

**Government of Vietnam  
MARD**

**Danish Ministry of Foreign Affairs  
DANIDA**

**Final**

**WATER SECTOR PROGRAMME SUPPORT**

**Joint Technical Review  
for the Support to  
Rural Water Supply and Sanitation**

**VIETNAM**

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## List of Abbreviations

CERWASS	Centre for Rural Water Supply and Environmental Sanitation
CPMU	Central Program Management Unit
CTA	Chief Technical Adviser
DARD	Department of Agriculture and Rural Development
Danida	Danish International Development Assistance
DKK	Danish Kroner
GoD	Government of Denmark
GoV	Government of Vietnam
GSO/WB	General Statistical Office/World Bank
HRD	Human resources development
IEC	Information, education and communication
JTRT	Joint Technical Review Team
LFA	Logical framework approach
MARD	Ministry of Agriculture and Rural Development
MOLISA	Ministry of Labour, Invalids and Social Affairs
OVI	Objectively verifiable indicator
pCERWASS	Provincial CERWASS office
PAR	Public administration reform
PPC	Provincial People's Committee
PRA	Participatory Rapid Appraisal
RWSS	Rural Water Supply and Sanitation
SOE	State owned enterprise
TA	Technical advisers
TNA	Training needs assessment
ToR	Terms of Reference
US\$	United States of America Dollar
VBARD	Vietnam Bank of Agriculture and Rural Development
VND	Vietnamese Dong
WATERSPS	MARD – Danida Water Sector Program Support
WB	World Bank
WUG	Water User Group

1 US\$ = DKK 8.5 = VND 15,000

## Map of Vietnam

## 1.0 INTRODUCTION

The Ministry of Agriculture and Rural Development (MARD) - Danida Water Sector Programme Support (WATERSPS) is the umbrella for Vietnamese – Danish development co-operation in the water sector and is governed by a bilateral agreement between the Government of Vietnam (GoV) and the Government of Denmark. By decision of the Prime Minister of Vietnam, the MARD is assigned with the overall responsibility for the implementation of the WATERSPS (in co-ordination with other ministries and provinces).

The Rural Water Supply and Sanitation (RWSS) activities as part of the WATERSPS are implemented through four sub-components. Component 1 (National Capacity Building) of the WATERSPS includes sub-component 1.2 which provides technical assistance and capacity building support to the MARD's National Centre for Rural Water Supply and Sanitation (CERWASS) in Hanoi. The support is to sustain the implementation of the National Rural Water Supply and Sanitation Strategy (henceforth referred to as "the Strategy"). Component 2 (Rural Water Supply and Sanitation) includes sub-components 2.1, 2.2 and 2.3 which respectively provide technical assistance, capacity building support and funds for RWSS facilities in the central highland province of Dak Lak and the north central coast provinces of Ha Tinh and Nghe An, respectively.

The RWSS sub-components put a strong emphasis on capacity building and the limited budget for investments under Component 2 is primarily for demonstration purposes. The focal point of this initial Danish support is not to build large-scale rural water supply and sanitation facilities, but rather to assist in introducing a demand responsive approach. This approach not only provides capital cost recovery, but also sustainable and equitable RWSS facilities for the rural households with particular attention for the poorer ones.

The GoV and Danida agreed to field the joint technical review of the RWSS sub-sector with the following objective:

*“Guidance provided to GoV and Danida to ensure that Danish development assistance and GoV funds are used effectively and efficiently to assist the rural poor to develop, implement and manage their choices of water supply and sanitation facilities and services and thereby contribute to poverty alleviation in Vietnam”.*

The jointly elaborated Terms of Reference (ToR) were distributed to relevant parties and are reproduced as Annex A of this report. The review took place in Vietnam from 8<sup>th</sup> to 25<sup>th</sup> April 2002 and the joint technical review team (JTRT) comprised the following members:

- Mr. Leif Hommelgaard, Senior Technical Adviser, Team Leader, Danish Ministry of Foreign Affairs;
- Mr. Ha Van Mang, Chief of Department of Planning and Investment, CERWASS;
- Mr. Le Kien, Department of Agriculture and Rural Development, Ministry of Planning and Investment (MPD);
- Mr. Dolf Noppen, Capacity Building Specialist, External Consultant to Danida; and
- Mr. Paul Kerry, Rural Development Specialist, Deputy Team Leader, External Consultant to Danida

Dr. Le Van Minh, National Water SPS Co-ordinator, MARD; Mr. Lars Skov Andersen, Danida Water SPS Co-ordinator, CPMU; and Mr. Jan Møller Hansen, Development Counsellor, Royal Danish Embassy, acted as resource persons during the review.

