF (Thowai Sha Zai)
5. International Union for the Conservation of Nature (IUCN) (Ms. Tran Minh Phuong) |

### A) MEK-WATSAN Concepts and Results

Mr. Andre Dzikus, Chief of Water and Sanitation Section II, UN-HABITAT gave a presentation on the MEK-WATSAN Initiative, concepts and results. He began his presentation by indicating that in Cambodia, Lao PDR, Vietnam the towns for this expansion phase have been identified according to the development priorities of the three countries and where the need is greatest. He reminded the audience of the main challenges that the region faces such as: increasing population and increasing urbanization; poverty; rising sea levels that
might impact water infrastructure investments; lack of adequate water resource management mechanisms; limited capacity of Governments to sustain or expand access to safe water and sanitation and risk of unsustainable urban services.

Mr. Dzikus reiterated main aspects of this innovative initiative: fast track mechanisms, cost reductions, increased ownership, community involvement, private sector participation, and revolving funds – a pro-poor financing mechanism. Some achievements of the first phase fast track approach are:

• By the end of 2008, 43,700 people have benefited from improved water and sanitation through the fast-track approach implemented over periods of 12-18 months, while also keeping in view the long term objective of sustainable and equitable economic development;

• The programme has supported the process of water and sanitation sector reforms, demonstrated innovative and community based approaches, developed capacities of service providers and communities themselves.

Important lessons that can be utilized in the design and implementation of the expansion phase are:

At the level of partnerships
• Strengthen cooperation between official providers and communities
• Positive working relationships between Government service providers and low income households
• Promoting Public Private Partnerships

At the level of local actions
• Build partnerships for cost effectiveness
• Implement information base in small urban centers
• Enhance and support local innovations and networks as they drive ever-expanding learning networks and often drive policy change
• Promote local approach in organizational and financial frameworks
• Develop innovative fast track mechanisms

Within a holistic approach
• Secure tenure is important
• Slum/ squatter upgrading
• Micro-finance
• Health care

Mr. Dzikus also noted that strategic partnerships and alliances will make it possible to meet the MDGs. In addition to working with the Governments of GMS, local authorities and Communities, UN-HABITAT intends to widen its involvement in regional programs, strengthening its collaboration with regional organizations, civil based organizations, and NGOs.

B) Results of Regional Programmes

The objectives of this session were to gain an understanding of the various water and sanitation programmes being implemented by other stakeholders in the region.

1. This session began with a presentation by Mr. Hubert Jenny from ADB. Mr. Jenny highlighted that the Asian Development Bank is promoting national focused sector reforms in the water and sanitation sectors. He mentioned that while S.R. Vietnam has already developed a very progressive legislation, Kingdom of Cambodia and Lao PDR are currently working on and reviewing their national legislations. Regionally, ADB is helping finance the Mekong Water Supply and Sanitation Project targeting Cambodia, Lao PDR and S.R. Vietnam. The bank is also financing the Second Rural Water and Sanitation Project in Cambodia. In Lao PDR, the following initiatives are present: Small Towns Development Sector Project and Updating the National Water Policy and Strategy under which the ADB is assisting with the set-up of new legislation for Water Supply and Sanitation.
Other strategies and principles the ADB promotes is promoting in the Mekong region are:

Foster Integrated Management of Water Resources.

- Improve / Expand Water Services Delivery
- Foster Water Conservation / Increase Efficiencies
- Promote Regional Cooperation
- Facilitate Exchange Water Sector Information & Experience (Twinning Program)
- Improve Governance.

2. Mr. Christopher Trethewey, SAWAP Coordinator, Water and Sanitation Program -East Asia and the Pacific informed the meeting that WSP has been operating at the country level in Vietnam, at the Regional (including SAWAP) and at the Global level. WSP works closely with WB operations, governments, local organizations and NGOs.

SAWAP works similarly to the MEK WATSAN initiative. SAWAP is a partnership between the governments of S.R. Vietnam, Kingdom of Cambodia, Lao PDR and Yunnan and Guanxi Provinces in P.R. China. It is a collaborative approach, a linking framework and a funding mechanism for linking WSP supported activities and other country activities together; conducting selected cross-boundary joint activities, for mutual benefit; and facilitating country inputs to and benefits from regional work. SAWAP features include: demand responsive, country driven approach; Pro-poor emphasis; Strong initial focus on sanitation, plus water supply and hygiene which is based on strong and multi-dimensional partnerships;

3. Ms. Tran Minh Phuong, representing IUCN's Mekong Region Water Dialogues (MWRD) highlighted that water resources are an integral part of the agriculture, aquaculture, tourism, and energy sectors, and that their advancement depends on the good management of water resources. Ms. Phuong also mentioned that the main challenges for water governance in the Mekong Region are:

- Impacts of development on ecosystems and livelihood haven't been fully assessed and considered in development projects;
- Lack of regional legal framework on water resources management and development;
- In country, poor/weak consultation and participation of different stakeholders in the decision-making process on water resources;

As a result, IUCN has promoted Regional Consultations in five Asian countries (Thailand, Vietnam, Cambodia, Lao PDR and China) supported by the Ministry of Foreign Affairs of Finland. There are tripartite national working groups in each country with national and regional dialogues. Through the MRWD, IUCN is dedicated to facilitating equitable water governance in the region through sustainable mechanisms that:

- Improve decision-making processes around water-related investments in the Mekong Region;
- Provide opportunities for business, government and civil society actors in the Mekong Region to participate in dialogues; and
- Enable different perspectives on Mekong Region water-related development to be considered in decision-making.

Expected output of their participation in the MEK-WATSAN initiative: Improved awareness and participation of stakeholders in water-related decision-making processes for sustainable livelihood security, human and ecosystem health

4. Dr. Salmah Zakaria from United Nations Economic and Social Commission of Asia and the Pacific (UNESCAP) informed the gathering that UNESCAP’s WATSAN Mission is to promote regional co-operation and strengthen regional capacity on water resources management, towards ensuring water security for inclusive and sustainable socio-economic development in Asia and the Pacific. Thus, water and sanitation is a priority area within UNESCAP.
Dr. Zakaria recommended reviewing the Flagship State of the Environment (SOE) Report 2010 which offers some of the following recommendations:

- To highlight progress and challenges in meeting MDGs of Watsan at Ministerial Conference on Environment and Development in Asia and the Pacific (MCED);
- To identify opportunities for regional collaboration in at the policy level;
- To mobilize resources to assist developing countries to achieve MDGs;
- To provide a forum for monitoring of investment and results.

Dr. Zakaria stressed that emerging risks (climate change and disasters) are also demanding innovative solutions. However, agencies and governments should focus on disaster mitigation and management rather than in climate change for the sake of climate change. There are a lot of opportunities for collaboration between MEK-WATSAN & UNESCAP WATSAN.

5. Mr. Thowai Sha Zai, Chief – UNICEF's Water Environment and Sanitation Programme presented on UNICEF’s activities in Vietnam and the region. UNICEF is working in the region through its Global “Water, Sanitation and Hygiene (WASH) Partnership, which has a three pillar approach:

- Enabling environment: improved policy, institutional capacity, decentralized management and viable cross-sector partnerships;
- Behavioral changes – improved hygiene, hand washing, water safety and environmental sanitation practices;
- Physical provision of water and sanitation services.

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### Plenary 1.3: Regional Initiatives

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<th>Time</th>
<th>UN-HABITAT water and sanitation programme components:</th>
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<tr>
<td>14:45</td>
<td><strong>Ethics for water &amp; sanitation (HVWSHE)</strong></td>
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<td><strong>Transparency in water and sanitation</strong></td>
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<td><strong>Gender mainstreaming</strong></td>
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<td><strong>Advocacy and awareness raising MDG monitoring WATSAN</strong></td>
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<td></td>
<td><strong>Poverty mapping/GIS</strong></td>
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<td><strong>Capacity Building</strong></td>
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<td><strong>Dr. Yudhi (SEAMEO)</strong></td>
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<td></td>
<td><strong>Teun Bastemeijer (Water Integrity Network)</strong></td>
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<td><strong>Esther van Hoeve (Gender Water Alliance)</strong></td>
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<td><strong>Sahana Singh (Asian Water)</strong></td>
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<td><strong>Thirakha Chanthalanouvong (DOS, Lao PDR)</strong></td>
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<td><strong>Tran van Be (Cam Ranh Utility, Vietnam)</strong></td>
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<td><strong>Joyce Mmaitsi - UN-HABITAT</strong></td>
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UNICEF is also carrying out the Water, Environment and Sanitation (WES) Programme in Vietnam. Some of the main achievements have been: Policy development and advocacy, model implementation and capacity building, as well as IEC/BCC interventions. In addition, UNICEF has also addressed risk mitigation and gender issues in their programs as well as policy support, promotion of private and public partnerships, development of monitoring and evaluation frameworks, capacity building, educational and awareness campaigns among other components of comprehensive programmes.

6. Ms. Nguyen Thi Dan, Representing Eco-Asia, mentioned that the water and sanitation programme supported by USAID does not have the financial support for infrastructure investments but facilitates the set up of arrangements for operations and helps identify common interests. Eco-Asia has also been able to bring outside operators. One way they can cooperate with the MEK-WATSAN initiative is through helping establish arrangements with operators.

This section highlights UN-HABITAT’s water and sanitation programme components which are implemented in partnership with the
following organizations: SEAMEO, Asia Water, Gender Water Alliance (GWA) and Water Integrity Network

1. Dr. Wahdi Salasi April Yudhi, Deputy Director (Programme and Development), SEAMEO Secretariat gave a briefing on HVWSHE, whose aim is to bring transparency and accountability and a rights-based approach to WATSAN. Dr. Yudhi introduced the concept of water ethics as a way of looking at the environment. Water ethics can also be used as a practical tool to help in the deriving of decisions, by providing a framework in which to evaluate and place the possible consequences of an action.

Dr. Yudhi reiterated that the SEAMEO and UN-HABITAT cooperation aims to introduce a new water use ethic among Southeast Asians. Only sustainable behavioral changes can be made through education. Phase II of the proposed Project seeks to develop the competencies of teachers in integrating HVWSHE in their lessons; develop prototype teaching/learning materials; document experiences, lessons learned on effective practices; Develop a common Watsan facilities assessment protocol for use by the MOEs; and develop a resource package/toolkit on HVWSHE. Phase II of the proposed Project also seeks to fill in the gaps in the initial phase by also engaging key stakeholders such as the community leaders, teacher education and training institutions and the local water utilities.

2. Mr. Teun Bastemeijer, Manager, Water Integrity Network highlighted that transparency and accountability are very important in the water and sanitation sector which is highly susceptible to corruption. Although corruption is everywhere, the presence of significant investments in infrastructure and the presence of large flows of public and private funds intended for public good in the water and sanitation sector creates the opportunities for corruption. Furthermore, the water sector is often also part of the construction sector, globally perceived as the most corrupt sector. Mr. Bastemeijer mentioned that at least 50 billion Euros (25% of annual water investments) are lost due to corruption. Ironically, this figure is what experts said is needed to address the water and sanitation challenges. He said that agencies advocate for water resource management but they should also advocate for financial resource management, which is an important challenge. A classic figure on the cost of corruption is 20% to 35% of the total costs for water service delivery in South Asia. Mr. Bastemeijer advised that pragmatic measures required to fight corruption include: transparency and information flows, involvement of different stakeholders, and participation across groups. Key issues are capacity building, advocacy and building a coalition of stakeholders. He mentioned he was pleased that UN-HABITAT is promoting a partnership approach. UN-HABITAT is working with WIN in developing guidelines for municipalities in working with the private sector.

3. Ms. Esther van Hoeve from the Gender Water Alliance introduced the GWA as an international network with 1,550 members in 110 countries, individuals and organizations. The vision of the network is that water is a basic right and that women’s and men’s equitable access to and decision making over water are important factors in the struggle against poverty and for sustainability. GWA aspires to achieve the empowerment of poor women and men, and equal involvement of both, in sustainable integrated water resources management and development at all levels as a key strategy for poverty eradication.

The mission of the GWA network is to ensure effective gender mainstreaming in the sustainable management and development of safe and adequate water for domestic supply, sanitation, food security and the environment. GWA works with a network of members and partners to achieve this through influencing policies; building knowledge, capacity and awareness; and fostering and enhancing linkages among grass roots, national and global levels.

GWA’s partnership with UN-HABITAT is working to enhance awareness about and understanding of gender issues in WATSAN, develop practical ability to apply gender
concepts and analysis, build a common vision among implementing partners, evolve a dynamic and flexible framework that is responsive to the continuously challenged gender relations, and develop a gender resource book specific for the WAC programme in Asia.

There will be a series of workshops that would take place in each country during 2009 and 2010 and one regional workshop to be held in 2010. Workshops are targeted to higher or middle-level officials, implementing partners, field workers and key community representatives.

4. **Ms. Sahana Singh, Editor, Asian Water Magazine**, speaking on advocacy and awareness raising started her presentation by emphasizing that there was a strong correlation between sanitation and GDP and how the media can play an important role to get the attention of decision makers. She highlighted that advocacy is used to promote an issue in order to influence policy makers/decision-makers and bring about social change.

Some common activities of media advocacy are:

- Monitoring media for coverage of relevant topics;
- Identifying and disseminating interesting news stories;
- Responding to journalists' inquiries and information requests;
- Supplying access to experts who can assist journalists;
- Preparing press releases and background papers;
- Arranging press conferences and media workshops;
- Planning a media diary, including identification of special dates and opportunities;
- Responding to misleading or erroneous items in the media;
- Listing and training individuals to act as experts and spokespersons; and
- Searching for new angles on existing stories, and new spokespersons and organizations to speak publicly.

5. **Ms. Thirakha Chanthalanouvong from the Department of Statistics (DoS) of Lao PDR** presented on the cooperation agreement with UN-HABITAT signed in February 2008 to implement the project for monitoring MDG targets 10 and 11 in 17 UN-HABITAT project towns (10 provinces) in Lao PDR. This project is to be implemented between 2008 and 2010.

The aims of the project are:

- To track MDG progress in selected towns
- To localize MDG monitoring
- To develop local capacity
- To assist in planning process by identifying gaps in service provision

The main objective of the project is to create an environment in which local decisions and solutions can be generated by creating partnerships between local government service provider and the communities to ensure better provision of services. The project is using UN-HABITAT UIS tools for data collection in 17 target towns. In preparation to collect the data, a stakeholder workshop was conducted in December 2008, where data collection tools were revised and tested. A manual for the enumerators was developed. Capacity building activities of the project include GIS Training of Trainers for 8 staff of DOS and project staff as well as GIS training for 54 participants from provincial and district statistics and water utility staff.

6. In his presentation, **Mr. Tran Van Be, Deputy Director of Cam Ranh Utility, Khanh Hoa Province** indicated that local authorities have unsuccessfully tried to carry out development policies and mobilize internal and external resources to reach the poor, mainly because it is difficult to find them. Since the rich live alongside the poor in urban areas, there is a need to identify the
distribution and location of poor households in the region.

The MEK-WATSAN initiative promotes activities that support the provision of water and sanitation services for the poor and poverty mapping is an important component. The methodology for mapping has been provided by UN-HABITAT as part of their technical assistance. The information collected allows utilities to provide water services more efficiently. This information is consolidated and integrated and will be the basis for the design and specifications for infrastructure investments and whether public or private connections are needed. Also, partnerships have been strengthened with other towns in the programme through sharing experience with local water utilities on poverty mapping.

Discussions after the presentation centered on the incentives or benefits for those utilities (whether public or private) that would have to carry out poverty mapping given the significant resources this implies. Representatives from the Cam Ranh Water Utility company highlighted that one of the main benefits is capacity building and training on new innovative techniques that help them make better decisions on investments.

Cam Ranh Water Utility was asked if without the support of UN-HABITAT they would continue with the exercise. The utility company responded that they would continue on their own because it helps them identify the poor and get a better understanding of their potential clients. With this information, they would also be able to apply for subsidies from the government.

Mr. Dzikus added that poverty mapping can be a complex process especially with the mix of qualitative and quantitative data. It is important to look at the per capita cost. The cost of this exercise should not be higher than 1 or 2 USD per capita and for that purpose it needs to be approached in practical terms. He also mentioned that additional benefits for the utilities are an increase in customers and that they can monitor their services better particularly in terms of operations and maintenance.

7. Ms. Joyce Mmaitsi, Regional Project Officer, MEK-WATSAN presented on UN-HABITAT’s overall capacity building programme. Ms. Mmaitsi indicated that the objectives of the capacity building component were to identify needs and capacity build stakeholders of water projects so as to facilitate design, implementation, monitoring and sustainability as well as to provide an opportunity to learn and exchange ideas and best practices. Based on capacity building needs the capacity building programme focuses on:

- Pro-poor urban water governance;
- Urban water conservation and demand management (WCDM);
- Integrated urban environmental sanitation;
- Income generation for the urban poor through community-based water and sanitation services.

Ms. Mmaitsi also indicated that the capacity building component of the initiative incorporates the various cross-cutting areas addressed in previous presentations. The capacity building strategy includes the identification of Regional Resource Centers and liaise to develop framework for WATSAN capacity-building initiatives and organizational training of WATSAN personnel at all levels, as well as provision of national policy and sector reform advice through training and capacity building programmes, workshops and seminars. This is done in partnership with international and national partner agencies, government institutions and communities. Expected results and outcomes are:

- Increased awareness on water and sanitation issues linked with urban water governance, conservation and demand management;
- Increased participation of women in decision making processes in the projects;
- Increased accountability and transparency;
- Exchange of ideas and information (through initiatives like cross-border towns project);
- Increased use of tools like GIS poverty mapping for pro-poor water and sanitation initiatives; and
- Facilitate replication and scaling up of the good practices.
The objective of this session was to gain an understanding of the water and sanitation situation in the participating countries, with detailed presentations on the sector assessments.

1. Country Sector Assessment - Cambodia

Mr. Sorn Savnin, Deputy Director of the Department of Potable Water Supply, Ministry of Industry, Mine and Energy (MIME), provided an overall view of the water and sanitation sector in Cambodia. The country’s total population is 13,388,910, of which 2,614,440 live in the urban areas. About 30% of the total population lives below the poverty line. Mr. Savnin also pointed out that five ministries are responsible for water and sanitation in Cambodia.

The roles and functions the Ministry of Industry, Mines and Energy are:
- Develop and implement water sector policy and strategy;
- Develop urban water supply statistic and development plan;
- Regulate and support the sector;
- Develop water standards, procedures and guidelines; and
- Administration and monitoring public water utilities and Donors coordination.

Mr. Savnin also highlighted that the RGC sees the access to clean water as a right for people. The Government promotes the participation of the private sector. There are 87 recognized private utility companies servicing close to 21% of the population. There are different models: BOT (build, own, transfer in the form of concessions); BOO (build, own and operate; BOT-DBL [design build and lease]) and BOT–OBA. There are also 16 public water utility companies in 24 provinces that operate with autonomy but are under MIME.

H.E. Meng Saktheara highlighted that the provision of water in Cambodia is considered as a commercial good and not as a social good and that is why it is under the Minister of Industry, Mines and Energy. Some public utilities have been “corporatized” mainly in major cities. For smaller towns the government does not want to create public utilities so they want to support the private operators that are already there. There are also PPPs with the DBL (design, build, and lease) model. 90% of the funding comes from the government; private operators lease the utility through a PPP contract.

