

FINANCING INFORMATION AND DATA FOR TRANSBOUNDARY DEVELOPMENT

Lao PDR

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Department of Water Resources (DWR), Ministry of Natural Resources & Environment (MONRE)

OVERVIEW OF NATIONAL SYSTEM FOR FINANCING WATER DATA & INFORMATION

1. Fund for Water and Water Resources is the same Fund as of the Fund for Environment Protection
In addition to the sources of funds as provided for in the Law on Environment Protection, other sources of the funds are as follows:
 - 1) Fees for the restoration of water and water resources from the investment projects and various activities;
 - 2) Service charges for water and water resources use and for wastewater discharges;
 - 3) Other sources legally received
2. Financing of the national water data system is built on an 'access-fee' model and draws on three main sources. First GoL uses national budget to subsidise data collection. Second direct data users (both private sector and academic) pay for data access. Third, international development partners provide grant financing for example in the form of new monitoring technology, capacity building and technical assistance.
3. The present model of financing is insufficient with budget constraints remaining a long-standing and continuing key challenge for Lao's water data system.
4. Management and Use of the Fund for Water and Water
Use of the Fund for Water and Water shall be in compliance with the following principles:
 - 1) Centralization and uniform as per the State budget and in accordance with the Law on State Budget;
 - 2) Conformity with the targets, economy and effectiveness;
 - 3) All incomes and expenditures shall recorded in the annual State budget plan, transfer through the accounting system of the national treasury, account keeping in accordance with the relevant regulations and State accounting basis;
 - 4) Liquidation, speediness, fair and transparency, ensuring the expenditure in accordance with the annual plan;
 - 5) Regular inspection and audit in accordance with the relevant laws.

Transboundary water cooperation

1. In 2012, Thailand proposed the initiative of sustainable development of the Lancang-Mekong Sub-region, which got positive response from the Chinese side. At the 17th China-ASEAN Summit held in November 2014, Chinese Premier Li Keqiang proposed the establishment of the Lancang-Mekong Cooperation Framework, which was warmly welcomed by the five Mekong River countries. On 23 March 2016, the First LMC Leaders' Meeting was successfully held in Sanya of China's Hainan Province, which brought together Chinese Premier Li Keqiang, Thai Prime Minister Prayut Chan-o-cha, Cambodian Prime Minister Hun Sen, Lao Prime Minister Thongsing Thammavong, Vice President of

Myanmar Sai Mauk Kham, and Vietnamese Deputy Prime Minister Pham Binh Minh. The meeting, with "Shared river, Shared future" as its theme, released the Sanya Declaration of the First Lancang-Mekong Cooperation (LMC) Leaders' Meeting --For a Community of Shared Future of Peace and Prosperity Among Lancang-Mekong Countries, and officially launched the LMC mechanism.

LMC is characterized by pragmatism, high efficiency, focus on concrete projects. Since its launch in March 2016, the mechanism has achieved fast progress, demonstrating LMC speed and LMC efficiency. It has developed a Lancang-Mekong cooperation culture of equality, sincerity, mutual assistance, and affinity.

LMC aims at bolstering the economic and social development of the Sub-regional countries, enhancing the wellbeing of their people, narrowing the development gap among regional countries and supporting ASEAN Community building as well as promoting the implementation of the UN 2030 Agenda for Sustainable Development and advancing South-South cooperation. LMC will be conducted within a framework featuring leaders' guidance, all-round cooperation and broad participation, and follow a government-guided, multiple-participation and project-oriented model, aimed at building a community of shared future of peace and prosperity among Lancang-Mekong Countries and establishing the LMC as an example of a new form of international relations featuring win-win cooperation.

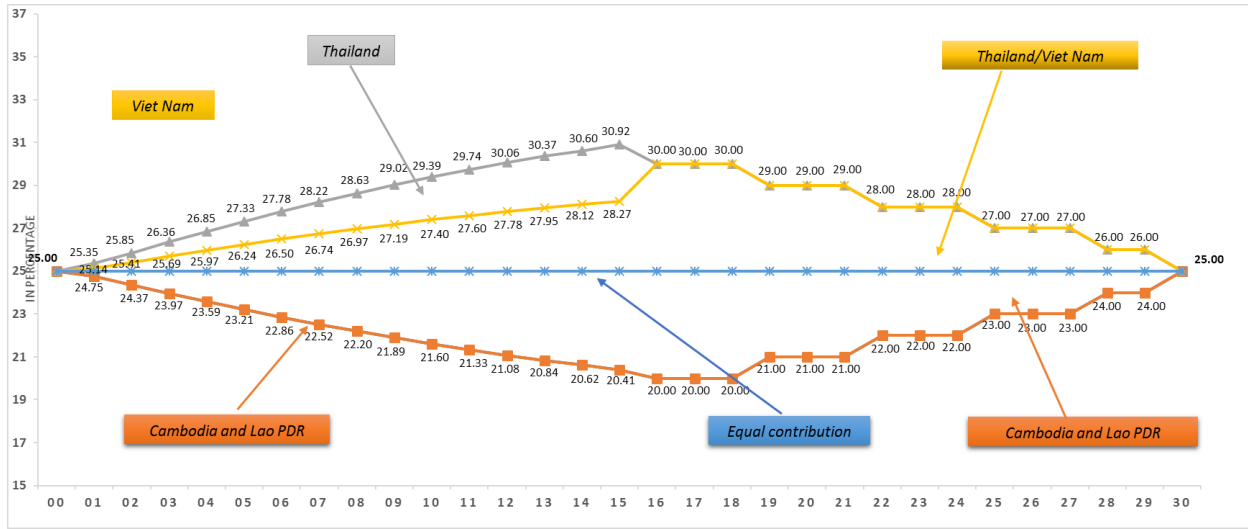
2. The Mekong River Commission (MRC) is the only inter-governmental organisation that works directly with the governments of Cambodia, Lao PDR, Thailand and Viet Nam to jointly manage the shared water resources and the sustainable development of the Mekong River.