The JTRT visited Tien Giang, Dak Lak, Hue, Ha Tinh and Nghe An provinces for field visits and/or discussions concerning recent RWSS initiatives. Discussions were conducted with provincial, district and commune authorities, pCERWASS staff and consultants working on the WAterSPS sub-components, steering committee members and IEC motivators for existing and future water supply schemes, private sector participants and householders.

In Hanoi, in-depth discussions were held with representatives of MPI, MARD/CERWASS, Vietnam Bank of Agriculture and Rural Development (VBARD), and the donor community. The JTRT's itinerary and a list of key persons met are attached as Annexes B and C. On 24<sup>th</sup> April 2002 at the conclusion of the review, a debriefing note was presented at MARD's headquarters. The debriefing note is reproduced as Annex D of this report.

Comments to the draft JTRT's report of May 2002 were received from the Royal Danish Embassy and Dak Lak Province. These comments are reproduced as Annexes E and F, respectively. The JTRT has incorporated its responses in bold underlined text to points raised as found appropriate.

This document contains the JTRT's findings, conclusions and recommendations. The JTRT wishes to express its appreciation for the kind assistance provided by all persons met during the review. The document, however, remains the full responsibility of the JTRT and may not reflect the views of the GoV or of Danida.

## 2.0 SUMMARY OF MAIN FINDINGS/RECOMMENDATIONS

Although the WATERSPS commenced in late 2000, significant activities started on the RWSS sub-components during early 2001 following the mobilisation of the technical assistance. Progress on the individual sub-components is described below.

Sub-component 1.2, which provides technical assistance and capacity building support to CERWASS to co-ordinate the implementation of the Strategy, appears to have established a sound basis/partnership for carrying out the works although this has been achieved under somewhat difficult circumstances, listed as follows:

- Suitable office facilities only became operational in early 2002 following extensive refurbishment works.
- CERWASS has not been formally assigned a mandate to co-ordinate the implementation of the Strategy.
- The roles and responsibilities of the participating ministries in the implementation of the Strategy and as required by the Prime Minister's Decision 104 have not been actively followed.

The JTTRT *recommends* that urgent action be taken by the GoV to resolve the latter two issues listed above.

Sub-component 2.1 for the implementation of RWSS facilities in Dak Lak Province has generally proceeded satisfactorily in line with its sub-component description during 2001. The long association between the provincial authorities and Danida has contributed to a good working environment and partnership for undertaking sub-component activities. The Work Plan and Budget for 2002 ambitiously proposes to bring forward implementation activities and to commence the replication in the second district after 1 year. The JTTRT believes that this level of ambition will have to be moderated based on observed limitations on the technical design works, described later.

Progress on sub-component 2.2 in Ha Tinh Province during 2001 has been less substantial than in Dak Lak Province due to some adverse operational circumstances. The barriers have primarily been at provincial level, where the following aspects require urgent attention:

- Sufficient permanent staff needs to be assigned to pCERWASS to work on the RWSS programme in line with the requirements of the sub-component description.
- pCERWASS needs a clear mandate to co-ordinate RWSS activities calling on the support of the other participating departments when needed.
- GoV counterpart funds for the sub-component have not yet been made available to pCERWASS.

If the situation does not improve, the JTTRT *recommends* that consideration should be given to scaling down activities in the Province, which would be regrettable because these adverse conditions appear to have created a strong partnership and foundation for future activities.

It was not originally intended to start sub-component 2.3 for Nghe An Province until 2004, but this has been brought forward and activities have commenced in early 2002, following approval by the National Steering Committee in August 2001. Early indications on the Province's commitment appear positive.

The JTTR found mixed levels of ownership/understanding of the Strategy amongst the sub-component participants and beneficiaries. This has resulted in several negative impacts, which are described below. It is **recommended** that efforts to create a wider understanding of the Strategy be stepped up at all levels.