Over 50% of the total urban population is served with water and sanitation services. The government recognizes the importance of the sector since the economic loss of poor sanitation and hygiene has been estimated to almost 500 million USD. With this in mind, Cambodia’s Millennium Development Goals are the main challenges of the sector which are:

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<tr>
<th></th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
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<tbody>
<tr>
<td>Rural population with access to safe water</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Urban population with access to safe water</td>
<td>68%</td>
<td>74%</td>
<td>80%</td>
</tr>
<tr>
<td>Rural population with access to improved sanitation</td>
<td>12%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Urban population with access to improved sanitation</td>
<td>59%</td>
<td>67%</td>
<td>74%</td>
</tr>
</tbody>
</table>
• Human resource is limited
• Access to clean and safe water and sanitation is low
• Access to potable water and sanitation is linking to poverty
• Funding for improvement needs are significant
• Availability of financial resources still low.

Utility Companies in Cambodia

Utility companies in Cambodia want to be able to expand and improve service coverage, improve level of service standard, improve technical and economic efficiency and financial viability, address the specific need of the poor, and protect the environment. However, some of the main challenges they face are:

• Human resources’ skill and experience are low
• Infrastructure is limited
• Non revenue water is too high
• Total income is not sufficient for improvement

The Strategic Goals to support utility companies are:

Some key strategies for the short-term goal are:

<table>
<thead>
<tr>
<th>Short-Term Goal (in the next 3 years)</th>
<th>Mid-Term Goal (5-6 years)</th>
<th>Long-Term Goal (10 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabilization</td>
<td>Growth</td>
<td>Sustainability and Globalization</td>
</tr>
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</table>

• Human Resource Development and Capacity Building: a) Education – classroom and/or OJT, exchange experts among the utilities; b) Motivation; and c) Discipline
• Institutional Building and Strengthening: clear business and monitoring objectives and Performance monitoring (service expansion, operating ratio, business administration, good governance and willingness to charge)
• Improving Financial Efficiency and Management
• Maintaining and Improving Infrastructures and Improving Technical Efficiency.

During the discussion sessions and regarding the participation of the private sector, Mr. Meng clarified that in reality the private sector services more than 21% of the population. Although 87 private utilities have been recognized by the government, there are more than 300 utilities which are very effective and effective although not officially recognized.

The strategies presented for different public water utilities have been tailored to support these utility companies which are at the brink of bankruptcy. It is important to stabilize them first. Some only serve 10% of the population so the Government is committed to help them grow and expand so that they can increase their economies of scale, be more efficient, generate more resources, increase more users and eventually become sustainable.

Regarding a question on CBOs and NGOs participation, he highlighted there are not good experiences with CBOs in any sector because of the cultural and political context. NGOs, on the other hand, are very active in Cambodia bridging the gaps between communities and the Government. The involvement and participation of communities are very strong particularly in the negotiation and setting of the tariffs and the standards and quality of services.

2. Country Sector Assessment— Lao PDR

The country sector assessment for Lao PDR was presented by Mr. Phouthasene Akkavong, the Deputy Director General, Department of Housing and Urban Planning, Ministry of Public Works and Transport. Lao PDR’s total population is 6.5 million, with an urban population of about 1.75 million (27% of the total population). The sector institutions include: Nam Saat, Ministry of Health, which is responsible for Rural Water Supply and Sanitation. DHUP, Ministry of Public Works and Transport which is responsible for Urban Water Supply and Sanitation. In addition, each province, has one water supply state-owned enterprise (including its branches in the district towns). In some provinces, there are also PPP models
under 25 years concession contract between the Chief of district and concessionaire holder through competitive bidding process. So far there are already 3 in operation and 4 under study and construction.

With regards to policy, Mr. Akkavong informed the meeting that there is a National Growth and Poverty Eradication Strategy (NGPES). The Health sector, which includes water supply and sanitation, has been identified as one of 4 priority sectors for development to achieve Lao PDR’s economic growth and poverty eradication objectives. It is a high priority to improve water supply and sanitation throughout the country. In this regard, GoL has tried to reform the regulatory structure (fees and standards) and a separate office has already been established to regulate the provision of water. The government is also promoting private sector participation by PPP models. However, PPP models have been mainly donor-led. There are efforts to reform the public-private partnerships. They are local but they need to sign contracts with the Department of Public Works and Transportation at the level of the provinces.

Regarding donor coordination, Mr. Akkavong informed the meeting that there is a coordination group within the Ministry to make sure all stakeholders follow the national strategy. Mr. Akkavong informed the meeting that the Government signed a 5-year MOU in mid 2008 for cooperation with UN-HABITAT. By 2015, the urban sector has to contribute more, at least 4.7%, for the country to meet the MDG’s target. As of 2008, there are currently 57 water supply systems serving towns and groups of villages in 53 districts − amounting to 788,471 people. The urban water supply coverage is at 50%.

3. Country Sector Assessment – Vietnam

Mr. Bui Xuan Doan, Vice Director, Technical Infrastructure Administration, Ministry of Construction, presented on the country sector assessment of S.R. Vietnam. Mr. Doan informed the meeting that Vietnam has a population of around 84 million, of which 30% reside in urban areas. It is expected that the total population will reach 100 million by 2020, with 45 million urban residents. Vietnam is now in the process of integration, international cooperation and promotion of industrialization and modernization of the country. The water and sanitation sector in Vietnam has been under increasing pressure for socio-economic development and population growth, especially for big cities.

Sector Institutions:

The Ministry of Construction is responsible for the provision of water and sanitation in urban areas while the Ministry of Agriculture and Rural Development is responsible for water and sanitation in rural areas. Vietnam faces the challenges of economic development and population growth. Legislative improvements have been made towards systematization and comprehensiveness and there are policies of preferences and incentives for resources mobilization. The government is looking at financing mechanisms through the cost recovery model and polluter pays principles, the latter which has been the most difficult to implement. The government is also focusing in institutional strengthening through human resources training, international cooperation and experience exchange. There is need for better coordination among different agencies and offices. It is very difficult to mobilize resources and communities to develop and maintain the system.

Within Vietnam’s legal framework, there are laws that protect environmental and water resources. There are decrees on safe water as well as on industrial and solid waste. Some of the challenges of the institutional and legal framework are: inconsistent organization and management, incompleteness and asynchronous legislative system, unclear and overlapped responsibilities, and decentralization. There is a need for a uniform legal framework.

Current Status of Vietnam’s water supply management

The average service coverage rate is 70%. However, in big cities, this figure is between 85 and 90%. For secondary towns it is 50 to
60%. The average non-revenue rate has already been reduced to 32% (as compared to over 42% in 1998). The Government’s main investment in water has been to reduce water leakages. There are 68 urban water supply entities. Over 420 water supply systems with a total design capacity of 5.48 million m$^3$/day. Operational capacity is 4.3 million m$^3$/day, or 80% of the design capacity (as compared to only 2.1 million m$^3$/day in 1998).

Vietnam’s goals up to 2015 are to achieve 90% of service coverage, to reduce non-revenue rate down to 25% in 2015 and 15% in 2025, to increase the drainage/sewerage service, and to increase capacity by making an additional investment of 4 million m$^3$/day to achieve 9.2 million m$^3$/day in capacity and to double this by 2025. The government also wants to improve the service and water quality. Standards for water quality in rural areas need to be revised and need to be close to the ones established for urban areas.

In the case of sanitation the government focuses on drainage system as well as wastewater treatment. Drainage service coverage is only about 60% in cities while some towns do not even have water treatment facilities. Combined sewage/drainage systems are commonly used for both storm-water and wastewater – however, these systems were constructed many years ago and have become very old. Most wastewater is not treated before being discharged into the surroundings. Total capacity of all existing wastewater treatment plants is only 265,000 m$^3$/day and night (10% of the demand). Consequently, there is severe pollution of water resources (surface & ground water) and resolving environmental pollution is a primary concern of GoV & international donors & organizations.

**Vietnam’s sewerage/drainage Development Targets to 2025:**

- Sewage coverage extended to 80%;
- Sewage, wastewater collection and treatment systems of high priority constructed synchronically in big cities, cities for tourism and watershed areas;
- Decentralized wastewater solutions studied and implemented for appropriate and small urban areas;
- Localized wastewater treatment stations constructed at health facilities and industrial premises;
- Flooding and inundation, as well as environmental pollution resolved to ensure sustainable development

**Some of the challenges to the wastewater sector in Vietnam are:**

- Lack of infrastructure and high pressure due to population growth and rapid urbanization
- Lack of investment capital, weak and limited mobilization of social resources and community participation in infrastructure development and management
- Lack of human resources with adequate skills and management expertise
- Low customer fee, which cannot cover O&M costs and investment cost
- Low awareness of authorities and community

The issue of climate change was also raised during the discussion session. The Government responded by acknowledging that all water infrastructure designs takes into consideration disaster mitigation and recovery measures particularly in coastal areas. In recent years the Government is also paying more attention to discharge treatment.
1. The utility Directors presented on the select MEK-WATSAN towns in Cambodia.
MIME has identified four towns: Svay Rieng, Kampong Cham, Kampong Thom and Pursat, all of which are along the economic corridors. The populations in these towns range from 16,000 in Svay Rieng to 45,000 in Pursat. Mr. Din presented on the current water and sanitation situation in each town, including production capacities, water tariff levels, individual and common challenges faces, such as limited capacity for operations and maintenance as well as issues on water quality, high NRW and limited funds for network expansion. Each town has their own water supply company. Under the 2005 reform process, public utilities need to meet certain requirements regarding operations, growth, expenditure and revenue to become commercial private companies. Most utilities have larger production capacities than what they actually produce. For example, Kampong Thom has a water treatment plant with capacity of water production of about 5,760 m³ per day of clean water and it is able to serve 6,000 families. However, it currently produces only 2,000 m³ per day of water for 1,916 consumers.

Maps presented by representatives of the utilities show that the most of the poor live in areas that were not serviced by the utility companies. Most of the people not covered are the poor since they are not able to pay for the connection. Revolving funds have become a good option for those who can get access to loans. In terms of their water and sanitation needs, the towns all identified expansion of networks, upgrading of old networks, sanitation improvements and capacity building to be the issues of most concern and that will require investments for improved water and sanitation supply. It was also agreed that UN-Habitat to include urban growth and land use planning within the programme to help prevent speculation, sustain systems and guarantee the overall quality of the system. This will go in line with RGCSs decentralization plans that are currently under process.

2. Mr. Khantone Voracith, the Chief of the Water Supply Division, Department of Housing and Urban Planning, Ministry of Public Works and Transport gave a presentation on the select MEK-WATSAN towns in Lao PDR. Mr. Voracith began his presentation with an overview of the current MEK-WATSAN projects in Laos, including progress made and lessons learnt. The proposed interventions for the towns is extension and replacement of transmission and distribution pipes, construction of piped water systems using spring source and ground water sources, as well as construction of water disinfection and chlorination facilities.

Mr. Somsanith Thippasouda, Deputy Director from the first MEK-WATSAN project in Xieng Ngeun also shared the lessons learnt from the project. He mentioned that about 80% of the town’s population has received access to water supply and 90% to sanitation at a relatively short time. This has translated into improved health for the community, reduced workloads for women and children and increase in small businesses. The revolving fund system has also helped the poor to get access to WATSAN services.

3. Mr. Cao Van Ket, Deputy Director, Department of Construction, People’s Committee of Quang Tri Province presented on the select Vietnam towns for this funding. There is only one public utility providing water and sanitation services in Quang-Tri Province. The population in the 4 towns ranges from 19,000 in Cua Viet to 83,000 in Dong Ha. Mr. Van Ket informed the meeting that the proposed interventions include: construction of new water treatment plants; expansion of networks; construction of latrines, including wastewater treatment. Mr. Van Ket also recommended that there is need to enhance the capacity and foreign language skills for local staff. He added that the Province would give support to the implementation and ensure coordination among utility and relevant departments, as well as in monitoring and evaluation.
A) Memorandum of Understanding (MoU)

Ms. Joyce Mmaitsi, Regional Project Officer, MEK-WATSAN gave an outline of the structure of the MoUs. It begins with the general principles, definition of the entities, their legal status, and MEK-WATSAN. The articles of the MoU cover issues to do with responsibilities of the cooperating entities, project management, implementation and coordination modalities, procurement, monitoring and evaluation as well as issues to do with audits and inspections. Ms. Mmaitsi informed the participants that the MoUs are umbrella agreements between UN-HABITAT and the countries. UN-HABITAT will also be signing Cooperation Agreements with the utilities of beneficiary towns for the implementation of their action plans. It was agreed that the Governments would review the MOUs and revert to UN-HABITAT.

B) Implementation Modalities

Mr. Avi Sarkar, Chief Technical Advisor, WAC/MEK-WATSAN South East Asia presented the guidelines for implementation modalities. Mr. Sarkar informed the participants that the total project budget is some US$10,542,600 (which includes UN-HABITAT, Governments and Community contributions) to target 90,755 people with safe drinking water and 190,365 people with sanitation facilities. The duration of these interventions is three years (2008-2011), and will continue to depend on partnerships with Governments (authorities, local utilities, national statistic offices), communities, donors, civil society and the private sector. Mr. Sarkar added that countries would be expected to contribute close to 20% of the project costs, and gave a breakdown of the various contribution costs of the participating parties. Mr. Sarkar continued by speaking on the implementation schedule and programme planning, whose implementation methodology is based on the experience of the fast-track projects which are community based and have a participatory approach. The projects are to continue being implemented through the water utilities with strong community participation, which will be promoted at all stages, from planning to implementation.

In terms of oversight responsibilities, Mr. Sarkar added that comprehensive quality control and monitoring and evaluation mechanisms will be in place. A Project Performance Monitoring and Evaluation (PPME) system is being realized with detailed indicators corresponding to the broad objectives of the project and logical framework including fraud and corruption indicators. Indicators will be used to measure progress, to identify successes or potential problems. Evaluations will assess results including beneficiary satisfaction. At the regional level, a strong partnership with the Governments of the Mekong region countries has been established to provide political oversight and policy guidance. Mr. Sarkar also informed the participants of the key dates to bear in mind in the project implementation as guided by the Government of Netherlands. These key dates include: presentation of activity plans and budgets, presentation of result-based narrative reports and financial reports, mid-term review and report and the end review.

Group Discussions: Country-Level Implementation Modalities – Group work

The meeting participants were organized in four groups to discuss and finalize their actions plans. Three groups pertained to the three countries while a fourth regional working group was entrusted to discuss a regional approach to support country initiatives around capacity building, information and knowledge sharing opportunities. The fourth group was composed of the representatives of different international organization as well as representatives from the three countries. The outcome of this day’s deliberations was agreed country action plans of Lao PDR, Vietnam and Cambodia through group work.
CONSULTATION PROCEEDINGS
DAY 3
WEDNESDAY, 22 APRIL 2009

Plenary Session 2.4: Adoption of Action Plan for MEK-WATSAN
Moderator: Ms Susana Williams

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<tr>
<th>Time</th>
<th>Activity</th>
<th>Presenter</th>
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<tr>
<td>09:00</td>
<td>Recap of Day 2 and introductory remarks by Chief, WSS-II, UN-HABITAT</td>
<td>Mr. Andre Dzikus</td>
</tr>
<tr>
<td>09:15</td>
<td>Presentation of MEK-WATSAN action plan in Cambodia</td>
<td>Representative of Cambodia</td>
</tr>
<tr>
<td>10:30</td>
<td>Presentation of MEK-WATSAN action plan in Lao PDR</td>
<td>Representative of Lao PDR</td>
</tr>
<tr>
<td>11:30</td>
<td>Presentation of MEK-WATSAN action plan in Vietnam</td>
<td>Representative of Vietnam</td>
</tr>
</tbody>
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1. ACTION PLAN FOR MEK WATSAN TOWNS IN VIETNAM

Four towns have been selected belong a province of Quang Tri in the central region of Vietnam. The project is expected to benefit 120,000 directly.

**Criteria for Selection of Towns**

- Being in the list of investment call by local authority and Govt. of Vietnam
- High rate of poverty
- Along the East-West Economic Corridor
- Govt. has given priorities for support to the ethnic groups in these towns
- 40,000 people (10,800 HHs) need to be served for water supply
- 7,500 hygienic latrines and improved sanitation facilities need to be provided for about 80,000 people
- Capacity building for local authority, water utility staff and communities

2. ACTION PLAN FOR MEK-WATSAN TOWNS IN LAO PDR

Five towns have been selected for intervention under this new funding. The project is expected to benefit about 31,000 people with water supply and approximately 80,000 with sanitation.

**Criteria for Selection of Towns**

- Demonstrated demand and need for water supply & sanitation services by communities
- High poverty rate
- Consistency with Govt. plans & policies
- Relevance to regional economic corridors
- Raw water source availability
- Ability of local authorities to support the proposal

The estimated cost of these interventions is USD1,783,911.

3. ACTION PLAN FOR MEK WATSAN TOWNS IN CAMBODIA

Four towns have been selected for intervention under this new funding. The project is expected to benefit about 27,000 people with water supply and approximately 80,000 with sanitation.

**Criteria for Selection of Towns**

- Relevance to regional east-west and southern economic corridors
- Raw water source availability
- Ability of local authorities to support the proposal

The estimated costs of these interventions is USD1,979,972.

PLENARY 2.4: ADOPTION OF ACTION PLANS FOR MEK-WATSAN

During the discussion sessions countries were able to clarify and share some technical issues in their work. The action plans were adopted.
The purpose of the High Level Segment was to hold discussions and dialogue with the High Officials, (including discussions on action plans, discussions/finalizing on signing of MoUs, and Sustainability Clauses), and Signing of ‘Hanoi Declaration’ by country representatives reflecting the deliberations and agreements reached.

A. REMARKS FROM PARTICIPATING GOVERNMENT REPRESENTATIVES

1. H.E. Meng Saktheara, Director of Industry, MIME, thanked the government of Vietnam for hosting the event, thanked UN-HABITAT and the other organizations.

He expressed his appreciation for MEK-WATSAN’s innovative approach with simple solutions to complex issues and called for increased collaboration to scale up the initiative. He is hopeful that the Mekong region governments can integrate the initiative within their overall development plans, institutionalize it and make it more sustainable with increased sense of ownership.

Addressing UN-HABITAT, H.E. Saktheara asked them to work closely to maintain the simplicity of the approach to overcome the challenges in the sector. He asked for additional support from the development partners in order to scale up MEK-WATSAN.

He also requested to continue to broaden the scope of water supply and sanitation interventions to fully achieve overall objectives. He encouraged the involvements of all stakeholders called for the efficient coordination and harmonized work support at the country level. He remarked that the beauty of the MEK-WATSAN was in its efficiency and simplicity and thanked all participants again for their work and support helping the Governments achieve the MDGs.

2. Mr. Phouthasene Akkavong, Representing the Government of Lao PDR, mentioned that a deeper understanding of the MEK-WATSAN initiative was one important outcome of the regional consultations. He highlighted that MEK-WATSAN strategies are linked to national development strategies. He also highlighted the importance of integrating WATSAN strategies within comprehensive urban and national development strategies. Urban planning strategies and investments plans are important because they integrate the responses to high population growth, increased rural urban migration, and increasing demands in poor areas. Other key issue is the reform and strengthening of urban institutions. WATSAN strategies should also be considered as part of government socio-economic development strategies.