As a regional facilitating and advisory body governed by water and environment ministers of the four countries, the MRC ensures the efficient and mutually beneficial development of the Mekong River while minimising the potentially harmful effects on the people and the environment in the Lower Mekong Basin.

The MRC is a platform for water diplomacy and regional cooperation in which member states share the benefits of common water resources despite different national interests. It also acts as a regional knowledge hub on water resources management that helps to inform the decision-making process based on scientific evidence.

Country member contribution from 2000 to 2030

Option is based on the current arrangement which total contribution increase 10% each year and percentage of each Member country contribution varies every three-year toward equal contribution in 2030. Cambodia and Lao PDR increases by 1% every three years, and Thailand and Viet Nam decreases by 1% every three years.



Option C3

Fund requirement based on the 10% increment each year

	Projections												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Country													
Cambodia	\$ 621,881	\$ 718,273	\$ 790,100	\$ 869,110	\$ 1,001,546	\$ 1,101,700	\$ 1,211,871	\$ 1,393,651	\$ 1,533,016	\$ 1,686,318	\$ 1,935,600	\$ 2,129,160	\$ 2,439,662
% Contri	20%	21%	21%	21%	22%	22%	22%	23%	23%	23%	24%	24%	25%
Laos	\$ 621,881	\$ 718,273	\$ 790,100	\$ 869,110	\$ 1,001,546	\$ 1,101,700	\$ 1,211,871	\$ 1,393,651	\$ 1,533,016	\$ 1,686,318	\$ 1,935,600	\$ 2,129,160	\$ 2,439,662
% Contri	20%	21%	21%	21%	22%	22%	22%	23%	23%	23%	24%	24%	25%
Thailand	\$ 932,822	\$ 991,901	\$ 1,091,091	\$ 1,200,200	\$ 1,274,695	\$ 1,402,164	\$ 1,542,381	\$ 1,636,025	\$ 1,799,628	\$ 1,979,591	\$ 2,096,900	\$ 2,306,590	\$ 2,439,662
% Contri	30%	29%	29%	29%	28%	28%	28%	27%	27%	27%	26%	26%	25%
Vietnam	\$ 932,822	\$ 991,901	\$ 1,091,091	\$ 1,200,200	\$ 1,274,695	\$ 1,402,164	\$ 1,542,381	\$ 1,636,025	\$ 1,799,628	\$ 1,979,591	\$ 2,096,900	\$ 2,306,590	\$ 2,439,662
% Contri	30%	29%	29%	29%	28%	28%	28%	27%	27%	27%	26%	26%	25%
Cash requir	\$3,109,406	\$ 3,420,347	\$ 3,762,381	\$ 4,138,619	\$ 4,552,481	\$ 5,007,729	\$ 5,508,502	\$ 6,059,353	\$ 6,665,288	\$ 7,331,817	\$ 8,064,998	\$ 8,871,498	\$ 9,758,648
10%													9,758,648

LESSONS FROM INTERNATIONAL EXPERIENCE & PRIORITY RECOMMENDATIONS

1. As a nation with an abundance of water resources, water has and will likely continue to be the key unlocking economic growth and development of the nation.
2. This makes water a high-value commodity benefitting many sectors and facets of Lao society; however, under the 'access-fee' model only direct users of water data pay for the service.
3. A new approach which has emerged in recent years is to pass the cost of water data services not to the users of the water data but those who are benefitting from improved water services (clean, reliable water)¹. This approach integrates the cost of water data as a legitimate component of the overall cost of providing water to user, just as the infrastructure for water collection, treatment and distribution are also embedded in the cost of water.

4. From a financial sustainability point of view, this approach has a number of advantages over the 'access-fee' approach GoL is currently implementing:
 - a. It broadens the funding base collecting payments from a wide user base, but minimising the cost imposition on individual users.
 - b. It has a positive return on investment such that as water users contribute to the cost of water data, water data systems improve and so water services themselves improve becoming more reliable.
5. While this approach is emerging as international best-practice for water data management, in the Lao context application of this approach would need to be faced, cognizant of the challenges GoL is already facing with other forms of taxation. It is suggested that transition to such an approach should start with private sector users, followed by urban and piped water users and then eventually all water users.