One of the major areas of concern has been the financing mechanism proposed for water supply and sanitation investments, which is not considered sufficiently poverty sensitive. Based on assumed construction costs, the present proposals by the international consultant would amount to monthly expenses related to piped water supply at levels over 7% of monthly estimated income for poor families and around 13% for those living just above the MOLISA poverty guideline. These figures do not include any provision for sanitation. Meanwhile, World Bank guidelines suggest between 3% to 5% of household income as being an affordable level for household water supply and sanitation services. It is **recommended** that the financing mechanism be reconsidered so that household monthly expenditure on improved water supply and sanitation options falls within or close to the World Bank recommended range.

In Dak Lak Province, the feasibility studies for rehabilitation works on piped water supply schemes appear to present extremely expensive solutions. One scheme would necessitate households living just above the MOLISA poverty guideline spending 25% of their income on water supply alone, if implemented using the proposed financing mechanism! From the studies, the scheme designs are apparently based on conventional design procedures/practices without any consideration of suitable more appropriate alternatives, which will make them affordable to the communities. The adoption of suitable design procedures/practices is stated as a pre-condition for Danish support to the implementation of the RWSS sub-components and needs to be urgently adopted by advisers, counterparts and international consultants in a more critical manner. The JTTR **recommends** that these designs should be carefully reconsidered when details of the financing mechanism are available so that the communities can see the implications of conservatively based design criteria.

The organisational structure both within the WaterSPS and the RWSS sub-components is complex involving many participants (i.e. national partners at all levels, the Royal Danish Embassy, Danida employed technical advisers (TAs) and international consultants) with varying roles/responsibilities, who interact through a variety of communication and reporting channels. By its very nature, the effectiveness of such an organisational structure is highly dependent on the personalities involved. However, such complex systems are not usually very effective and will often break down because of personality clashes. The JTTR noted several such problems.

The roles/responsibilities of the Danida funded TAs and some of the international consultant's management functions seem at best to duplicate each other and at worst to create confusion and a lack of accountability. Danida should ensure that its TAs have overall responsibility for the Danish support to the various RWSS sub-components and **recommends**:

- Implement a simpler structure in which all TAs are given clearer areas of focus and reporting responsibilities.
- Team building efforts are urgently needed to achieve better co-operation between the TAs, and with the international consultants.
- Some fundamental differences related to the recruitment and roles of WaterSPS support staff in the provinces need to be urgently resolved.

The initial phase of the international consultant's contract has been characterised by too many short visits and too many reports. Visits have tended to focus on specific technical issues without being



located within a broader programme context. Individual consultants have lacked an overall perspective, which would be brought about by more interdisciplinary interaction. The role of the international consultant's specialists should be facilitating a development and learning process at all levels – including the community/user level. This needs to happen together with the counterparts, and needs to integrate financial, technical, IEC and other elements at the user level. It is *recommended* that individual consultants should make fewer but longer visits, working closely with their counterparts, in a more integrated structure.

The JTTRT is concerned about the low priority given to sanitation during discussions in the provinces. Additionally, there appears to be some misunderstandings about the roles and responsibilities of pCERWASS and the Department of Health on this issue that need to be clarified at the earliest opportunity. The JTTRT *recommends* that sanitation be given appropriate priority within its correct institutional setting and with sound and affordable technologies.

The RWSS programme has been developed with a view to ensuring technical, financial and organisational sustainability. However, it is evident that progress has generally been somewhat slower than anticipated. Similar situations have led to the demise of demand responsive approaches in other developing countries with the implementers being forced to revert to non-sustainable supply driven methodologies to achieve higher levels of expenditure and more rapid service provision. The JTTRT considers that every effort must be made to prevent such a situation occurring in Vietnam and for this purpose *recommends* that contingency planning measures should be developed to avoid this situation. In this respect, it is important that the commitment of the GoV and Danida to a demand responsive approach is reasserted/reinforced at every possible opportunity.



### 3.0 SUB-COMPONENT FOCUS

Although the WAtErSPS commenced in late 2000, significant activities started on the RWSS sub-components during early 2001 following the mobilisation of the technical assistance. Since then progress has been mixed due to a variety of positive influences as well as constraints. This is discussed in more detail in the sections relating to each sub-component.