He added that the MEK-WATSAN initiative created the opportunities for proactive and innovative interventions for rapid urbanization, to support the region’s economic development, to improve urban planning and management, to support national development through urban and rural infrastructure, and to develop village or village clusters to support rural economic development. By 2020, he is optimistic urban centers will be able to reach the MDG targets.

3. Mr. Bui Xuan Doan, the Representative from Vietnam, thanked UN-HABITAT and other donors for their participation in the regional consultation. Mr. Doan highlighted that environmental protection was reflected on key government discussions to ensure the sustainability of Vietnam’s economy. He also highlighted the need for close cooperation between countries in the region to better implement the MEK-WATSAN initiative and learn from it. He mentioned he was able to gain a better understanding of the programme, learn about the challenges other countries are facing. He also recognized that focusing on sec-
ondary and small towns is the right approach and the Government has agreed with selection of the Quang-Tri area towns, which are the poorest and part of the economic (EWEC) corridor.

He also stressed the need for robust criteria to ensure clear methodologies for efficient implementation, good organization and coordination. He recognized the difficulties of maintaining and preserving investments and that efficient operations and maintenance of investments are necessary for sustainability. He highlighted the importance to reach a balance between the provision of water supply and sanitation services. He also shared that in Vietnam, urban and rural poor households have been able to access improved water and sanitation services through revolving funds managed by local women associations. These have been very effective and many poor families have benefited.

B. REFLECTIONS FROM DEVELOPMENT PARTNERS

1. Mr. Hubert Jenny from ADB, mentioned that it was encouraging to see the commitments from the countries to implement the MEK-WATSAN initiative and that ADB will work hand in hand with UN-HABITAT. He highlighted that it was very important that governments were taking ownership of their programmes.

2. Ms Sahana Singh, Editor from Asian Water Magazine, mentioned that she enjoyed the lively interaction and hopes that the MEK-WATSAN programme can be scaled up successfully. She realized that Governments are placing more emphasis on sanitation and decentralized waste water management. She recommended engaging the media in the initiatives, building capacity and documenting the processes.

3. Dr. Yudhi from SEAMEO Secretariat, expressed he had learned a lot in the course of the three days especially about MEK-WATSAN, its impacts in the 3 countries and how it meets the needs not only of the people but also of the donors. He re-emphasized the importance of valuing water resources and its efficient use. He also stressed the importance of incorporating WATSAN concepts in the curriculum.

4. Mr. Teun Bastemeijer, representative from WIN, mentioned how impressed he was with the changes he had seen in Vietnam and that he expects positive outcomes from a UN-HABITAT/ WIN partnership. He had the opportunity to learn about the different and challenging situations of the three countries. He also encouraged the use of advocacy in a way that it involves more people, and mentioned that he hoped to follow up with a scoping mission to see how links can be established within the region to support the efficiency of interventions. He recommended taking corruption as a real issue, being pragmatic and looking for solutions to improve the situation of the sector and of utilities for the overall economic development of the countries. He also recommended stronger emphasis on learning and capacity building.

5. Ms. Esther Van Hoeve from Gender Water Alliance, mentioned that during the course of the consultations, she learned about the challenges in the water and sanitation sector in the Mekong region. She also mentioned that there was not yet a clear understanding among partners on gender issues in water and sanitation. She recognized that different partners bring different approaches to integrating gender issues and sometimes per the requirements of donors. She invited the consultations participants to attend the workshops on gender in water and sanitation which will be practical and useful for their work.

C. SIGNING OF HANOI DECLARATION

It was mutually agreed that the Government representatives would study the details of the MoUs a little more intimately and respond as soon as possible. In the meantime, the same Government representatives of the participating countries sealed their commitment to the MEK-WATSAN initiative through signing the “Hanoi Declaration”. The Declaration is attached as Annex 3.
D. SUMMARY OF THE WORKSHOP PROCEEDINGS

Mr. Andre Dzikus presented a summary of the main presentations and discussions that took place during the regional consultations while emphasizing the need to strengthen south to south cooperation through study visits and peer-review to build capacity at the local level and promote local wisdom and knowledge sharing. One big challenge will be to achieve results on the ground very quickly. In the next 2 years, this group will be able to show the results of the programme which aims to benefit 90,755 people with improved access to water and 190,365 with improved access to sanitation.

E. CLOSING REMARKS

Mr. Bui Xuan Doan congratulated participants for the success of the meetings and highlighted the sense of close collaboration he had experienced between countries. He thanked UN-HABITAT for organizing the regional consultations. He also thanked the ADB, UN agencies, donors, representatives of NGOs and national institutions for their participation. He also thanked the Government representatives for their contributions to the MEK WATSAN initiative towards achieving their MDGs by 2015.

In his closing remarks, Mr. Andre Dzikus, Chief of UN-HABITAT’s Water and Sanitation Section II, thanked the delegations from the 3 countries for their commitment to the MEK-WATSAN initiative and appreciated the lively discussions that took place towards achieving the MDGs. He mentioned he was pleased to have worked with and learnt from the participants as well as have been able to share the lessons learnt from other regions. He thanked the ADB, and other development partners for being reliable and accountable. He thanked the local UN-HABITAT staff in Vietnam, the regional staff in Cambodia and Lao PDR, the interpreters and hotel personnel.
Annexure

Annex I : List of Participants

Annex II : Programme Schedule

Annex III : Statement of Representatives of the Governments of Mekong Region “the Hanoi Declaration”

Annex IV : Published Articles on the MEK-WATSAN Regional Consultations in various leading Newspapers

Annex V : MoU between UN-HABITAT and The Ministry of Industry, Mines and Energy of the Kingdom of Cambodia

Annex VI : MoU between UN-HABITAT and Government of the Lao People's Democratic Republic

Annex VII : MoU between UN-HABITAT and People's Committee of Quang Tri Province, SR of Vietnam
# Annexure - I
## List of Participants

### Kingdom of Cambodia

1. HE Meng Saktheara, DG of Industry Ministry of Industry, Mines and Energy
2. Mr. Sorn Savnin, Deputy Director, Department of Potable Water Supply
3. Mr. Norng Saroeun, Director of Pursat Water Works
4. Mr. Prach Nan, Director of Director of Svay Rieng Water Works
5. Mr. Leang Porthong, Director of Kampong Thom Water Works
6. Mr. Preap Somala, Director of Kampong Cham Water Works
7. Mr. Bun Chan Kong, Director, Kampot Water Works

### Lao PDR

8. Mr. Phouthasene Akkavong, Deputy Director, Department of Housing and Urban Planning, MPWT
9. Mr. Khanthone Vorachith, Chief Water Supply Division, MPWT
10. Mr. Vorasith Dengkhayaphichith, MPWT
11. Mr. Somsanith Thipphasouda, Deputy Managing Director, Luangprabang Water Supply State Enterprise
12. Mr. Aliya Khanti, Managing Director, Sayabouly, Water Supply State Enterprise
13. Mr. Phandola Khounemueangchan, Managing Director, Savannakhet Water Supply State Enterprise
14. Mr. Khamsing Southammakosan, Managing Director, Sekong Water Supply State Enterprise
15. Mr. Sengkham Sitthioudom, Managing Director, Attapeu Water Supply State Enterprise
16. Ms. Thirakha Chanthalanouvong, Department of Statistics, National Statistics Center

### Vietnam

20. Mr. Pham Khanh Toan, Ministry of Construction (MoC)- Deputy Director International Cooperation Dep
21. Mr. Bui Xuan Doan, Ministry of Construction (Moc)-Deputy Director Administration of Technical Infrastructure
22. Ms. Tran Thi Minh Chau, Deputy Director of Social and Environmental Department – General Statistic Office-Dep. Of Social and Environment
23. Nguyen Thi Son, Ministry of Education and Training
24. Mr. La Quy Don, Ministry of Education and Training
25. Mr. Dao Van Hoa, VC PPC Cam Ranh
26. Mr. Tran Van Be, DGD Cam Ranh Urban Works Joint Stock Company
27. Mr. Tran Hien, VC PPC Tuy Hoa
28. Mr. Nguyen Tan Thuan, Deputy Director, Phu Yen Water Supply and Drainage One Member Limited Liability Company
29. Mr. Lam Anh Toan, Deputy Director, Ninh Thuan Water Supply Company
30. Ms. Nguyen Thi Cuc, Official, Ninh Thuan Water Supply Company
31. Mr. Cao Van Ket, Deputy Director, Department of Construction, Quang Tri
32. Mr. Dao Ba Hieu, Deputy Director, Quang Tri Water Supply and Drainage Company

### Embassies and Donor Agencies

33. Ms. Nguyen Phuoc Binh Thanh, Program Officer, Devpt. Cooperation, Embassy of Netherlands
34. Mr. Tran Trong Chinh, Embassy of Norway
35. Mr. Benito Alvarez Fernandez, Resident Rep. AECID – Embassy of Spain
36. Ms. Elena Ferreras, AECID - Embassy of Spain

UN and International Agencies

37. Mr. Ayumi Konishi, ADB Country Director, Vietnam
38. Mr. Hubert Jenny, Senior Urban Development Specialist, ADB Hanoi
39. Mr. Ton Tuan Nghia, WHO Vietnam
40. Mr. Christopher Trethewey, WSP, World Bank
41. Mr. Thowai Sha Zai, Chief, WES UNICEF Vietnam
42. Ms. Patricia Rosa, UNIFEM Vietnam
43. Ms. Tran Minh Phuong, Country Coordinator, MRWD, IUCN
44. Dr. Vu Van Trieu, Country Rep. IUCN Vietnam
45. Ms. Nguyen Thi Dan, Eco-Asia
46. Ms. Nguyen Phuong Thao, SEAWUN

Academia

47. Mr. Tran Duc Ha, Deputy Director of Institute of Environment Science and Engineering (IESE), Hanoi Engineering University
48. Ms. Tran Thi Viet Nga, Official, IESE
49. Mr. Tran Cong Khanh, Official IESE

International Resource Persons

51. Mr. Teun Bastemeijer, Water Integrity Network
52. Ms. Sahana Singh, Asian Water
53. Dr. Salmah Zakaria, UNESCAP Bangkok
54. Esther van Hoeve, Gender Water Alliance
55. Dr. Wahdi Salasi Yudhi, SEAMEO Bangkok

Journalists

56. Ms. Do Phuong Anh, Vietnam News Agency
57. Mr. Chamroeun Chann, Phnom Penh Post, Cambodia
58. Mr. Phaisythong Chandara, Vientiane Times, Lao PDR

UN-HABITAT

59. Mr. Andre Dzikus, Chief, WSS II, UN-HABITAT
60. Mr. Avi Sarkar, Regional CTA, S.E. Asia, WAC/MEK-WATSAN
61. Mr. Somethearth Din, HPM Cambodia
62. Dr. Nguyen Quang, HPM Vietnam
63. Ms Susana Williams, UN-HABITAT
64. Ms. Joyce Mmaitsi, Regional Project Officer, MEK-WATSAN
65. Ms. Pham Thi Thu Huong, CTA Vietnam
66. Mr. Buahom Sengkhamyong, CTA Lao PDR
67. Ms. Jenipher Mudibo, UN-HABITAT HQ
68. Ms. Heta Tenno, Water and Sanitation Technical Specialist, Cambodia
69. Mr. Pham Sy Hung, Technical Specialist, Vietnam
70. Ms. Minh Huyen, Programme Assistant, UN-HABITAT, Vietnam
### Annexure - II

#### Programme Schedule

**Sunday, 19 April 2009**
Arrival of participants in Hanoi

**Monday, 20 April 2009**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Speaker(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPEN FORUM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08:00</td>
<td>Registration of participants</td>
<td></td>
</tr>
<tr>
<td><strong>Opening Session – Co-Chairs:</strong> Mr. Nguyen Sinh Hy and Mr. Andre Dzikus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>08:40</td>
<td>Welcome address by the Host Government (Mr. Nguyen Sinh Hy)</td>
<td>Mr. Nguyen Sinh Hy</td>
</tr>
<tr>
<td>09:00</td>
<td>Introductory remarks by Chief WSSII, UN-HABITAT on conference purpose and organizational background</td>
<td>Mr. Andre Dzikus</td>
</tr>
<tr>
<td>09:20</td>
<td>Remarks by Ministry of Foreign Affairs, Government of Netherlands</td>
<td>Ms. Nguyen Phuoc Binh Thanh</td>
</tr>
<tr>
<td>09:40</td>
<td>Remarks by UN Resident Coordinator, Vietnam</td>
<td>Mr. John Hendra</td>
</tr>
<tr>
<td>10:00</td>
<td>Remarks by ADB Country Director on challenges faced by the WATSAN sector in face of the global financial crisis</td>
<td>Mr. Ayumi Konishi</td>
</tr>
<tr>
<td>10:20</td>
<td>Tea/coffee break</td>
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</tbody>
</table>

| **Plenary Session 1.1: Challenges in Water and Sanitation in the Mekong Region – Moderator:** Mr. Andre Dzikus |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| 10:40  | MEK-WATSAN concepts and results so far  
- Overview of the challenges, on-going fast track activities, achievements and lessons learnt, scaling up and strategic partnership. | Mr. Andre Dzikus                                                                 |
| 11:10  | Results of regional programmes- Brief presentations                                                 | Greater Mekong Sub-Region (GMS)/ADB  
World Bank Water and Sanitation Programme (WSP)  
International Union for the Conservation of nature (IUCN)  
UNICEF  
UNESCO  
ECO Asia ( Water and Sanitation programme supported by USAID) |

**12:30** Lunch

| **Plenary Session 1.2: Regional Activities of Donors – Facilitator:** Mr. Andre Dzikus |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 13:30  | Donors observations on the water and sanitation activities in the Mekong Region Policy analysis, resource mobilization, supplementing and complementing MEK-WATSAN initiative |                                                                                     |

| **14:30** Tea/coffee break |

| **Plenary Session 1.3: Regional Initiatives – Moderator:** Mr. Andre Dzikus |
|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| **14:45** | UN-HABITAT water and sanitation programme components:  
- Ethics for water and sanitation (HVWSHE)  
- Transparency in water and sanitation  
- Gender mainstreaming  
- Advocacy and awareness raising  
- MDG monitoring WATSAN  
- Poverty mapping/GIS  
- Capacity Building | SEAMEO  
Water Integrity Network  
GWA  
Asian Water  
Statistics Departments (NSC/GSO/MME)  
Director of Cam Ranh Utility  
Regional Project Officer |
### Plenary Session 1.4: Private sector Involvement - Moderator: Mr. Andre Dzikus

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:45</td>
<td>Brief remarks on private sector involvement and opportunities</td>
<td>Governments, International agencies, Utilities</td>
</tr>
<tr>
<td>17:30</td>
<td>Closing remarks by the Host Government</td>
<td></td>
</tr>
<tr>
<td>17:45</td>
<td>Closing remarks by Chief WSS II, UN-HABITAT</td>
<td></td>
</tr>
<tr>
<td>18:00</td>
<td>Photography session with all participants</td>
<td></td>
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<tr>
<td>18:30</td>
<td>Reception</td>
<td></td>
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</tbody>
</table>

**Tuesday, 21 April 2009**

### Consultation 2: Country level action plans

#### Plenary Session 2.1: Water and Sanitation Situation in Programme Countries – Moderator: Mr. Avi Sarkar

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:45</td>
<td>Recap of Day 1 and introductory remarks by Chief WSSII, UN-HABITAT</td>
<td>Mr. Andre Dzikus</td>
</tr>
<tr>
<td>09:00</td>
<td>Country sector assessment presentation - Cambodia</td>
<td>Government representative</td>
</tr>
<tr>
<td>09:30</td>
<td>Country sector assessment presentation - Lao PDR</td>
<td>Government representative</td>
</tr>
<tr>
<td>10:00</td>
<td>Country sector assessment presentation - Vietnam</td>
<td>Government representative</td>
</tr>
<tr>
<td>10:30</td>
<td>Tea/coffee break</td>
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</tbody>
</table>

#### Plenary Session 2.2: Brief presentations on towns - Moderator: Mr. Avi Sarkar

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:45</td>
<td>Presentation on MEK-WATSAN towns in Vietnam, Lao PDR and Cambodia (City Assessments)</td>
<td>Representatives from Cambodia, Lao PDR and Vietnam</td>
</tr>
<tr>
<td>12:45</td>
<td>Lunch</td>
<td></td>
</tr>
</tbody>
</table>

#### Plenary Session 2.3: Rolling out MEK-WATSAN Implementation Modalities – Moderator: Mr. Avi Sarkar

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:45</td>
<td>Presentation of country MoUs</td>
<td>Regional Project Officer</td>
</tr>
<tr>
<td>14:30</td>
<td>Presentation of implementation modalities</td>
<td>Regional CTA</td>
</tr>
<tr>
<td></td>
<td>- Partners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Implementation schedule and programme planning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Procurement</td>
<td></td>
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<tr>
<td></td>
<td>- Counterpart contribution</td>
<td></td>
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<tr>
<td></td>
<td>- Supervision and oversight responsibilities</td>
<td></td>
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<tr>
<td></td>
<td>- FPNE framework</td>
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<tr>
<td>12:00</td>
<td>Lunch</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>15:00</td>
<td>Tea/coffee break</td>
<td></td>
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</tbody>
</table>

#### Group Discussions: Country-Level Implementation Modalities - Group work Moderators: Country CTAs

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>15:15</td>
<td>Group work on interventions in Cambodia, Lao PDR and Vietnam</td>
<td></td>
</tr>
<tr>
<td>16:15</td>
<td>Discussion on implementation modalities of working groups on Day 3</td>
<td>Mr. Avi Sarkar</td>
</tr>
<tr>
<td>16:30</td>
<td>Closing remarks by Chief WSS II, UN-HABITAT</td>
<td>Mr. Andre Dzikus</td>
</tr>
<tr>
<td>17:00</td>
<td>End of day 2</td>
<td></td>
</tr>
</tbody>
</table>

#### Group work continues with CTAs and country representatives

**Wednesday, 22 April 2009**

#### Plenary Session 2.4: Adoption of Action Plan for MEK-WATSAN - Moderator: Ms. Susana Williams

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00</td>
<td>Recap of Day 2 and introductory remarks by Chief WSSII, UN-HABITAT</td>
<td>Mr. Andre Dzikus</td>
</tr>
<tr>
<td>09:15</td>
<td>Presentation of MEK-WATSAN action plan in Cambodia</td>
<td>Representative of Cambodia</td>
</tr>
<tr>
<td>10:15</td>
<td>Tea/coffee break</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>Activity</td>
<td>Presenter</td>
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<tr>
<td>10:30</td>
<td>Presentation of MEK-WATSAN action plan in Lao PDR</td>
<td>Representative of Lao PDR</td>
</tr>
<tr>
<td>11:30</td>
<td>Presentation of MEK-WATSAN action plan in Vietnam</td>
<td>Representative of Vietnam</td>
</tr>
<tr>
<td>12:30</td>
<td>Lunch</td>
<td></td>
</tr>
</tbody>
</table>

**Consultation 3: Policy Level endorsement**

**Plenary Session 3.1: High Level Segment – Moderator: Mr. Andre Dzikus**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Presenter</th>
</tr>
</thead>
</table>
| 13:30 | Remarks from participating Government representatives on the MEK-WATSAN Initiative and suggestions for further up scaling of the programme in the respective countries against National Development Plans | Director General MIME, CAM/     
Director General MPWT, LAO/     
Director General MoC, VTN       |
| 14:15 | Observations by donors and partners                                       |                                                                          |
| 15:00 | **Tea/coffee break**                                                      |                                                                          |
| 15:15 | Discussions and dialogue with the High Officials, (including discussions on action plans, discussions/finalizing on signing of MoUs, and Sustainability Clauses)  
Signing of ‘Hanoi Accord’ by country representatives reflecting the deliberations and agreements reached | Mr. Avi Sarkar/     
Regional Project Officer       |
| 15:45 | Summary of the workshop proceedings                                       | Mr. Andre Dzikus                                                         |
| 16:15 | Closing remarks by the Host Government                                    |                                                                          |
| 16:30 | Closing remarks by Chief WSS II, UN-HABITAT                               | Mr. Andre Dzikus                                                         |
| 17:00 | **End of consultations**                                                  |                                                                          |

**Thursday, 23 April 2009**

Participants depart to their respective countries
Annexure - III

Statement of Representatives of the Governments of Mekong Region
“the Hanoi Declaration”

Statement of the Representatives of Governments of the Mekong Region
on
The Mekong Region Water and Sanitation (MEK-WATSAN) Initiative Regional Consultations

20 to 22 April 2009
Hanoi, Socialist Republic of Vietnam

1. Preamble

Pursuant to the Bangkok Consultations of 2005, MEK-WATSAN was formulated as a collaborative effort between UN-HABITAT, the governments of the Greater Mekong Sub-region and ADB.

The Mekong Region Water and Sanitation Initiative (MEK-WATSAN) is a regional programme which was initiated at the request of the governments of the Mekong Region - Kingdom of Cambodia, the People’s Republic of China, the Lao People’s Democratic Republic, and the Socialist Republic of Vietnam. The overall objective of MEK-WATSAN is to support the participating countries achieve the water and sanitation related Millennium Development Goals (MDGs): to halve by 2015, the proportion of people without access to improved water supply and sanitation.

MEK-WATSAN promotes: (i) Pro-poor urban water governance; (ii) Urban water conservation and demand management; (iii) Integrated urban environmental sanitation, and (iv) Income generation for the urban poor through community-based water and sanitation services.

In 2005, UN-HABITAT, with funding from the donors to the Water and Sanitation Trust Fund (WSTF) began piloting the MEK-WATSAN initiative in four countries in the Mekong – Kingdom of Cambodia, Lao PDR, S.R.Vietnam and Yunnan Province of PR China.

Following country-level consultations and a regional meeting held in Phnom Penh in September 2005 and joint country-level consultations, organized with ADB, held in Hanoi November 2007, Vientiane in December 2007 and in Phnom Penh in January 2008, and subsequent further funding in 2008, MEK-WATSAN is currently entering a Second Phase, where it will target investments in selected towns in Cambodia, Lao PDR and Vietnam. The implementation of this initiative will be undertaken in a progressive manner in accordance with the funding.

The Mekong Region Water and Sanitation (MEK-WATSAN) Regional Consultations, which opened on 20 April 2009, and concluded on 22 April 2009, were attended by High Level Representatives from the Kingdom of Cambodia, Lao PDR and S.R. Vietnam, bilateral organisations, UN Agencies, development banks, media, academia and representatives from NGOs.

II. Statement

We, the representatives from the Ministry of Mines and Energy of the Government of the Kingdom of Cambodia, the Ministry of Public Works and Transport of Lao PDR and the Ministry of Construction of S.R. Vietnam, meeting in Hanoi, Vietnam, 20-22 April 2009,

1) Reaffirm our commitment to continue working together and collaborate in implementation of the MEK-WATSAN initiative in our respective countries, including, but not limited to: poverty reduction, water and sanitation sector reforms, solid waste management, urban planning, catchment management, improving legislative, institutional and financial frameworks, building capacity in service provider agencies, local authorities and communities for local water and sanitation governance and urban management.

2) Recall the Bangkok Consultations of 2005 in which it was agreed that the programme would employ a phased approach, targeted at secondary towns.

3) Commend the donors (Norway, Netherlands, Sweden, Spain, OZ Minerals) to the WSTF for
providing support to the initial pilot phase of MEK-WATSAN (fast-track).

4) **Recognize** the considerable progress and achievements done through fast-track activities in 17 towns, which has till date benefitted 43,700, of which 23,700 in water and 20,000 in sanitation.

5) **Recognize** the need for additional financial resources in order to meet the MDGs for water and sanitation in the Mekong Region.

6) **Welcome** the additional financial assistance being provided by the Government of Netherlands towards the upscaling of MEK-WATSAN in 15 towns in Kingdom of Cambodia, Lao PDR and S.R. Vietnam.

7) **Recognize** that training and capacity building is critical in ensuring the sustainability of the first phase and the scaling up of the programme.

8) **Commend** UN-HABITAT for the leadership role and initiative in implementing the project to date.

9) **Appreciate** the contribution of participating governments and other cooperating partners in implementing the MEK-WATSAN programme in the Mekong Region.

10) **Welcome** the synergies with other development agencies towards implementation of MEK-WATSAN initiative.

11) **Appreciate** further the contribution of all other cooperating partners, including participating governments, Asian Development Bank, UN Agencies, Academia and Non-governmental organizations at this Regional consultation.

**III Resolution**

We, therefore, in the spirit of regional cooperation, and with a common goal,

1) **Resolve** to fully support the implementation of the current and next phase of MEK-WATSAN by committing our Governments to contribute the required counterpart support for both the first phase and for the scaling up of the programme.

2) **Further call upon donors** to provide an increased level of funding towards the programme, including for capacity building in order to ensure sustainability of the programme and subsequent achievement of the MDGs for Water and Sanitation.

3) **Endorse** the action plans for implementation of this second phase of the MEK-WATSAN initiative as developed during these consultations;

4) **Affirm** our commitment to coordinate to ensure adequate monitoring and evaluation of the progress of the initiative in our respective countries, including carrying out sustainability checks covering infrastructural, socio-economic and ecological aspects.

5) **Recommend** UN-HABITAT continues its partnership with the Asian Development Bank (ADB), and explore all venues of cooperation to increase investments in MEK-WATSAN.

6) **Encourage** UN-HABITAT to continue close partnership with other development agencies in implementing and scaling up of MEK-WATSAN initiative.

7) **Decide** to meet within a year to assess progress made.

**Acknowledge** the support and thank the Government of the Socialist Republic of Vietnam for hosting the Regional Consultations in Hanoi from 20-22 April 2009.

Delivered on 22 April 2009 during the MEK-WATSAN Regional Consultations.

Mr. Bui Xuan Doan, Deputy Director Administration of Technical Infrastructure, Ministry of Construction, S. R. Vietnam

H. E. Meng Saktheara, Director General of Industry, Ministry of Industry, Mines and Energy, Kingdom of Cambodia

Mr. Phouthasenh Arkavong, Deputy Director General, Department of Housing and Urban Planning, Ministry of Public Works and Transport, Lao PDR
Annexure - IV
Published Articles on the MEK-WATSAN Regional Consultations in various leading Newspapers

Article, Vientiane Times (Lao PDR)

Mekong region officials and stakeholders discuss water, sanitation

Phaisinthong Chandara in Vietnam

Representatives from the governments of the member states of the Mekong Region Water and Sanitation Initiative (MEK-WATSAN), the donor community and partner organisations, met on Monday at the Regional Stakeholder’s Consultation workshop, to discuss key issues and emerging priorities in the water and sanitation sector in the Mekong region.

The three-day workshop began on Monday and ends today, taking place in Hanoi, Vietnam. It was attended by Vietnam’s Ministry of Construction, International Cooperation Department General Director Nguyen Sinh Hy and relevant officials.

According to a press release issued by the Chief of Water and Sanitation Section II Andre Dzikus at the opening workshop, one major goal of the workshop was to contribute to the design and implementation mechanisms for the MEK-WATSAN Programme.

The Mekong Region Water and Sanitation Programme MEK-WATSAN is a regional programme which was initiated at the request of the governments of the Mekong region - Cambodia, China, Laos and Vietnam.

Mr Dzikus said the overall objective of the programme was to help participating countries achieve the water and sanitation related Millennium Development Goals.

The development of the programme was initiated in 2005 in consultation with the respective governments and the Asian Development Bank. UN-HABITAT conducted an assessment of water sector policies and frameworks in each of the proposed programme countries and undertook field surveys in a number of towns. This resulted in the preparation of a programme proposal in 2006.

This proposal envisioned a total budget outlay of about US$41 million (30 million euros) until 2015 for improving water supply and environmental sanitation for 1.08 million poor people in the region.

While this represents about 4.4 percent of the unserved population, it was expected that the programme, in partnership with other international and regional organisations will be able to trigger adequate investments and support to ensure improved water and environmental sanitation for the region as a whole.

Since then water and sanitation “fast track” projects under the programme have been under implementation in 17 secondary towns in the Mekong region.

Investments have been made in the areas of provision of safe piped water and sanitation facilities, capacity building of water utility staff, public awareness campaigns, water conservation and demand management, proper water governance, and revolving funds for water and sanitation among other things.

So far more than US$3 million has been spent on different projects under the programme and about 43,700 people have benefited from this initiative.

UN-HABITAT is now preparing to expand the initiative which is currently entering a detailed roll out plan, where it will target investments in at least eight more towns in Cambodia, Laos and Vietnam.
Water, sanitation on agenda in Hanoi

Cambodia, Vietnam and Laos renew pledges to increase access to clean water and sanitation

ST CHHARNG CHAMROEUN
HANOI

REGIONAL stakeholders met last week in Hanoi for a three-day conference focusing on ways of improving water quality and sanitation for 1.8 million poor living in Cambodia, Laos and Vietnam.

The April 20-22 conference, organized by the United Nations Centre for Human Settlements (UN-Habitat), saw more than 70 government and NGO representatives from the three countries reaffirm their commitment to the organization's Mekong Region Water and Sanitation (MEK-WATSAN) initiative, launched in 2005.

"The initiative, with an estimated budget of US$41 million, aims to halve the proportion of people in Laos, Cambodia and Vietnam without access to quality water and sanitation services over 2005-2015," Andre Dzidkus, chief of the Water and Sanitation Section at UN-Habitat, said at the conference.

At the end of the conference, government representatives from the three countries signed the "Hanoi Declaration," committing them to MEK-WATSAN goals.

Ten Cambodian participants, including two UN-Habitat staff and seven government officials, attended the conference, during which four priority towns - Kampong Cham, Sray Bieng, Pursat and Kampong Thom - were selected for improvements in water and sanitation infrastructure. A similar project was initiated in Kampot province in 2008.

Mei Sakhthea, director general of the Ministry of Industry, Mines & Energy's General Department of Industry, said he warmly welcomed the MEK-WATSAN initiative, saying it "would benefit many urban poor who still lack access to clean water and modern sanitation."

“We have a plan to implement the first phase over three years at an estimated cost of about $1.8 million, which will improve water quality and sanitation for four priority secondary towns and expand the pipe network to about 50,000 people," he said.

At Sarkan, Regional Chief Technical Adviser of MEK-WATSAN, said that the objectives of the MEK-WATSAN initiative are to support participating governments in the Greater Mekong Sub-region in their efforts to reduce the adverse environmental impacts of urbanization on local river catchments.”

Meeting debates Mekong sanitation

HÀ NỘI — Ways to improve water quality and sanitation for 1.8 million poor people living across three countries are being discussed at a three-day conference in the city.

The conference of the Mekong Region Water and Sanitation Initiative (MEK-WATSAN) started yesterday.

The initiative, with a likely budget of US$41 million, aimed to halve the proportion of people in Laos, Cambodia and Vietnam without access to quality water and sanitation services by 2015, said Andre Dzidkus, chief of the Water and Sanitation Section of the United Nations Human Settlements Programme (UN-Habitat). The conference gathered delegates to familiarize regional programmes for training, analysis, sanitation and hygiene education along with cost estimates so the initiative can achieve the best possible results for at least 80 more towns in the countries.

MEK-WATSAN promotes pro-poor urban water governance, urban water conservation and demand management, integrated urban environmental sanitation and income generation for the urban poor through community-based water and sanitation services.

Secondary urban towns in the Mekong region are the target of the initiative. While some progress has been made, a substantial percentage of the people in the peri-urban and secondary urban settlements and rural areas were left without improved water and sanitation, said the United Nations Resident Co-ordinator, John Hendra.

In Vietnam, the national coverage for water and sanitation was 70 to 75 per cent respectively, but coverage for secondary towns remained at a third for water and only a tenth for sanitation, noted Hendra.

Some water and sanitation projects under the initiative have been fast tracked in 17 secondary towns in the Mekong region. Investments of more than $3 million have provided safe piped water and sanitation facilities and improved the standards of water utility staff and through public awareness campaigns, water conservation and demand management skills.

In Việt Nam, the fast-tracking of projects in Quang Tri Province’s Lao Bdo and Eo Gio towns improved water quality and sanitation for 40,000. The projects use poverty mapping and an initial environment examination to ensure the best service is implemented.

Community-based water supply and sanitation projects involving nearly 300,000 people are under way in five towns, including Kinh Hoa Province’s Cam Ranh Town, Ninh Thuan Province’s Ta Lom Cham and C1 N1 towns, and Phú Yên Province’s Song Chă and Triệu hơi towns. — VNS
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
AND
THE MINISTRY OF INDUSTRY, MINES AND ENERGY OF
THE KINGDOM OF CAMBODIA
ON THE MEKONG REGION WATER AND SANITATION INITIATIVE
(MEK-WATSAN)

WHEREAS, the United Nations Human Settlements Programme (UN-HABITAT), having its Headquarters in Nairobi, Kenya, is the coordinating agency within the United Nations System for human settlements activities, a focal point for the monitoring, evaluation and implementation of the Habitat Agenda, as well as the task manager of the human settlements chapter of Agenda 21, and in collaboration with governments, is responsible for promoting and consolidating collaboration with all partners, including local authorities and private and non-governmental organizations;

WHEREAS, the Government of the Kingdom of Cambodia (hereinafter referred to as the “Ministry of Industry, Mines and Energy or MIME”), is currently cooperating with UN-HABITAT in a number of projects to address the urgent need and critical issues aimed at improving water and sanitation in human settlement;

WHEREAS, the Parties acknowledge and confirm their commitment to continue working together and their collaboration in relevant areas, including, but not limited to: poverty reduction; water and sanitation sector reforms; solid waste management; urban planning; catchment management; improving legislative, institutional and financial frameworks; and building capacity in service provider agencies, local authorities and communities for local water and sanitation governance and urban management;

WHEREAS, the Mekong Region Water and Sanitation Programme (hereinafter referred to as “MEK-WATSAN”) is a regional programme which was initiated at the request of the governments of the Mekong Region - the Kingdom of Cambodia, the People’s Republic of China, the Lao People’s Democratic Republic, and the Socialist Republic of Vietnam. The overall objective of MEK-WATSAN is to support the participating countries achieve the water and sanitation related Millennium Development Goals (MDGs): to halve by 2015, the proportion of people without access to improved water supply and sanitation. MEK-WATSAN promotes: (i) Pro-poor urban water governance; (ii) Urban water conservation and demand management; (iii) Integrated urban environmental sanitation, and (iv) Income generation for the urban poor through community-based water and sanitation services. MEK-WATSAN is currently entering a Second Phase, where it will target investments in selected towns in Cambodia, Lao PDR and Vietnam. The implementation of this initiative will be undertaken in a progressive manner in accordance with the funding. The overall objectives of this MEK-WATSAN collaboration are as follow: i) To achieve pro-poor
water and sanitation investments in secondary urban centers in the Mekong River Catchment Region; ii) To enhance institutional and human resources capacities at local and regional levels for the sustainability of improved water services; iii) To operationalise upstream sector reforms at the local level in the participating human settlements with the aim of enhancing efficiency; iv) To enhance local private sector capacities for participation in service delivery; v) To reduce the environmental impact of urbanization on the Mekong River Catchment; vi) To enhance economic development in small urban centers through improved water, as well as related income generating activities; and vii) To promote economic development for the Mekong River Catchment through enhanced cooperation in the GMS; and

WHEREAS, a rapid assessment of water will be carried out which will be followed by development of infrastructure investment and capacity building needs in selected towns in the Kingdom of Cambodia.

NOW, THEREFORE, UN-HABITAT and MIME (hereinafter collectively referred to as the “Parties” and individually as the “Party”) have entered into the present Memorandum of Understanding (hereinafter referred to as the “MOU”).

Article I  
Scope and Objectives

1. This MOU establishes a framework for mutually fruitful collaboration between the Parties for facilitation and implementation of the Initiative in the Kingdom of Cambodia, in order to support secondary urban centers in the Region to achieve the Millennium Development Goal 7, Target 10, which is reflected in Cambodian Millennium Development Goal 7, Overall Target 14, which is to halve, by 2015, the proportion of people without sustainable access to safe drinking water.

2. The following shall be the specific objectives of this MEK-WATSAN collaboration:

   a) To achieve pro-poor water and sanitation investments in secondary urban centres in the Mekong River Catchment Region;
   b) To enhance institutional and human resources capacities at local and regional levels for the sustainability of improved water services;
   c) To operationalise upstream sector reforms at the local level in the participating human settlements with the aim of enhancing efficiency;
   d) To enhance local private sector capacities for participation in service delivery;
   e) To improve the urban environmental conditions in the Mekong River Catchment;
   f) To enhance economic development in small urban centres through improved water, as well as related income generating activities; and
   g) To promote economic development for the Mekong River Catchment through enhanced cooperation in the GMS.

3. The first phase of implementation (the “Project”, described in Schedule I attached to this MOU) covered by this MOU will be carried out in selected secondary urban centres in the Kingdom of Cambodia.
4. UN-HABITAT will work with the Ministry of Industry Mines and Energy (MIME), in particular with its Department of Potable Water Supply.

Article II
General Responsibilities

1. The Parties undertake to work together in the achievement of the objectives of this collaboration in good faith and in a spirit of friendly cooperation, as set out in this MOU.

2. The Parties also undertake to fulfill their responsibilities with respect to the design, implementation, monitoring and evaluation of the Initiative in specific secondary urban centres.

3. The Parties shall form a MEK-WATSAN Coordination Committee at the national level for in-county coordination of MEK-WATSAN activities and ensure participation of various stakeholders. Each party will decide in its own discretion, who will be represented it in the Coordination Committee.

4. The Parties shall collaborate in raising awareness and keeping the other party informed of policies that may affect the Project.

5. The Parties agree that the specific terms and conditions for the implementation of the Project activities in each town shall be set out in separate Agreements of Cooperation to be signed by UN-HABITAT and Department of Potable Water Supply of MIME consistent with the regulations, rules, policies and practice of UN-HABITAT.