#### 3.1 Sub-component 1.2

Sub-component 1.2 provides technical assistance and capacity building support to CERWASS to co-ordinate the implementation of the Strategy. The immediate objective and corresponding output statements of sub-component 1.2 were slightly reformulated in the Inception Report of October 2001. These reformulated or “enhanced” statements do not fundamentally alter the nature of sub-component and generally simplify/improve the clarity of the sub-component description. For example, the original and “enhanced” immediate objectives are as follows:

*Original: Assist in the establishment of capability of CERWASS to implement the NRWSS Strategy in a cost effective manner and in accordance with the overall political and institutional framework and the lessons learned in a number of pilot schemes in selected communities, districts and provinces.*

*Enhanced: A strengthened CERWASS able to co-ordinate the implementation of the Strategy.*

However, the 2002 Work Plan and Budget deviates somewhat further from the sub-component description. Although it states that the “enhanced” logical framework remains valid, it argues that the sub-component description presents a project which:

- assumes that pioneering of the Strategy mainly will take place in the provinces supported by the WAtErSPS
- prepares, directs and supports implementation at national level, rather than building on experience that (in the meantime) has been developed at provincial level
- fails to integrate itself into the National Target Plan and the Strategy Action Plan

The 2002 Work Plan and Budget have been prepared to overcome these “shortcomings” through the achievement of 11 outputs during 2002 called “results”. These are:

- 1 *Organisation capacity of CERWASS enhanced*, to support the implementation of the Strategy Action Plan in pilot provinces.
- 2 *Provincial institutions strengthened*, at all levels in Strategy Action Plan provinces, to promote demand responsive RWSS projects.
- 3 *Strategy awareness raised*, at all levels, to promote acceptance of the Strategy principles and to launch the Strategy Action Plan in 15 provinces.
- 4 *Demand responsive approach for RWSS developed and tested*, including the mainstreaming of cross cutting development issues and hygiene promotion.
- 5 *User Owned Enterprises legalised and strengthened*, to access loans and grants and to manage the development of, and sustain, RWSS services.
- 6 *Framework for the planning and design of RWSS established*, including user preferences, O&M issues and environmental concerns.
- 7 *Poverty sensitive RWSS finance mechanism in place*, using loans and grants managed by VBARD based on commercial appraisal of RWSS investments.

- 8      *Construction management system for RWSS agreed*, for user owned RWSS facilities, that mutually protects the state, contractors and investors
- 9      *O&M guidelines for user owned RWSS facilities prepared*, to ensure the long-term sustainability of RWSS investments.
- 10     *National participatory monitoring system designed*, using impact and process indicators, as a tool to improve performance in the sector.
- 11     *Web based information tool for RWSS established and managed*, to improve experience sharing between provinces and Strategy co-ordination by CERWASS.

The JTRT has studied the “result” statements and their associated activities and finds them to be soundly based. Some of the activities clearly contribute towards the outputs listed in the “enhanced” component description, whereas others respond to further identified needs. However, the JTRT is concerned that from the 2002 Work Plan and Budget it is no longer possible to see how the sub-component will move towards its intended immediate objective in the subsequent years within the available time frame and budget.

In section 5.5, it is recommended that the annual planning exercise for 2003 should incorporate a logical framework planning exercise for each RWSS sub-component to improve the overall familiarity with this process. In respect of sub-component 1.2, it is **recommended** that this planning exercise should be extended to result in a revised sub-component description with **agreed objectives and outputs** within the available time frame and budget.

During 2001, sub-component 1.2 appears to have established a sound basis/partnership for carrying out the works although this has been achieved under somewhat difficult circumstances, listed as follows:

- Suitable office facilities only became operational in early 2002 following extensive refurbishment works.
- CERWASS has not been formally assigned a mandate to co-ordinate the implementation of the Strategy.
- The roles and responsibilities of the participating ministries in the implementation of the Strategy and as required by the Prime Minister’s Decision 104 have not been actively followed.