Article III
Responsibilities of the Government

Under this MOU, the Government shall:

a) Designate a person within MIME, who will act as the focal point and be responsible for coordinating in-country activities;

b) Be responsible for the design and implementation of the Project and for its maintenance and management in accordance with the clauses under this article;

c) Ensure that adequate budgetary allocations or required counterpart funding (in-kind/cash) will be made available for the Project on a timely basis for each year during implementation. Such counterpart funding (in-kind/cash) will be no less than 20 per cent of UN-HABITAT contribution each year;

d) Review, periodically, water tariffs to ensure that they are set according to applicable laws and regulations. No entity, whether a government agency, institution, or enterprise, regardless of ownership, will be exempted from the water tariffs established pursuant to the above or granted a preferential rate other than the approved tariff structure, or excused for delays in payments, without penalties. The impact of increased WSS tariffs on the poor will be reviewed, and appropriate measures will be introduced to protect the basic living standards of the urban poor. Summaries of these reviews will be
furnished to UN-HABITAT no later than two months after completion of each
e) Carry out annually until 2015, a sustainability check covering infrastructural
and other relevant aspects. Reporting on this obligation will be a prerequisite
to the continuance of UN-HABITAT support to the project in each town until
the completion of the project, and any other support to MIME after completion
of the project. In case of any reported dysfunction of the services and facilities
provided, the Government is required to take immediate and adequate
measures to make sure that the situation is corrected in order to ensure the
sustainability of project interventions and goals after the conclusion of the
project (anticipated by 2011) and until the end of the year 2015;
f) Ensure that the construction of water and sanitation services will be on the
existing public right-of-way or on state-owned land. The Project will not entail
land acquisition from private ownership. In the event of unforeseen land
acquisition from private ownership and /or settlement, the Government will
procure the land on a free-hold basis and prepare and submit all necessary
planning documents for issuance of a No Objection Certificate by UN-
HABITAT, before start of civil works;
g) Comply with existing laws and regulations to ensure proper management of
water resources near the project towns, to maintain adequate recharge to the
aquifers from which town water is drawn;
h) Responsive to the established community based Water and Sanitation Groups
in each town;
i) Submit before 31 March each year, a draft Project Performance and
Monitoring protocol until 2015, including description of the annual check on
the sustainability of the project interventions (Article III, paragraph 6 above)
and the necessary budgetary requirements;
j) Before 28 February each year, starting 2010, the Government will provide an
annual result-based narrative report and an annual financial statement of
counterpart financing on the previous calendar year, showing incomes and
expenditures as at 31 December each year for each town;
k) Share information with other countries which are partners in the Initiative; and
l) Ensure the effective coordination of MEK-WATSAN activities amongst all
relevant Ministries.

Article IV

**Responsibilities of UN-HABITAT**

Under this MOU, UN-HABITAT shall:

a) Through its Water and Sanitation Trust Fund and under separate Agreements of
Cooperation, make available to cooperating partners an amount in local
currency equivalent to USD1,065,403 (United State Dollars One Million, Sixty
Five Thousand, Four Hundred and Three) for the implementation of the Project;
and

b) Provide technical assistance for capacity building to the MIME and other
stakeholders in the Project and support other institutional development needs to
promote water and sanitation provision in the selected urban centres covered by
the Project.
Article V
Project Management, Implementation and Coordination

1. Executing Agency. The Department of Potable Water Supply of MIME shall be responsible for execution and implementation of the Project.

2. Project Management Unit. MIME shall maintain a MEK-WATSAN Project Management Unit, which shall be responsible for coordination and oversight of the Project. The MIME shall assign the chairman of PMU and the member of PMU from the Department of Potable Water Supply.

3. Project Implementation Units. MIME shall ensure that a Project Implementation Unit ("PIU") is maintained in each project town and the respective PIUs are headed by the head of utility and its personnel. In case necessary, PIU shall include personnel from existing local government structures.

4. Multi-Stakeholder Forum. MIME shall ensure that each project town convene Multi-Stakeholder Forum ("MSF") to monitor and guide the performance of the PIU. The local authority, water and sanitation groups and other relevant stakeholders shall be invited to participate in the MSF.

Article VI
Procurement

1. Except as UN-HABITAT may otherwise agree, the procedures referred to in the following paragraphs in this Article shall apply in the procurement of goods and services to be financed by the Project.

2. Procurement of goods and services shall be made without any restriction against, or preference for, any particular supplier or contractor except as otherwise provided in paragraph 3 below.

3. Each civil works contract and each supply contract for equipment or materials shall be according to the Procurement Manual, Policies and Procedures for Externally Financed Projects/Programs in Cambodia, issued by Royal Government of Cambodia (Sub-Decree No.:14 dated 26 February 2007). Prequalification, selection and engagement of contractors shall be done by a duly constituted tender board and shall be subject to review and monitor by UN-HABITAT as outlined in the Ministry of Economy and Finance’s Procurement Manual.

4. The financial management of the project shall be according to the Financial Management Manual issued by Royal Government of Cambodia (Sub-Decree No.: 14 dated 26 February 2007).

5. UN-HABITAT shall be entitled to postpone or, if appropriate, to reject a disbursement request if MIME does not fulfill any of the undertakings described in the present Agreement. MIME shall be informed in a timely manner of any such postponement and/or rejection.
Article VII
Applicability of United Nations Regulations and Rules

The United Nations Regulations, Rules, Policies and Practices shall be applicable to project activities in any respect, including engagement of staff consultants, procurements and audit in case, the Kingdom of Cambodia Regulations, Rules, Policies and Practices are non-existent.

Article VIII
Monitoring and Evaluation

1. The Parties, together with representatives of Habitat Agenda partners, including local governments, professional associations, research and academic institutions and other civil society members, shall maintain regular close consultations to monitor and review the progress of the Initiative.

2. The Parties shall share with each other, all relevant information and documents, including research, reports and any other information related to the activities, outputs and impact of the Initiative.

3. The Parties, may, wherever possible and appropriate, undertake joint missions with respect to the Initiative.

4. The Parties shall welcome joint evaluation of the outputs and impact of the Initiative.

5. The Parties shall keep the United Nations Resident Coordinator fully informed of all actions undertaken by them in carrying out this MOU. UN-HABITAT will utilize the capacity of the Habitat Programme Manager, as necessary and appropriate for the effective implementation of the Initiative.

Article IX
Inspection and Audit - rights of access to audit project

1. MIME or Agency shall facilitate inspection and audit of the Project by the United Nations Office of Internal Oversight Services, or any other person duly authorized by UN-HABITAT. Should they at any time wish to do so, the United Nations Board of Auditors may also carry out an audit of the Project. Audits of the Project will include, inter alia, the examination of the Project accounting records in order to determine that the charging of administrative and operational support costs to the Project complies with those specified in the annexes to this Agreement. For auditing purposes, Project accounting records shall be retained for the six years following the completion of the Project.

2. MIME or Agency shall facilitate visits by the duly authorised persons to the Project site(s) to evaluate the progress and achievements of the Project during its period of implementation or thereafter.
3. MIME shall submit to UN-HABITAT, within six months of the final date for liquidation of commitments, an audit report. MIME’s implementing partners should be audited by the Ministry’s highest audit body (General Inspection Directorate).

Article X

Notices

All notices and communications to each party required under or related to this MOU shall be forwarded to the respective addresses of each party, as follows:

<table>
<thead>
<tr>
<th>(a) For UN-HABITAT</th>
<th>(b) For MIME</th>
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</thead>
<tbody>
<tr>
<td>Chief</td>
<td>Director</td>
</tr>
<tr>
<td>Water and Sanitation Section II</td>
<td>Department of Potable Water Supply,</td>
</tr>
<tr>
<td>Water, Sanitation and Infrastructure Branch</td>
<td>Ministry of Industry Mines and Energy</td>
</tr>
<tr>
<td>UN-HABITAT</td>
<td>#45 Preah Norodom Blvd</td>
</tr>
<tr>
<td>P. O. Box 30030, Nairobi, Kenya</td>
<td>PO Box 1167, Phnom Penh</td>
</tr>
<tr>
<td>Tel: +254 20 76223060</td>
<td>Cambodia</td>
</tr>
<tr>
<td>Fax: +254 20 7623588</td>
<td>Tel: +855-23-991387</td>
</tr>
<tr>
<td></td>
<td>Fax: +855-23-428263</td>
</tr>
</tbody>
</table>

Article XI

Privileges and Immunities

1. MIME agrees that the Convention on the Privileges and Immunities of the United Nations of 14 February 1946, to which the Kingdom of Cambodia acceded on 6 November 1963, and mutatis mutandis, the provisions of the United Nations Development Programme Basic Assistance Agreement, signed by the Government on 19 December 1994, and which applies mutatis mutandis to UN-HABITAT and its property, funds and assets and to its officials and experts on mission in the country, is applicable in the context of this MOU.

2. Nothing in or relating to this MOU shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UN-HABITAT.

Article XII

Indemnification

MIME shall indemnify, hold and save harmless, and defend, at its own expense, UN-HABITAT, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of MIME, or MIME employees, officers, agents or subcontractors in the performance of this Agreement. This provision shall extend, inter alia, to claims and liability in the nature of workmen’s compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by MIME, its employees, officers, agents,
servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Agreement.

**Article XIII**

_Copyright, Patents and other Propriety Rights_

UN-HABITAT shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, or documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Agreement. At UN-HABITAT’s request, MIME shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to UN-HABITAT in compliance with the requirements of the applicable law in the Kingdom of Cambodia.

**Article XIV**

_Use of Name, Emblem or Official Seal of UN-HABITAT or MIME_

Unless expressly authorized by UN-HABITAT in writing, including the manner in which the use may be done, the MIME shall not, in any manner whatsoever, use the name, emblem or official seal of UN-HABITAT or the United Nations, or any abbreviation of thereof in connection with its business or otherwise and vice versa.

**Article XV**

_Force Majeure; Other Changes in Conditions_

1. In the event of and as soon as possible after the occurrence of any cause constituting force majeure, MIME shall give notice and full particulars in writing to UN-HABITAT, of such occurrence or change if MIME is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Agreement. MIME shall also notify UN-HABITAT of any other changes in conditions or the occurrence of any event, which interferes or threatens to interfere with its performance of this Agreement. On receipt of the notice required under this Article, UN-HABITAT shall take such action as, in its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the MIME of a reasonable extension of time in which to perform its obligations under this Agreement.

2. If MIME is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Agreement, UN-HABITAT shall have the right to suspend or terminate this Agreement on the same terms and conditions as are provided for in Article XVI, "Termination", except that the period of notice shall be three (3) weeks instead of three (3) months.

3. Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.
Article XVI
Termination

1. Either party may terminate this Agreement for cause, in whole or in part, upon three (3) months notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article XVII "Settlement of Disputes" below shall not be deemed a termination of this Agreement.

2. UN-HABITAT may terminate forthwith this Agreement at any time should the mandate or the funding of the Project be curtailed or terminated, in which case MIME shall be reimbursed by UN-HABITAT for all reasonable costs incurred by MIME prior to receipt of the notice of termination.

3. In the event of any termination by UN-HABITAT under this Article, no payment shall be due from UN-HABITAT to the Government, except for work and services satisfactorily performed in conformity with the express terms of this Agreement.

Article XVII
Settlement of Disputes

Any disputes between UN-HABITAT and MIME relating to the interpretation of this Agreement that is not settled by negotiation or other agreed mode of settlement will be referred at the request of either party of final decision to a tribunal of three arbitrators, one to be named by the Secretary-General of the United Nations, one to be named by MIME, and the third, who will be the Chairperson, to be chosen by the first two: if either party fails to appoint an arbitrator within 60 days of appointment by the other party, or if these two arbitrators should fail to agree on the third arbitrator within 60 days of their appointment, the President of the International Court of Justice may make any necessary appoints, at the request of either party. However, any such dispute that involves a question regulated by the Convention on the Privileges and Immunities of the United Nations will be dealt with in accordance with Section 30 of that Convention.

Article XVIII
Entry into Force, Duration and Modification

1. This MOU shall enter into force on the date of signature and shall remain valid until terminated in writing by either party.
2. Arrangements set forth in this MOU may be modified upon mutual agreement of the Parties to be reflected in writing by duly authorized representatives of each party.

IN WITNESS WHEREOF the undersigned duly appointed representatives of UN-HABITAT and MIME have signed two original copies of this MOU in the place(s) and on the date(s) herein below indicated.

<table>
<thead>
<tr>
<th>For UN-HABITAT</th>
<th>For MIME</th>
</tr>
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<tbody>
<tr>
<td>Anna K. Tibaijuka</td>
<td>Suy Sem</td>
</tr>
<tr>
<td>Executive Director</td>
<td>Minister</td>
</tr>
<tr>
<td>Place: Natroni</td>
<td>Place:</td>
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<tr>
<td>Date: 01/12/2009</td>
<td>Date:</td>
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</table>
I. Project Objectives

In response to requests from several governments in the Greater Mekong Sub-region (GMS), UN-HABITAT has developed a special Water and Sanitation Initiative for the Mekong Region (MEK-WATSAN) with a three-phased strategy for implementation. The initiative will focus on capacity building, project design, planning and implementation and follow-up investments. MEK-WATSAN initiative is a collaborative effort between UN-HABITAT and the governments of the Mekong region, which developed as a concept similar to that of the Lake Victoria initiative. The whole philosophy of MEK-WATSAN is to support participating governments attain their water and sanitation related MDGs agreed in 2000, to halve the proportion of people without access to improved water supply and sanitation services by 2015.

The MEK-WATSAN initiative will support participating governments to achieve the Millennium Development Goals for water supply and sanitation, with an emphasis on innovative solutions and speedy delivery. With a growing awareness among Programme countries of the benefits of a regional approach, participants at the workshop shared ideas on benchmarking, regional training and capacity building initiatives, regional networking, and cooperation in protecting and managing a shared resource – the Mekong River. One critical issue that seems to affect every country is that of sustainability of services for the poor, especially in terms of cost recovery and subsidy arrangements.

As a strategy the MEK-WATSAN is focusing its attention on support to secondary urban centres. It is in these secondary cities where urbanization will grow fastest, deficiencies in water supply and sanitation are most pronounced, institutional capacities are weakest and willingness to invest lowest.

The initiative provides an ideal opportunity for targeting water and sanitation investments to secondary cities linked to sector reforms and capacity building within a process of decentralisation to enable them to achieve the Millennium Development Goals (MDGs) and to reduce pollution loads entering the Mekong River.

The overall objectives of MEK-WATSAN are:

- Expedite pro-poor water and sanitation investments in secondary towns of the GMS;
- Enhance institutional and human resource capacities at local and regional levels to sustain water and sanitation services;
- Operationalise upstream sector reforms at the local level;
- Enhance capacities of local private sector entities in service delivery;
- Reduce the adverse environmental impacts of urbanisation on local river catchments;
- Support economic development in secondary towns through improved water and sanitation, and related income generating activities, and
- Support cooperation between the countries of the Mekong region, and thus economic development.

II. General Framework

In February 2005, UN-HABITAT organized a workshop for National Programme Counterparts and Partners in Bangkok, Thailand, to discuss programme formulation, determine the most effective approaches to implementation, and provide an opportunity for sector professionals in the region to meet each other and share experiences.

The workshop concluded with a consensus that secondary towns should be the focus of the MEK-WATSAN initiative. As part of the capacity building phase of the Programme, each country will formulate proposals for investments in secondary towns. Following a series of consultation missions undertaken by the Regional Technical Adviser, Water for Asian Cities Programme after the workshop, an agreement was reached on the selection of pilot towns, and preparations were made in each country to formulate implementation proposals, including proposals for community surveys.

In 2005, very rapid progress was made in developing a participatory programme framework and implementation plan. A major breakthrough was the start of an innovative fast-track pilot demonstration project in Xieng Ngum in Luang Prabang province of Lao PDR, providing services as the overall framework was evolving. Since then activities have expanded to include Vietnam, Yunnan China and Cambodia, with investments in some 20 towns within the region.

This proposal marks a roll out of the current activities into a further 8 towns in Cambodia, Vietnam and Lao PDR. Based on the ongoing experience, UN-HABITAT and partner countries are poised to commence the proposed Government of Netherlands funded programme in the 8 towns. This project will improve access for 90,755 people to sustainable and safe water supply and for 190,365 people to sustainable and safe sanitation. The project will also contribute in a catalytic manner to increased investment flows for improving water and sanitation in the Mekong region.

III. Project Activities

The following activities will be undertaken:

**Objective I: Extend water systems to and achieve MDG Goal 7, Target 10, which is reflected in Cambodian Millennium Development Goals (CMDG) Goal 7, Overall Target 14**

**Related Activities**
1. Develop and sign MOUs with Governments;
2. Organize town-level stakeholder workshops involving municipal officials, service providers, non governmental organizations and community groups;
3. Conduct participatory poverty and needs assessment;
4. Review and refine of initial assessments, including environmental aspects. Conduct the feasibility studies of each town;
5. Conduct the environmental impacts study of the water supply project in each town and implement mitigation measures in compliance with guidelines of the Government and the international practices;
6. Design, procurement and implementation of physical infrastructure; and
7. Design and establish revolving funds for water supply.

**Objective II: Enhance institutional and human resource capacities at local and regional levels to sustain water services**

**Related Activities**
1. Conduct training needs and institutional development assessments;
2. Organize town-level stakeholder workshops involving municipal officials, service providers, non-governmental organizations and community groups to decide on capacity building and institutional development activities;
3. Undertake capacity building interventions for operational management in order to ensure sustainability at the local level;
4. Develop and implement capacity building and training programme for project personnel in each town;
5. Conduct capacity building for community on project implementation, monitoring and evaluation;
6. Develop pro-poor tariff and cost sharing policy options aiming to enhance the accessibility of poor households to water supply; and
7. Conduct awareness programmes on water demand management, sanitation and hygiene.

**Objective III: Operationalise upstream sector reforms at the local level**

**Related Activities**
1. Establish and implement a monitoring and evaluation framework with the participation of the community;
2. Develop and apply mechanism for financial and institutional sustainability at the local level;
3. Develop and apply mechanism for efficient billing and revenue collection;
4. Develop and apply pro-poor governance approaches to provision of water services for the poor; and
5. Develop and apply communication strategies to support the sector reform process.

**Objective IV: Enhance capacities of local private sector entities in service delivery**

**Related Activities**
1. Survey and analysis of the on-going activities of the private entrepreneurs in the water supply sector;
2. Review and develop policy options and regulations to strengthen the management and promotion of services providers; and
Objective V: Support economic development in secondary towns through improved water supply and related income generating activities

Related Activities
1. Survey and analysis of the potential related income generating activities; and
2. Identify and implement measures within the water sector to contribute the promotion of water supply related income generating activities.

Objective VI: Support cooperation between the countries of the Mekong region, and thus economic development

Related Activities
1. Develop cooperation mechanisms with ongoing initiatives in the Mekong River Catchment;
2. Develop working arrangements with existing donor coordination and water supply sector working groups in participated countries; and
3. Conduct a consultation workshop at decision making level to discuss and explore on potential areas of cooperation among countries within MEK-WATSAN programme.

Objective VII: Establish Monitoring and Evaluation framework for CMDGs attainment and programme monitoring.

Related Activities
1. Conduct Monitoring and Evaluation;
2. Develop a participatory monitoring and evaluation framework;
3. Develop analytical indicators and data for water and sanitation statistic; and
4. Track progress and conduct evaluation.

IV. Expected Results

The following results are expected at the end of the project period:

- Expand service coverage to additional 27,000 people in 4 towns (Kampong Cham, Kampong Thom, Svay Rieng and Pursat);
- Improvement in the capacity of operational staff/stakeholder institutions/NGOs/ CBOs to sustainably operate, maintain and manage improved water infrastructure;
- Improved service provision as a result of:
  - Commercialisation of service provision;
  - Established ability and willingness to pay;
  - Develop small scale private sector;
  - Tariffs reforms;
  - Developed utility business development plans; and
  - Enhanced community participation in management of services.
- Participatory monitoring and evaluation framework for tracking progress in CMDG attainment and programme monitoring established.
V. Project Duration

The Project will enter into force on the date of signature of the MoU between UN-HABITAT and the Government of Cambodia on the Mekong Region Water and Sanitation Initiative (MEK-WATSAN) and is expected to be completed by 31 October 2011.
Annexure - VI

MEMORANDUM OF UNDERSTANDING BETWEEN
THE UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
AND
GOVERNMENT OF THE LAO PEOPLE’S DEMOCRATIC REPUBLIC
ON THE MEKONG REGION WATER AND SANITATION INITIATIVE

WHEREAS, the United Nations Human Settlements Programme (hereinafter referred to as “UN-HABITAT”), having its Headquarters in Nairobi, Kenya, is the coordinating agency within the United Nations System for human settlements activities, a focal point for the monitoring, evaluation and implementation of the Habitat Agenda, as well as the task manager of the human settlements chapter of Agenda 21, and, in collaboration with governments, is responsible for promoting and consolidating collaboration with all partners, including local authorities and private and non-governmental organizations;

WHEREAS, the Government of Lao People’s Democratic Republic (hereinafter referred to as the “Government”), is currently cooperating with UN-HABITAT in a number of projects to address the urgent need and critical issues aimed at improving water and sanitation in human settlement;

WHEREAS, the Parties acknowledge and confirm their commitment to continue working together and their collaboration in relevant areas, including, but not limited to: poverty reduction; water and sanitation sector reforms; solid waste management; urban planning; catchment management; improving legislative, institutional and financial frameworks; and building capacity in service provider agencies, local authorities and communities for local water and sanitation governance and urban management;

WHEREAS, the Mekong Region Water and Sanitation Programme (hereinafter referred to as “MEK-WATSAN”) is a regional programme which was initiated at the request of the governments of the Mekong Region - Kingdom of Cambodia, the People’s Republic of China, the Lao People’s Democratic Republic, and the Socialist Republic of Vietnam. The overall objective of MEK-WATSAN is to support the participating countries achieve the water and sanitation related Millennium Development Goals (MDGs): to halve by 2015, the proportion of people without access to improved water supply and sanitation. MEK-WATSAN promotes: (i) Pro-poor urban water governance; (ii) Urban water conservation and demand management; (iii) Integrated urban environmental sanitation; and (iv) Income generation for the urban poor through community-based water and sanitation services. MEK-WATSAN is currently entering a Second Phase, where it will target investments in selected towns in Cambodia, Vietnam and Lao PDR. The implementation of this initiative will be undertaken in a progressive manner in accordance with the funding; and

WHEREAS, a rapid assessment of water and sanitation will be carried out, which will be followed by development of infrastructure investment and capacity building needs in selected towns in Lao PDR.
NOW, THEREFORE, UN-HABITAT and the Government (hereinafter collectively referred to as the “Parties” and individually as the “Party”) have entered into the present Memorandum of Understanding (hereinafter referred to as the “MOU”).

Article I
Scope and Objectives

1. This MOU establishes a framework for mutually fruitful collaboration between the Parties for facilitation and implementation of the MEK-WATSAN in Lao People’s Democratic Republic, in order to support urban centers in the Region to achieve the Millennium Development Goal, Target 7 on Water and Sanitation to “halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation”.

2. The following shall be the specific objectives of this collaboration:
   a) To achieve pro-poor water and sanitation investments in urban centres in the Mekong River Catchment Region;
   b) To enhance institutional and human resources capacities at local and regional levels for the sustainability of improved water and sanitation services;
   c) To operationalise upstream sector reforms at the local level in the participating human settlements with the aim of enhancing efficiency;
   d) To enhance local private sector capacities for participation in service delivery;
   e) To reduce the environmental impact of urbanisation on the Mekong River Catchment;
   f) To enhance economic development in small urban centres through improved water and sanitation, as well as related income generating activities; and
   g) To promote economic development for the Mekong River Catchment through enhanced cooperation in the GMS.

3. The first phase of implementation of the Mekong Region Water and Sanitation Initiative in Lao PDR (the “Project”, described in Schedule I attached to this MOU) covered by this MOU will be carried out in selected urban centres in Lao PDR.

4. UN-HABITAT will work with the Government through the Ministry of Public Works and Transport (MPWT), in particular with its Department of Housing and Urban Planning and in close cooperation without being limited to, the Water Resources and Environment Administration, Ministry of Health, Ministry of Foreign Affairs, Ministry of Finance and relevant Provincial and District Authorities.

Article II
General Responsibilities

1. The Parties undertake to work together in the achievement of the objectives of this collaboration in good faith and in a spirit of friendly cooperation, as set out in this MOU.

2. The Parties also undertake to fulfill their responsibilities with respect to the design, implementation, monitoring and evaluation of the MEK-WATSAN in specific urban centres.
3. The Parties shall form a MEK-WATSAN Coordination Committee at the national level for in-country coordination of MEK-WATSAN activities and ensure participation of various stakeholders. Each party will decide in its own discretion, who will represent it in the Coordination Committee.

4. The Parties shall collaborate in raising awareness and keeping the other party informed of policies that may affect the Project.

5. The Parties agree that the specific terms and conditions for the implementation of the Project activities shall be set out in separate Agreements of Cooperation between UN-HABITAT and local government authorities or water and sanitation utilities responsible for the respective project towns, consistent with the regulations, rules, policies and practice of UN-HABITAT.

Article III
Responsibilities of the Government

Under this MOU, the Government shall:

a) Designate a person within MPWT who will act as the focal point and be responsible for coordinating in-country activities;

b) Be responsible for the design and implementation of the Project and for its maintenance and management in accordance with paragraph 4 of this Article;

c) Review, every three years, water tariffs in line with the current Government policy and regulations. Summaries of tariff reviews will be furnished to UN-HABITAT no later than two months after completion of each review;

d) Carry out annually until 2015, a sustainability check covering infrastructural, socio-economic and ecological aspects. Reporting on this obligation will be a prerequisite to the continuance of UN-HABITAT support to the Project in each town until the completion of the Project, and any other support to the Government after completion of the Project. In case of any reported dysfunction of the services and facilities provided, the Government is required to take immediate and adequate measures to make sure that the situation is corrected in order to ensure the sustainability of project interventions and goals after the conclusion of the Project (anticipated by 2011) and until the end of the year 2015;

e) Ensure that the construction of water and sanitation services will be on the existing public right-of-way or on state-owned land. The Project will not entail land acquisition from private ownership. In the event of unforeseen land acquisition from private ownership and/or settlement, the Government will procure the land on a free-hold basis and prepare and submit all necessary planning documents for issuance of a No Objection Certificate by UN-HABITAT, before start of civil works;

f) Ensure proper management of water resources near the project towns, to maintain adequate recharge to the aquifers from which town water is drawn. The Government will ensure effective implementation of legislation with respect to protection of water resources including springs, river courses and drainage systems;

g) Facilitate the establishment of Water and Sanitation (WATSAN) Groups (or Village Development Committees for WATSAN) in each town;
h) Submit before 31 March each year, a draft Project Performance and Monitoring protocol until 2015, including description of the annual check on the sustainability of the Project interventions (Article III, paragraph 6 above) and the necessary budgetary requirements;

i) The implementing partners responsible for the respective project towns will provide narrative reports and financial statements as stipulated in the Agreements of Cooperation;

j) Share information with other countries which are partners in the Project; and

k) Ensure the effective coordination of MEK-WATSAN activities amongst all relevant Ministries including but not limited to, the Water Resources and Environment Administration, Ministry of Health, Ministry of Foreign Affairs, Ministry of Finance and relevant Provincial and District Authorities, ensure cooperation with the Department of Statistics in monitoring water and sanitation coverage in the urban centres of MEK-WATSAN.

Article IV
Responsibilities of UN-HABITAT

Under this MOU, UN-HABITAT shall:

a) Through its Water and Sanitation Trust Fund and under separate Agreements of Cooperation, make available to cooperating partners an amount in local currency equivalent to USD1,933,322 (United States Dollars One Million, Nine Hundred and Thirty Three Thousand, Three Hundred and Twenty Two) for the implementation of the Project; and

b) Provide technical assistance for capacity building to the Government and other stakeholders in the Project and support other institutional development needs to promote water and sanitation provision in the selected urban centres covered by the Project.

Article V
Project Management, Implementation and Coordination

1. Coordination Agency. The Department of Housing and Urban Planning of MPWT shall be responsible for coordination of the implementation of the Project.

2. Steering Committee. The Government shall maintain a MEK-WATSAN Steering Committee (SC), which shall be responsible for coordination and oversight of the Project. The Department of Housing and Urban Planning of MPWT will chair the SC.

3. Project Implementation Units. The Government shall ensure that a Project Management Unit (PMU) is maintained in each project town and the respective PMUs are headed by the appropriate authorities concerned. Each PMU shall include personnel seconded from existing local government structures.

4. Multi-Stakeholder Forum. The Government shall ensure that each project town establishes a Multi-Stakeholder Forum (MSF) to monitor and guide the performance of the PIU. The Chief of the District will be the chair of the MSF.
Article VI
Procurement

1. Except as UN-HABITAT may otherwise agree, the procedures referred to in the following paragraphs in this Article shall apply in the procurement of goods and services to be financed by the Project.

2. Procurement of goods and services shall be made without any restriction against, or preference for, any particular supplier or contractor except as otherwise provided in paragraph 3 below.

3. Each civil works contract estimated to cost the equivalent of more than United States Dollars One Million (USD1,000,000) and each supply contract for equipment or materials estimated to cost the equivalent of more than United States Dollars Five Hundred Thousand (USD500,000) shall be awarded on the basis of international competitive bidding (ICB) or international shopping (IS) in line with established government procurement procedures. Bidders for civil works contracts shall be pre-qualified before bidding. Prequalification, selection and engagement of contractors shall be done by a duly constituted tender board and shall be subject to the approval of UN-HABITAT. As soon as the bids received have been evaluated, the proposal for award of contract shall be submitted to UN-HABITAT for approval. For this purpose, UN-HABITAT shall be furnished with three copies of (i) a record of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance. After each award of contract, UN-HABITAT shall be furnished with three certified copies of the contract as executed.

4. Each civil works contract estimated to cost the equivalent of United States Dollars One Million (USD1,000,000) or less and each contract for goods estimated to cost the equivalent of United States Dollars Five Hundred Thousand (USD500,000) or less may be awarded on the basis of local competitive bidding (LCB) or local shopping (LS) in accordance with established public procurement procedures as applicable in Lao PDR. Prequalification, selection and engagement of contractors shall be done by a duly constituted tender board and shall be subject to the approval of UN-HABITAT. As soon as the bids received have been evaluated, the proposal for award of contract shall be submitted to UN-HABITAT for approval. For this purpose, UN-HABITAT shall be furnished with three copies of (i) a record of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance. After each award of contract, UN-HABITAT shall be furnished with three copies of the contract as executed.

5. In so far as payments on advance are made directly to a firm pursuant to contracts made for implementation of the Project, the implementing partner may request for any bank guarantee for the restitution of such payments on advance. The Government shall incorporate the aforementioned obligation of the third party firms in its legal instruments with those parties.

6. UN-HABITAT and the Government shall be entitled to postpone or, if appropriate, to reject a disbursement request if the implementing partner does not fulfill any of the undertakings described in the present Agreement. The Government shall be informed in a timely manner of any of such postponement and/or rejection.
Article VII
Applicability of United Nations Regulations and Rules

The United Nations Regulations, Rules, Policies and Practices shall be applicable to project activities in any respect, including engagement of staff, consultants, and procurements and audit.

Article VIII
Monitoring and Evaluation

1. The Parties, together with representatives of Habitat Agenda partners, including local governments, professional associations, research and academic institutions and other civil society members, shall maintain regular close consultations to monitor and review the progress of the Project.

2. The Parties shall share with each other, all relevant information and documents, including research, reports and any other information related to the activities, outputs and impact of the Project.

3. The Parties, may, wherever possible and appropriate, undertake joint missions with respect to the Project.

4. The Parties shall welcome joint evaluation of the outputs and impact of the Project.

5. The Parties shall keep the United Nations Resident Coordinator fully informed of all actions undertaken by them in carrying out this MOU. UN-HABITAT will utilize the capacity of the Habitat Programme Manager, as necessary and appropriate for the effective implementation of the Project.

Article IX
Inspection and Audit - rights of access to audit project

1. The Government shall facilitate inspection and audit of the Project by the United Nations Office of the Internal Oversight Services, or any other person duly authorized by UN-HABITAT. Should they at any time wish to do so, the United Nations Board of Auditors may also carry out an audit of the Project. Audits of the Project will include, inter alia, the examination of the Project accounting records in order to determine that the charging of administrative and operational support costs to the Project complies with those specified in the annexes to this Agreement. For auditing purposes, Project accounting records shall be retained for the six years following the completion of the Project.

2. The Government shall facilitate visits by the duly authorised persons to the Project site(s) to evaluate the progress and achievements of the Project during its period of implementation or thereafter.
3. The Government shall submit to UN-HABITAT, within six months of the final date for liquidation of commitments, an audit certificate. Governmental implementing partners should be audited by the National Audit Office (NAO).

Article X
Notices

All notices and communications to each party required under or related to this MOU shall be forwarded to the respective addresses of each party, as follows:

<table>
<thead>
<tr>
<th>(a) For UN-HABITAT</th>
<th>(b) For MPWT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chief</strong></td>
<td><strong>Director General</strong></td>
</tr>
<tr>
<td>Water and Sanitation Section II</td>
<td>Department of Housing and Urban</td>
</tr>
<tr>
<td>Water, Sanitation and Infrastructure Branch</td>
<td>Planning</td>
</tr>
<tr>
<td>UN-HABITAT</td>
<td>Ministry of Public Works and Transport</td>
</tr>
<tr>
<td>P. O. Box 30030, Nairobi, Kenya</td>
<td>Lane Xang Avenue</td>
</tr>
<tr>
<td>Tel: +254 20 7623060</td>
<td>Vientiane, Lao PDR</td>
</tr>
<tr>
<td>Fax: +254 20 7623588</td>
<td>Tel: +856 21 412275</td>
</tr>
<tr>
<td></td>
<td>Fax: +856 21 412282</td>
</tr>
</tbody>
</table>

Article XI
Privileges and Immunities

1. The Government agrees that the Convention on the Privileges and Immunities of the United Nations of 13 February 1946, to which Lao PDR acceded on 24 November 1956, and, *mutatis mutandis*, the provisions of the United Nations Development Programme Basic Assistance Agreement, signed by the Government on 10 October 1988, and which applies *mutatis mutandis* to UN-HABITAT and its property, funds and assets and to its officials and experts on mission in the country, is applicable in the context of this MOU.

2. Nothing in or relating to this MoU shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UN-HABITAT.

Article XII
Indemnification

The Government shall indemnify, hold and save harmless, and defend, at its own expense, UN-HABITAT, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Government, or the Government employees, officers, agents or subcontractors, in the performance of this Agreement. This provision shall extend, *inter alia*, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual
property by the Government, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Agreement.

Article XIII
Copyright, Patents and other Propriety Rights

UN-HABITAT shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, or documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Agreement. At UN-HABITAT's request, the Government shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to UN-HABITAT in compliance with the requirements of the applicable law.

Article XIV
Use of Name, Emblem or Official Seal of UN-HABITAT

Unless expressly authorized by UN-HABITAT in writing, including the manner in which the use may be done, the Government shall not, in any manner whatsoever, use the name, emblem or official seal of UN-HABITAT or the United Nations, or any abbreviation of thereof in connection with its business or otherwise.

Article XV
Force Majeure; Other Changes in Conditions

1. In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Government shall give notice and full particulars in writing to UN-HABITAT, of such occurrence or change if the Government is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Agreement. The Government shall also notify UN-HABITAT of any other changes in conditions or the occurrence of any event, which interferes or threatens to interfere with its performance of this Agreement. On receipt of the notice required under this Article, UN-HABITAT shall take such action as, in its sole discretion, it considers to be appropriate or necessary in the circumstances, including the granting to the Government of a reasonable extension of time in which to perform its obligations under this Agreement.

2. If the Government is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Agreement, UN-HABITAT shall have the right to suspend or terminate this Agreement on the same terms and conditions as are provided for in Article XVI, "Termination", except that the period of notice shall be three (3) weeks instead of three (3) months.

3. Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.
Article XVI

Termination

1. Either party may terminate this Agreement for cause, in whole or in part, upon three (3) months notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article XVII "Settlement of Disputes" below shall not be deemed a termination of this Agreement.

2. UN-HABITAT may terminate forthwith this Agreement at any time should the mandate or the funding of the Project be curtailed or terminated, in which case the Government shall be reimbursed by UN-HABITAT for all reasonable costs incurred by the Government prior to receipt of the notice of termination.

3. In the event of any termination by UN-HABITAT under this Article, no payment shall be due from UN-HABITAT to the Government, except for work and services satisfactorily performed in conformity with the express terms of this Agreement.

Article XVII

Settlement of Disputes

Any disputes between UN-HABITAT and the Government relating to the interpretation of this Agreement that is not settled by negotiation or other agreed mode of settlement will be referred at the request of either party of final decision to a tribunal of three arbitrators, one to be named by the Secretary-General of the United Nations, one to be named by the Government, and the third, who will be the Chairperson, to be chosen by the first two; if either party fails to appoint an arbitrator within 60 days of appointment by the other party, or if these two arbitrators should fail to agree on the third arbitrator within 60 days of their appointment, the President of the International Court of Justice may make any necessary appoints, at the request of either party.

Article XVIII

Entry into Force, Duration and Modification

1. This MOU shall enter into force on the date of signature and shall remain valid until terminated in writing by either party.
2. Arrangements set forth in this MOU may be modified upon mutual agreement of the Parties to be reflected in writing by duly authorized representatives of each party.

IN WITNESS WHEREOF the undersigned duly appointed representatives of UN-HABITAT and MPWT have signed two original copies of this MOU in the place(s) and on the date(s) herein below indicated.