The JTRT **recommends** that urgent action be taken by the GoV to resolve the latter two issues listed above which have been raised on several previous occasions including the Joint Annual Sector Review for the WAterSPS of January 2002.

Progress to date during early 2002 appears to be slipping behind schedule on several critical aspects. The areas of principle concern are the development of the finance mechanism and the framework for planning and design of RWSS facilities. These outputs are already awaited in Dak Lak Province and efforts to expedite their completion are urgently needed.

During the review, a case was presented for Danida to provide additional funding in a few “progressive” provinces (i.e. Nam Dinh, Hue and Tien Giang) where a demand responsive approach is considered more likely to succeed compared to the poorer selected provinces of Ha Tinh and Nghe An. The JTRT finds no reason to believe that the Strategy cannot be successfully implemented in Ha Tinh and Nghe An provinces, where it observed many positive aspects. However, the JTRT also sees that it would be advantageous to obtain early positive results for their beneficial demonstration value and therefore supports making some funds available for a few more “progressive” provinces, if this can be arranged. These additional funds should only be released on the understanding that:

- There should be no reduction of effort or resources allocated to Dak Lak, Ha Tinh and Nghe An to serve the new provinces.
- The focus of the Strategy should clearly not move towards becoming a tool for the more wealthy provinces and communities.

### **3.2 Sub-component 2.1**

Sub-component 2.1 for the implementation of RWSS facilities in Dak Lak Province has generally proceeded satisfactorily in line with its sub-component description. During the inception phase, one further output was added to assist Dak Lak's pCERWASS expedite its ongoing activities in line with the principles of the Strategy. This additional output is supported by the JTTRT as it should help to bring about a unified approach, i.e. the Strategy, within pCERWASS.

Progress during 2001 was significant with most of the inception phase outputs being achieved, or nearing completion. The long association between the provincial authorities and Danida has contributed to a good working environment and partnership for undertaking sub-component activities.

The Work Plan and Budget for 2002 ambitiously proposes to bring forward implementation activities and to commence the replication in the second district after 1 year. The JTTRT believes that this level of ambition will have to be moderated because of the delays in completing the financing mechanism guidelines and the framework for planning and design of RWSS facilities, referred to in section 3.1.

The JTTRT was concerned to note that much work had been undertaken on feasibility studies for the rehabilitation of existing schemes before the previously referred guidelines/framework were due for completion. As a consequence, much of this work appears to have reverted to a conventional supply driven approach and will need re-thinking. The engineers seem to be making too many decisions based on standard procedures rather than through a dialogue with the community based on what they want and can afford. The feasibility studies are discussed in further detail in section 5.4.

### **3.3 Sub-component 2.2**

Sub-component 2.2 for the implementation of RWSS facilities in Ha Tinh Province has generally proceeded in line with its sub-component description. During the inception phase, the activities have been operationalised into areas of expertise for each of seven main output statements in line with the international consultant's technical proposal. The seven main output statements are:

:

- One district selected for full-scale implementation.
- Implementation organisation established at provincial and district level.
- The Strategy and the sub-component introduced, planning and preparation of implementation carried out.
- Implementation of the on-going pilot project in parts of Cam Xuyen district completed.
- Implementation in the selected pilot district completed.
- Implementation in the parts of Cam Xuyen District not covered by the on-going pilot project completed.
- Gradual replication of the approach to two additional districts initiated.

This approach adds some clarity to the sub-component description by clearly indicating areas of involvement of the various staff members and consultants. A few further activities and indicators have apparently been added or enhanced during this process.

Progress on sub-component 2.2 in Ha Tinh Province during 2001 has been less substantial than in Dak Lak Province due to some adverse operational circumstances. However, in many respects this situation appears to have created a strong partnership and foundation for future activities. The barriers have primarily been at provincial level, where the following aspects require urgent attention:

- Sufficient permanent staff needs to be assigned to pCERWASS to work on the RWSS programme in line with the requirements of the sub-component description.
- pCERWASS needs a clear mandate to co-ordinate RWSS activities calling on the support of the other participating departments when needed. Particular problems have been experienced in obtaining relevant information from other departments. A general letter from the PPC approving such actions could resolve this issue.
- It is understood that GoV counterpart funds for the sub-component have been allocated by central government and approved by the PPC in Ha Tinh but have not yet been made available to pCERWASS.