<table>
<thead>
<tr>
<th>For UN-HABITAT</th>
<th>For MPWT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anna Tibaijuka</td>
<td>Sommad Pholsena</td>
</tr>
<tr>
<td>Executive Director</td>
<td>Minister</td>
</tr>
<tr>
<td>Place: Nairobi, Kenya</td>
<td>Place: Vientiane</td>
</tr>
<tr>
<td>Date: 19 August 2009</td>
<td>Date: 07 SEP 2009</td>
</tr>
</tbody>
</table>
Project Document

I. Project Objectives

In response to requests from several governments in the Greater Mekong Sub-region (GMS), UN-HABITAT has developed a special Water and Sanitation Initiative for the Mekong Region (MEK-WATSAN) with a three-phased strategy for implementation. MEK-WATSAN is a collaborative effort between UN-HABITAT and the governments of the Mekong region, which developed as a concept similar to that of the Lake Victoria initiative, will focus on capacity building, project design, planning and implementation and follow-up investments. The whole philosophy of MEK-WATSAN is to support participating governments attain their water and sanitation related MDGs agreed in 2000, to halve the proportion of people without access to improved water supply and sanitation services by 2015.

The MEK-WATSAN initiative will support participating governments to achieve the Millennium Development Goals for water supply and sanitation, with an emphasis on innovative solutions and speedy delivery. With a growing awareness among Programme countries of the benefits of a regional approach, participants at the workshop shared ideas on benchmarking, regional training and capacity building initiatives, regional networking, and cooperation in protecting and managing a shared resource – the Mekong River. One critical issue that seems to affect every country is that of sustainability of services for the poor, especially in terms of cost recovery and subsidy arrangements.

As a strategy the MEK-WATSAN is focusing its attention on support to urban centres. It is in these cities where urbanization will grow fastest, deficiencies in water supply and sanitation are most pronounced, institutional capacities are weakest and willingness to invest lowest.

It provides an ideal opportunity for targeting water and sanitation investments to cities linked to sector reforms and capacity building within a process of decentralisation to enable them to achieve the Millennium Development Goals (MDGs) and to reduce pollution loads entering the Mekong River.

The specific objectives of MEK-WATSAN are:

- Expedite pro-poor water and sanitation investments in urban centres of the GMS;
- Enhance institutional and human resource capacities at local and regional levels to sustain water and sanitation services;
- Operationalise upstream sector reforms at the local level;
- Enhance capacities of local private sector entities in service delivery;
- Reduce the adverse environmental impacts of urbanisation on local river catchments;
- Support economic development in urban centres through improved water and sanitation, and related income generating activities, and
- Support cooperation between the countries of the Mekong region, and thus economic development.
II. General Framework

In February 2005, UN-HABITAT organized a workshop for national Programme counterparts and partners in Bangkok, Thailand, to discuss programme formulation, determine the most effective approaches to implementation, and provide an opportunity for sector professionals in the region to meet each other and share experiences.

The workshop concluded with a consensus that urban centres should be the focus of the MEKWATSAN initiative. As part of the capacity building phase of the Programme, each country will formulate proposals for investments in urban centres. Following a series of consultation missions undertaken by the Regional Technical Adviser, Water for Asian Cities Programme after the workshop, an agreement was reached on the selection of pilot towns, and preparations were made in each country to formulate implementation proposals, including proposals for community surveys.

In 2005, very rapid progress was made in developing a participatory programme framework and implementation plan. A major breakthrough was the start of an innovative fast-track pilot demonstration project in Xieng Nguen in Luang Prabang province of Lao PDR, providing services as the overall framework was evolving. Since then activities have expanded to include Vietnam, Yunnan China and Cambodia, with investments in some 20 towns within the region.

This proposal marks a roll out of the current activities into at least a further 8 towns in Cambodia, Vietnam and Lao PDR. Based on the ongoing experience, UN-HABITAT and partner countries are poised to commence the proposed Government of Netherlands funded programme in at least 8 towns. This project will improve access for 90,755 people to sustainable and safe water supply and for 190,365 people to sustainable and safe sanitation. The project will also contribute in a catalytic manner to increased investment flows for improving water and sanitation in the Mekong region.

III. Project Activities

The following activities will be undertaken:

**Objective 1: Extend water and sanitation systems to achieve MDG target 10 through improved infrastructure and management systems**

*Related Activities*

1. Develop and sign MOUs with Governments;
2. Organize town-level stakeholder workshops involving municipal officials, service providers, non governmental organizations and community groups;
3. Conduct participatory poverty and needs assessment;
4. Review and refine of initial assessments, including environmental aspects 1.3 Conduct the feasibility studies of each town;
5. Conduct the environmental impacts study of the water supply and sanitation project in each town and implement mitigation measures in compliance with guidelines of the Government and the international practices;
6. Prepare and implement community based Environmental Sanitation Master Plans for each town in compliance with the Government’s existing rules/procedures;
7. Design, procurement and implementation of physical infrastructure; and
8. Design and establish revolving funds for water and sanitation.

**Objective II:** Enhance institutional and human resource capacities at local and regional levels to sustain water and sanitation services

**Related Activities**
1. Conduct training needs and institutional development assessments;
2. Organize town-level stakeholder workshops involving municipal officials, service providers, non-governmental organizations and community groups to decide on capacity building and institutional development activities;
3. Undertake capacity building interventions for operational management in order to ensure sustainability at the local level;
4. Develop and implement capacity building and training programme for project personnel in each town;
5. Conduct capacity building for community on project implementation, monitoring and evaluation;
6. Develop pro-poor tariff and cost sharing policy options aiming to enhance the accessibility of poor households to water supply and decent sanitation facilities; and
7. Conduct awareness programmes on water demand management, sanitation and hygiene.

**Objective III:** Operationalise sector reforms at the local level

**Related Activities**
1. Establish and implement a monitoring and evaluation framework with the participation of the community;
2. Develop and apply mechanism for financial and institutional sustainability at the local level;
3. Develop and apply mechanism for efficient billing and revenue collection;
4. Develop and apply pro-poor governance approaches to provision of water and sanitation services for the poor; and
5. Develop and apply communication strategies to support the sector reform process.

**Objective IV:** Enhance capacities of local private sector entities in service delivery
*(Not applicable for this MoU)*

**Related Activities**
1. Survey and analysis of the on-going activities of the private entrepreneurs in the water supply sector;
2. Review and develop policy options and regulations to strengthen the management and promotion of services providers; and
3. Design and implement a pilot small scale public-private water supply service provider partnership.
Objective V: Reduce the environmental impact of urbanization on urban centres of the Mekong River Basin Catchment

Related Activities
1. Survey and analyze the potential environmental impact of urbanization and develop mitigation options;
2. Develop an environmental management strategy for the project towns identifying regulatory measures and mitigation approaches; and
3. Monitor and supervise all fast track activities.

Objective VI: Support economic development in urban centres through improved water and sanitation, and related income generating activities

Related Activities
1. Survey and analysis of the potential related income generating activities; and
2. Identify and implement measures within the water sector to contribute the promotion of water and sanitation related income generating activities.

Objective VII: Support cooperation between the countries of the Mekong region, and thus economic development

Related Activities
1. Develop cooperation mechanisms with ongoing initiatives in the Mekong River Catchment;
2. Develop working arrangements with existing donor coordination and water and sanitation sector working groups in participated countries; and
3. Conduct a consultation workshop at decision making level to discuss and explore on potential areas of cooperation among countries within MEK-WATSAN programme.

Objective VIII: Establish Monitoring and Evaluation framework for MDGs attainment and programme monitoring.

Related Activities
1. Conduct Monitoring and Evaluation;
2. Develop a participatory monitoring and evaluation framework;
3. Develop analytical indicators and data for water and sanitation statistic; and
4. Track progress and conduct evaluation.

IV. Expected Results

The following results are expected at the end of the project period:

- Achievement of MDG (target 10) in the participating towns through improved water and sanitation infrastructure and increased access to water and sanitation services by the poor
- Improvement in the capacity of operational staff/stakeholder institutions/CBOs to sustainably operate, maintain and manage improved water and sanitation infrastructure
• Improved service provision as a result of:
  - Commercialisation of service provision;
  - Developed small-scale private sector;
  - Established ability and willingness to pay;
  - Developed local business development plans; and
  - Enhanced community participation in project planning, design and implementation.

• Improved environment in urban catchment leading to improved quality of the Mekong River’s ecosystem.
  - Lower pollution loads entering the river. and
  - Pollution loads managed in the urban catchment.

• Participatory monitoring and evaluation framework for tracking progress in MDG attainment and programme monitoring established.

V. Project Duration

The Project will enter into force on the date of signature of the MoU between UN-HABITAT and the Government of Lao PDR on the Mekong Region Water and Sanitation Initiative (MEK-WATSAN) and is expected to be completed by 31 October 2011.
Annexure - VII

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
AND
PEOPLE’S COMMITTEE OF QUANG TRI PROVINCE,
THE SOCIALIST REPUBLIC OF VIETNAM
ON THE MEKONG REGION WATER AND SANITATION INITIATIVE

WHEREAS, the United Nations Human Settlements Programme (UN-HABITAT), having its Headquarters in Nairobi, Kenya, is the coordinating agency within the United Nations System for human settlements activities, a focal point for the monitoring, evaluation and implementation of the Habitat Agenda, as well as the task manager of the human settlements chapter of Agenda 21, and, in collaboration with governments, is responsible for promoting and consolidating collaboration with all partners, including local authorities and private and non-governmental organizations;

WHEREAS, the People’s Committee of Quang Tri Province, Socialist Republic of Vietnam (hereinafter referred to as the “Local Government”), is currently cooperating with UN-HABITAT in a number of projects to address the urgent need and critical issues aimed at improving water and sanitation in human settlement;

WHEREAS, the Parties acknowledge and confirm their commitment to continue working together and their collaboration in relevant areas, including, but not limited to: poverty reduction, water and sanitation sector reforms, solid waste management, urban planning, catchment management, improving legislative, institutional and financial frameworks, building capacity in service provider agencies, local authorities and communities for local water and sanitation governance and urban management;

WHEREAS, the Mekong Region Water and Sanitation Initiative (hereinafter referred to as “MEK-WATSAN”) is a regional programme, which was initiated at the request of the governments of the Mekong Region - Kingdom of Cambodia, the People’s Republic of China, the Lao People’s Democratic Republic, and the Socialist Republic of Vietnam. The overall objective of MEK-WATSAN is to support the participating countries achieve the water and sanitation related Millennium Development Goals (“MDGs”): to halve by 2015, the proportion of people without access to improved water supply and sanitation. MEK-WATSAN promotes: (i) Pro-poor urban water governance; (ii) Urban water conservation and demand management; (iii) Integrated urban environmental sanitation; and (iv) Income generation for the urban poor through community-based water and sanitation services. MEK-WATSAN is currently entering a Second Phase, where it will target investments in selected towns in Cambodia, Lao PDR and Vietnam. The implementation of this initiative will be undertaken in a progressive manner in accordance with the funding; and
WHEREAS, a rapid assessment of water and sanitation will be carried out which will be followed by development of infrastructure investment and capacity building needs in selected towns in the Socialist Republic of Vietnam.

NOW, THEREFORE, UN-HABITAT and the Local Government (hereinafter collectively referred to as the “Parties” and individually referred to as the “Party”) have entered into the present Memorandum of Understanding (hereinafter referred to as the “MoU”).

Article I
Scope and Objectives

1. This MoU establishes a framework for mutually fruitful collaboration between the Parties for facilitation and implementation of the MEK-WATSAN in the Socialist Republic of Vietnam, in order to support secondary urban centers in the Region to achieve the Millennium Development Goal, Target 7 on Water and Sanitation to “halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation”.

2. The following shall be the specific objectives of this collaboration:
   a) To achieve pro-poor water and sanitation investments in Lao Bao, Dong Ha, Cua Viet, Quang Tri towns and their peri-urban areas;
   b) To enhance institutional and human resources capacities at local and regional levels for the sustainability of improved water and sanitation services;
   c) To operationalise upstream sector reforms at the local level in the participating human settlements with the aim of enhancing efficiency;
   d) To enhance local private sector capacities for participation in service delivery;
   e) To reduce the environmental impact of urbanisation on the Mekong River Catchment;
   f) To enhance economic development in small urban centres through improved water and sanitation, as well as related income generating activities; and
   g) To promote economic development for the Mekong River Catchment through enhanced cooperation in the GMS.

3. The first phase of implementation of the Mekong Region Water and Sanitation Initiative in Vietnam (the “Project”, described in Schedule I attached to this MoU) covered by this MoU will be carried out in selected secondary urban centres in the Socialist Republic of Vietnam.

4. UN-HABITAT will work with the Local Government of Quang Tri Province through the Provincial People’s Committee (“PPC”), in particular with its Water Utility.

Article II
General Responsibilities

1. The Parties undertake to work together in the achievement of the objectives of this collaboration in good faith and in a spirit of friendly cooperation, as set out in this MoU.

2. The Parties also undertake to fulfill their responsibilities with respect to the design, implementation, monitoring and evaluation of the Initiative in specific secondary urban centres.
3. The Local Government shall form a MEK-WATSAN Steering Committee at the provincial level for in-county coordination of MEK-WATSAN activities.

4. The Parties shall collaborate in raising awareness and keeping the other party informed of policies that may affect the Project.

5. The Parties agree that the specific terms and conditions for the implementation of Project activities shall be set out in separate Agreements of Cooperation between UN-HABITAT and local government authorities or water and sanitation utilities responsible for the respective project towns, consistent with the regulations, rules, policies and practice of UN-HABITAT.

Article III

Responsibilities of the Government

Under this MoU, the Local Government shall:

a) Designate a person within PPC of Quang Tri who will act as the focal point and be responsible for coordinating in-country activities;

b) Be responsible for the design and implementation of the Project and for its maintenance and management in accordance with paragraph 6 of this Article;

c) Ensure that adequate budgetary allocations or required counterpart funding (in-kind/cash) will be made available for the project on a timely basis for each year during implementation. Such counterpart funding (in-kind/cash) will be no less than 20 per cent of UN-HABITAT contribution each year;

d) Review, annually, water and sewerage tariffs to ensure that they are set according to project financing needs, subject to compliance with applicable laws and regulations. No entity, whether a government agency, institution, or enterprise, regardless of ownership, will be exempted from the water and sewerage tariffs established pursuant to the above or granted a preferential rate other than the approved tariff structure, or excused for delays in payments, without penalties. The impact of increased Water Supply and Sanitation (“WSS”) tariffs on the poor will be reviewed, and appropriate measures will be introduced to protect the basic living standards of the urban poor. Summaries of these annual reviews will be furnished to UN-HABITAT no later than two months after completion of each review;

e) Carry out annually until 2015, a sustainability check covering infrastructural, socio-economic and ecological aspects. Reporting on this obligation will be a prerequisite to the continuance of UN-HABITAT support to the Project in each town until the completion of the project, and any other support to the Local Government after completion of the project. In case of any reported dysfunction of the services and facilities provided, the Local Government is required to take immediate and adequate measures to make sure that the situation is corrected in order to ensure the sustainability of project interventions and goals after the conclusion of the Project (anticipated by 2011) and until the end of the year 2015;

f) Ensure that the construction of water and sanitation services will be on the existing public right-of-way or on state-owned land. The Project will not entail land acquisition from private ownership. In the event of unforeseen land acquisition from private ownership and /or settlement, the Local Government will compensate the land on a free-
hold basis and prepare and submit all necessary planning documents for issuance of a No Objection Letter by UN-HABITAT, before start of civil works;

g) Ensure proper management of water resources near the project towns, to maintain adequate recharge to the aquifers from which town water is drawn. The Local Government will ensure effective implementation of legislation with respect to protection of water resources including springs, river courses and drainage systems.

h) Facilitate the establishment of Water and Sanitation (WATSAN) Groups (or Village Development Committees for WATSAN) in each town;

i) Submit before 31 March each year, a draft Project Performance and Monitoring report until 2015, including description of the annual check on the sustainability of the project interventions (Article III, paragraph 6 above) and the necessary budgetary requirements;

j) Before 28 February each year, starting 2009, the Government will provide an annual result-based narrative report and an annual financial statement of counterpart financing on the previous calendar year, showing incomes and expenditures as at 31 December each year for each town;

k) Share information with other countries which are partners in the Project; and

l) Ensure the effective coordination of MEK-WATSAN activities amongst all relevant Ministries including but not limited to, the Ministry of Construction, Ministry of Finance, Ministry of Planning and Investment, and Ministry of Health, ensure cooperation with the Vietnam General Statistics Office in monitoring water and sanitation coverage in the urban centres of MEK-WATSAN.

Article IV
Responsibilities of UN-HABITAT

Under this MoU, UN-HABITAT shall:

a) Through its Water and Sanitation Trust Fund and under separate Agreements of Cooperation, make available to cooperating partners an amount in local currency equivalent to USD2,176,367 (United States Dollars Two Million, One Hundred and Seventy Six Thousand, Three Hundred and Sixty Seven) for the implementation of Project; and

b) Provide technical assistance for capacity building to the Local Government and other stakeholders in the Project and support other institutional development needs to promote water and sanitation provision in the selected urban centres covered by the Project.

Article V
Project Management, Implementation and Coordination

1. **Coordination Agency.** The Local Government shall be responsible for coordination of the implementation of the Project.

2. **Steering Committee.** The Local Government shall maintain a MEK-WATSAN Steering Committee ("SC"), which shall be responsible for coordination and oversight of the Project.

3. **Project Management Unit.** The Local Government shall ensure that a Project Management Unit ("PMU") is established, and the PMU is headed by the provincial water utility.
4. **Multi-Stakeholder Coordination Units.** The SC shall ensure that each project town has a Multi-Stakeholder Coordination Unit ("MCU"), which has adequate representation from different stakeholders, including communities, to assist and cooperate with the PMU to monitor and guide the performance of project implementation in each town.

**Article VI**

**Procurement**

1. Except as UN-HABITAT may otherwise agree, the procedures referred to in the following paragraphs in this Article shall apply in the procurement of goods and services to be financed by the Project.

2. Procurement of goods and services shall be made without any restriction against, or preference for, any particular supplier or contractor except as otherwise provided in paragraphs 3 and 4 below.

3. Each civil works contract estimated to cost the equivalent of more than United States Dollars One Million (USD1,000,000) and each supply contract for equipment or materials estimated to cost the equivalent of more than United States Dollars Five Hundred Thousand (USD500,000) shall be awarded on the basis of international competitive bidding (ICB) or international shopping (IS) in line with established government procurement procedures. Bidders for civil works contracts shall be pre-qualified before bidding. Prequalification, selection and engagement of contractors shall be done by a duly constituted tender board and shall be subject to the approval of UN-HABITAT. As soon as the bids received have been evaluated, the proposal for award of contract shall be submitted to UN-HABITAT for approval. For this purpose, UN-HABITAT shall be furnished with three copies of (i) an account of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance. After each award of contract, UN-HABITAT shall be furnished with three certified copies of the contract as executed. When the cooperating agency is a non-governmental institution, procurement procedures shall be subject to the United Nations Regulations in any respect, including engagement of staff consultants and audit.

4. Each civil works contract estimated to cost the equivalent of United States Dollars One Million (USD1,000,000) or less and each contract for goods estimated to cost the equivalent of United States Dollars Five Hundred Thousand (USD500,000) or less may be awarded on the basis of local competitive bidding (LCB) or local shopping (LS) in accordance with established public procurement procedures. Prequalification, selection and engagement of contractors shall be done by a duly constituted tender board and shall be subject to the approval of UN-HABITAT. As soon as the bids received have been evaluated, the proposal for award of contract shall be submitted to UN-HABITAT for approval. For this purpose, UN-HABITAT shall be furnished with three copies of (i) an account of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance. After each award of contract, UN-HABITAT shall be furnished with three copies of the contract as executed. When the cooperating agency is a non-governmental institution, procurement procedures shall be subject to the United Nations Regulations in any respect, including engagement of staff consultants and audit.
5. In so far as payments on advance are made directly to a firm pursuant to contracts made for implementation of the Project, UN-HABITAT may request for any bank guarantee for the restitution of such payments on advance. The Local Government shall incorporate the aforementioned obligation of the third party firms in its legal instruments with those parties.

6. UN-HABITAT shall be entitled to postpone or, if appropriate, to reject a disbursement request if the Local Government does not fulfill any of the undertakings described in the present MoU. The Local Government shall be informed in a timely manner of any of such postponement and/or rejection.

**Article VII**

**Applicability of United Nations Regulations and Rules**

The United Nations Regulations, Rules, Policies and Practices shall be applicable to project activities in any respect, including engagement of staff consultants, procurements and audit.

**Article VIII**

**Monitoring and Evaluation**

1. The Parties, together with representatives of Habitat Agenda partners, including local governments, professional associations, research and academic institutions and other civil society members, shall maintain regular close consultations to monitor and review the progress of the Project.

2. The Parties shall share with each other, all relevant information and documents, including research, reports and any other information related to the activities, outputs and impact of the Project.

3. The Parties may, wherever possible and appropriate, undertake joint missions with respect to the Project.

4. The Parties shall welcome joint evaluation of the outputs and impact of the Project.

5. The Parties shall keep the United Nations Resident Coordinator fully informed of all actions undertaken by them in carrying out this MoU. UN-HABITAT will utilize the capacity of the Habitat Programme Manager, as necessary and appropriate for the effective implementation of the Project.

**Article IX**

**Inspection and Audit - rights of access to audit project**

1. The Local Government shall facilitate inspection and audit of the Project by the United Nations Office of the Internal Oversight Services, or any other person duly authorized by UN-HABITAT. Should they at any time wish to do so, the United Nations Board of Auditors may also carry out an audit of the Project. Audits of the Project will include, inter alia, the examination of the Project accounting records in order to determine that the charging of administrative and operational support costs to the Project complies with those specified in
the annexes to this MoU. For auditing purposes, Project accounting records shall be retained for the six years following the completion of the Project.

2. The Local Government shall facilitate visits by the duly authorised persons to the Project site(s) to evaluate the progress and achievements of the Project during its period of implementation or thereafter.

3. The Local Government shall submit to UN-HABITAT, within six months of the final date for liquidation of commitments, an audit certificate. Governmental implementing partners should be audited by the Local Government’s highest audit institution (Department of Finance, People’s Committee of Quang Tri Province).

Article X

Notices

All notices and communications to each party required under or related to this MoU shall be forwarded to the respective addresses of each party, as follows:

<table>
<thead>
<tr>
<th>(a) For UN-HABITAT</th>
<th>(b) For Water Supply and Sewerage Company, Quang Tri Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief</td>
<td>Director</td>
</tr>
<tr>
<td>Water and Sanitation Section II</td>
<td>Water Supply and Sewerage Company</td>
</tr>
<tr>
<td>Water, Sanitation and Infrastructure Branch</td>
<td>Quang Tri Province</td>
</tr>
<tr>
<td>UN-HABITAT</td>
<td>2 Nguyen Trai, Dong Ha town, Vietnam</td>
</tr>
<tr>
<td>P. O. Box 30030, Nairobi, Kenya</td>
<td>Tel: +84 53 3852048</td>
</tr>
<tr>
<td>Tel: +254 20 7623060</td>
<td>Fax: +84 53 3852062</td>
</tr>
<tr>
<td>Fax: +254 20 7623588</td>
<td></td>
</tr>
</tbody>
</table>

Article XI

Privileges and Immunities

1. The Local Government agrees that the Convention on the Privileges and Immunities of the United Nations of 13 February 1946, to which the Socialist Republic of Vietnam acceded on 6 April 1988, and, mutatis mutandis, the provisions of the United Nations Development Programme Basic Assistance Agreement, signed by the Government on 21 March 1978, and which applies mutatis mutandis to UN-HABITAT and its property, funds and assets and to its officials and experts on mission in the country, is applicable in the context of this MoU.

2. Nothing in or relating to this MoU shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UN-HABITAT.

Article XII

Indemnification

The Local Government shall indemnify, hold and save harmless, and defend, at its own expense, UN-HABITAT, its officials, agents, servants and employees from and against all suits, claims,
demands, and liability of any nature or kind, including their costs and expenses, arising out of acts
or omissions of the Local Government, or the Local Government employees, officers, agents or
sub-contractors, in the performance of this MoU. This provision shall extend, *inter alia*, to claims
and liability in the nature of workmen's compensation, products liability and liability arising out
of the use of patented inventions or devices, copyrighted material or other intellectual property by
the Local Government, its employees, officers, agents, servants or sub-contractors. The
obligations under this Article do not lapse upon termination of this MoU.

**Article XIII**

**Copyright, Patents and other Propriety Rights**

UN-HABITAT shall be entitled to all intellectual property and other proprietary rights including
but not limited to patents, copyrights, and trademarks, with regard to products, or documents and
other materials which bear a direct relation to or are produced or prepared or collected in
consequence of or in the course of the execution of this MoU. At UN-HABITAT's request, the
Local Government shall take all necessary steps, execute all necessary documents and generally
assist in securing such proprietary rights and transferring them to UN-HABITAT in compliance
with the requirements of the applicable law.

**Article XIV**

**Use of Name, Emblem or Official Seal of UN-HABITAT**

Unless expressly authorized by UN-HABITAT in writing, including the manner in which the use
may be done, the Local Government shall not, in any manner whatsoever, use the name, emblem
or official seal of UN-HABITAT or the United Nations, or any abbreviation thereof in connection
with its business or otherwise.

**Article XV**

**Force Majeure; Other Changes in Conditions**

1. In the event of and as soon as possible after the occurrence of any cause constituting force
majeure, the Local Government shall give notice and full particulars in writing to UN-
HABITAT, of such occurrence or change if the Local Government is thereby rendered unable,
wholly or in part, to perform its obligations and meet its responsibilities under this MoU. The
Local Government shall also notify UN-HABITAT of any other changes in conditions or the
occurrence of any event, which interferes or threatens to interfere with its performance of this
MoU. On receipt of the notice required under this Article, UN-HABITAT shall take such
action as, in its sole discretion, it considers to be appropriate or necessary in the
circumstances, including the granting to the Local Government of a reasonable extension of
time in which to perform its obligations under this MoU.

2. If the Local Government is rendered permanently unable, wholly, or in part, by reason of
force majeure to perform its obligations and meet its responsibilities under this MoU, UN-
HABITAT shall have the right to suspend or terminate this MoU on the same terms and
conditions as are provided for in Article XVI, "Termination", except that the period of notice
shall be three (3) weeks instead of three (3) months.
3. Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.

Article XVI
Termination

1. Either party may terminate this MoU for cause, in whole or in part, upon three (3) months notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article XVII "Settlement of Disputes" below shall not be deemed a termination of this MoU.

2. UN-HABITAT may terminate forthwith this MoU at any time should the mandate or the funding of the Project be curtailed or terminated, in which case the Local Government shall be reimbursed by UN-HABITAT for all reasonable costs incurred by the Local Government prior to receipt of the notice of termination.

3. In the event of any termination by UN-HABITAT under this Article, no payment shall be due from UN-HABITAT to the Local Government, except for work and services satisfactorily performed in conformity with the express terms of this MoU.

Article XVII
Settlement of Disputes

Any disputes between UN-HABITAT and the Local Government relating to the interpretation of this MoU that is not settled by negotiation or other agreed mode of settlement will be referred at the request of either party of final decision to a tribunal of three arbitrators, one to be named by the Secretary-General of the United Nations, one to be named by the Local Government, and the third, who will be the Chairperson, to be chosen by the first two: if either party fails to appoint an arbitrator within 60 days of appointment by the other party, or if these two arbitrators should fail to agree on the third arbitrator within 60 days of their appointment, the President of the International Court of Justice may make any necessary appoints, at the request of either party. However, any such dispute that involves a question regulated by the Convention on the Privileges and Immunities of the United Nations will be dealt with in accordance with Section 30 of that Convention.

Article XVIII
Entry into Force, Duration and Modification

1. This MoU shall enter into force on the date of signature and shall remain valid until terminated in writing by either party.
2. Arrangements set forth in this MoU may be modified upon mutual agreement of the Parties to be reflected in writing by duly authorized representatives of each party.

The undersigned duly appointed representatives of UN-HABITAT and People’s Committee of Quang Tri Province have signed two original copies of this MoU in the place(s) and on the date(s) herein below indicated.

<table>
<thead>
<tr>
<th>For UN-HABITAT</th>
<th>For People’s Committee of Quang Tri Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anna K. Tibajuka</td>
<td>Nguyen Duc Cuong</td>
</tr>
<tr>
<td>Executive Director</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

Place: NAIROBI                  | Place: DONG HAI - CHUY TST                   |
Date: 28/09/09                   | Date: 20/10/09                               |
Schedule 1

Project Document

I. Project Objectives

In response to requests from several governments in the Greater Mekong Sub-region (GMS), UN-HABITAT has developed a special Water and Sanitation Initiative for the Mekong Region (MEK-WATSAN) with a three-phased strategy for implementation. MEK-WATSAN is a collaborative effort between UN-HABITAT and the governments of the Mekong region, which developed as a concept similar to that of the Lake Victoria initiative, will focus on capacity building, project design, planning and implementation and follow-up investments. The whole philosophy of MEK-WATSAN is to support participating governments attain their water and sanitation related MDGs agreed in 2000, to halve the proportion of people without access to improved water supply and sanitation services by 2015.

The MEK-WATSAN initiative will support participating governments to achieve the Millennium Development Goals for water supply and sanitation, with an emphasis on innovative solutions and speedy delivery. With a growing awareness among Programme countries of the benefits of a regional approach, participants at the workshop shared ideas on benchmarking, regional training and capacity building initiatives, regional networking, and cooperation in protecting and managing a shared resource – the Mekong River. One critical issue that seems to affect every country is that of sustainability of services for the poor, especially in terms of cost recovery and subsidy arrangements.

As a strategy the MEK-WATSAN is focusing its attention on support to secondary urban centres. It is in these secondary cities where urbanization will grow fastest, deficiencies in water supply and sanitation are most pronounced, institutional capacities are weakest and willingness to invest lowest.

The initiative provides an ideal opportunity for targeting water and sanitation investments to secondary cities linked to sector reforms and capacity building within a process of decentralisation to enable them to achieve the Millennium Development Goals (MDGs) and to reduce pollution loads entering the Mekong River.

The specific objectives of MEK-WATSAN are:

- Expedite pro-poor water and sanitation investments in secondary towns of the GMS;
- Enhance institutional and human resource capacities at local and regional levels to sustain water and sanitation services;
- Operationalise upstream sector reforms at the local level;
- Enhance capacities of local private sector entities in service delivery;
- Reduce the adverse environmental impacts of urbanisation on local river catchments;
- Support economic development in secondary towns through improved water and sanitation, and related income generating activities, and
- Support cooperation between the countries of the Mekong region, and thus economic development.
II. General Framework

In February 2005, UN-HABITAT organized a workshop for national Programme counterparts and partners in Bangkok, Thailand, to discuss programme formulation, determine the most effective approaches to implementation, and provide an opportunity for sector professionals in the region to meet each other and share experiences.

The workshop concluded with a consensus that secondary towns should be the focus of the MEK-WATSAN initiative. As part of the capacity building phase of the Programme, each country will formulate proposals for investments in secondary towns. Following a series of consultation missions undertaken by the Regional Technical Adviser, Water for Asian Cities Programme after the workshop, an agreement was reached on the selection of pilot towns, and preparations were made in each country to formulate implementation proposals, including proposals for community surveys.

In 2005, very rapid progress was made in developing a participatory programme framework and implementation plan. A major breakthrough was the start of an innovative fast-track pilot demonstration project in Xieng Nguen in Luang Prabang province of Lao PDR, providing services as the overall framework was evolving. Since then activities have expanded to include Vietnam, Yunnan China and Cambodia, with investments in some 20 towns within the region.

This proposal marks a roll out of the current activities into a further 8 towns in Cambodia, Vietnam and Lao PDR. Based on the ongoing experience, UN-HABITAT and partner countries are poised to commence the proposed Government of Netherlands funded programme in the 8 towns. This project will improve access for 90,755 people to sustainable and safe water supply and for 190,365 people to sustainable and safe sanitation. The project will also contribute in a catalytic manner to increased investment flows for improving water and sanitation in the Mekong region.

III. Project Activities

The following activities will be undertaken:

**Objective I: Extend water and sanitation systems to and achieve MDG target 10 through improved infrastructure and management systems**

**Related Activities**

1. Develop and sign MOUs with Governments;
2. organize town-level stakeholder workshops involving municipal officials, service providers, non governmental organizations and community groups;
3. Conduct participatory poverty and needs assessment;
4. Review and refine of initial assessments, including environmental aspects 1.3 Conduct the feasibility studies of each town;
5. Conduct the environmental impacts study of the water supply and sanitation project in each town and implement mitigation measures in compliance with guidelines of the Government and the international practices;
6. Prepare and implement community based Environmental Sanitation Master Plans for each town in compliance;
7. Design, procurement and implementation of physical infrastructure; and
8. Design and establish revolving funds for water and sanitation.

**Objective II: Enhance institutional and human resource capacities at local and regional levels to sustain water and sanitation services**

**Related Activities**
1. Conduct training needs and institutional development assessments;
2. Organize town-level stakeholder workshops involving municipal officials, service providers, non-governmental organizations and community groups to decide on capacity building and institutional development activities;
3. Undertake capacity building interventions for operational management in order to ensure sustainability at the local level;
4. Develop and implement capacity building and training programme for project personnel in each town;
5. Conduct capacity building for community on project implementation, monitoring and evaluation;
6. Develop pro-poor tariff and cost sharing policy options aiming to enhance the accessibility of poor households to water supply and decent sanitation facilities; and
7. Conduct awareness programmes on water demand management, sanitation and hygiene.

**Objective III: Operationalise upstream sector reforms at the local level**

**Related Activities**
1. Establish and implement a monitoring and evaluation framework with the participation of the community;
2. Develop and apply mechanism for financial and institutional sustainability at the local level;
3. Develop and apply mechanism for efficient billing and revenue collection;
4. Develop and apply pro-poor governance approaches to provision of water and sanitation services for the poor; and
5. Develop and apply communication strategies to support the sector reform process.

**Objective IV: Enhance capacities of local private sector entities in service delivery**

**Related Activities**
1. Survey and analysis of the on-going activities of the private entrepreneurs in the water supply sector;
2. Review and develop policy options and regulations to strengthen the management and promotion of services providers; and
3. Design and implement a pilot small scale public-private water supply service provider partnership.

**Objective V: Reduce the environmental impact of urbanization on secondary towns of the Mekong River Basin Catchment**
Related Activities
1. Survey and analyze the potential environmental impact of urbanization and develop mitigation options;
2. Develop an environmental management strategy for the project towns identifying regulatory measures and mitigation approaches; and
3. Monitor and supervise all fast track activities.

Objective VI: Support economic development in secondary towns through improved water and sanitation, and related income generating activities

Related Activities
1. Survey and analysis of the potential related income generating activities; and
2. Identify and implement measures within the water sector to contribute the promotion of water and sanitation related income generating activities.

Objective VII: Support cooperation between the countries of the Mekong region, and thus economic development

Related Activities
1. Develop cooperation mechanisms with ongoing initiatives in the Mekong River Catchment;
2. Develop working arrangements with existing donor coordination and water and sanitation sector working groups in participated countries; and
3. Conduct a consultation workshop at decision making level to discuss and explore on potential areas of cooperation among countries within MEK-WATSAN programme.

Objective VIII: Establish Monitoring and Evaluation framework for MDGs attainment and programme monitoring.

Related Activities
1. Conduct Monitoring and Evaluation;
2. Develop a participatory monitoring and evaluation framework;
3. Develop analytical indicators and data for water and sanitation statistic; and
4. Track progress and conduct evaluation.

IV. Expected Results

The following results are expected at the end of the project period:

- Achievement of MDG (target 10) in the participating towns through improved water and sanitation infrastructure and increased access to water and sanitation services by the poor
- Improvement in the capacity of operational staff/stakeholder institutions/NGOs/CBOs to sustainably operate, maintain and manage improved water and sanitation infrastructure
- Improved service provision as a result of:
- Commercialisation of service provision;
- Developed small-scale private sector;
- Established ability and willingness to pay;
- Tariffs reforms;
- Developed local business development plans; and
- Enhanced community participation in management of services.

- Improved environment in urban catchment leading to improved quality of the Mekong river’s ecosystem.
  - Lower pollution loads entering the river, and
  - Pollution loads managed in the urban catchment.

- Participatory monitoring and evaluation framework for tracking progress in MDG attainment and programme monitoring established.

V. Project Duration

The Project will enter into force on the date of signature of the MoU between UN-HABITAT and the Government of Vietnam on the Mekong Region Water and Sanitation Initiative (MEK-WATSAN) and is expected to be completed by 31 October 2011.
Contacts for MEK-WATSAN

Global

Chief
Water and Sanitation Section II
Water, Sanitation and Infrastructure Branch
United Nations Human Settlements Programme (UN-HABITAT)
P.O. Box 30030, Nairobi, Kenya
Tel: +254-20-7623060, 7625082
Fax: +254-20-7623588
Email: andre.dzikus@unhabitat.org

Regional

Chief Technical Advisor
WAC and MEK-WATSAN
South East Asia Region
Water and Sanitation Section II
Water, Sanitation and Infrastructure Branch
United Nations Human Settlements Programme (UN-HABITAT)
3rd Floor, UN House, Lane Xang Avenue,
P.O. Box 345, Vientiane, Lao PDR
Tel: +856-21-267707; Fax: +856-21-264939
Email: avi.sarkar@undp.org

Country

Chief Technical Advisor - Lao PDR
WAC and MEK-WATSAN
United Nations Human Settlement Programme (UN-HABITAT)
3rd Floor, UN House, Lane Xang Avenue,
P.O. Box 345, Vientiane, Lao PDR
Tel: +856-21-267714; Fax:+856-21-264939

Chief Technical Advisor - Vietnam
WAC and MEK-WATSAN
Room 501, UN Apartment Building,
2E Van Phuc, Ba Dinh District, Hanoi City, Vietnam
Tel: +84-4-36419409; Mobile: +84 (0) 913363674

Habitat Programme Manager - Vietnam
Room 501, UN Apartment Building,
2E Van Phuc, Ba Dinh District, Hanoi City, Vietnam
Tel: +84-4-38237232; Mobile: +84 (0) 903279363

Habitat Programme Manager - Cambodia
P.O. Box: 887
UNDP, Gate 5, #53, Pasteur Street,
Phnom Penh, Cambodia
Tel: +855 23 216 167 Ext. 349; Fax: +855 23 216 257

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