The JTRT discussed the above points with the Vice-Director of DARD on 16<sup>th</sup> April 2002 and he agreed to follow up on these issues at the earliest opportunity. If the situation does not improve, the JTRT *recommends* that consideration should be given to scaling down activities in the Province.

### 3.4 Sub-component 2.3

It was not originally intended to start Sub-component 2.3 for Nghe An Province until 2004, but this has been brought forward and activities have commenced in early 2002, following approval by the National Steering Committee in August 2001. The JTRT found a positive attitude amongst the provincial authorities met in Vinh City and anticipate a good partnership and achievements during the remaining implementation period. Detailed plans and budgets for 2002 were not available for scrutiny by the JTRT at the time of the review.

### 3.5 Funds Utilisation and Budgets

The RWSS sub-components have, as described above, undergone significant changes from their sub-component descriptions. These changes are particularly evident in the budgets and expenditure reports.

#### National Capacity Building - Sub-component 1.2

Sub-component 1.2 appears to be keeping closely to the original budget figures during the 5-year period as indicated below.

#### **Original and Updated Five Years Budget (DKK x 1000)**

Line	2000	2001	2002	2003	2004	2005	Orig. Grant
Original 5 Years Budget		3,814	3,375	1,617	2,467	1,426	12,700
Updated 5 Years Budget	1,684	2,149	2,765	2,252	2,495	1,355	12,700
Actual Expenditure	1,684	2,231					3,915

However, there has been a significant adjustments to some of the budget lines in the updated 5 year budget. These adjustments, shown below, have resulted from the changes introduced in the 2002 Work Plan and Budget described earlier in section 3.1.

### Updated Five Years Budget (DKK x 1000)

Line	Activity	Orig. Grant	Adjustment	Current Grant
121001	Operational Costs	1,900	-1,250	650
121210	National TA	800		800
121220	National Staff	714	656	1,370
121300	Travel & Transport	525		525
121400	Equipment and Vehicles	1,015	-110	905
121500	CERWASS HRD	735	290	1,025
12	1.2 Operations	5,689	-414	5,275
221510	Information	1,000		1,000
221530	Workshops & Conference	160	415	575
22	NRWSS IEC	1,160	415	1,575
62	International Consultants	5,250		5,250
89	Contingencies	601	-1	600
	Total	12,700	0	12,700

#### RWSS Sub-components

Sub-components 2.1 and 2.2 will deviate significantly from the original budget in respect of the timing of expenditures. This is illustrated below on the figures obtained for sub-component 2.2. No information has been made available to the JTRT for sub-component 2.3, which will also differ significantly because of its early start-up. The updated budgets for sub-components 2.1 and 2.2 have introduced a more skewed expenditure pattern, which increases disbursements in the later years. The JTRT finds this change to be appropriate for this type of pilot programme, where lower levels of expenditure should perhaps have been anticipated during the initial development phase. Although some changes have been made to the individual budget lines for operational costs of the updated 5-year budget, these are relatively small in relation to the total budget.

#### Sub-component 2.2 - Original and Updated Five Years Budget<sup>1</sup>(DKK x 1000)

Line	2000	2001	2002	2003	2004	2005	Orig. Grant
Original 5 Years Budget		9,503	12,951	10,976	10,290	11,901	55,620
Updated 5 Years Budget	3,068	4,984	4,327	15,000	15,096	13,146	55,620
Actual Expenditure	3,068	4,984					8,052

The 2001 expenditures for sub-component 2.2 have been boosted by significant large advance payments at the end of the financial year. Earlier in 2001 the annual budget only stood at DKK 1,710,000 but this was increased to DKK 4,984,000 in the latter months of the year advancing payments to VBARD for construction loans/grants and for international consultancy services. The payment to VBARD, which totals US \$ 1.0 million for the 3 sub-components, will probably not be utilised until late 2002. The JTRT is concerned that the original budget of the RWSS components may have created inflated expenditure expectations during the initial years of these sub-components, which could adversely affect the development of a demand responsive approach. This matter is discussed in detail in section 6.0.

#### General

The JTRT understands that the Financial Controller from the Central Programme Monitoring Unit has audited the sub-components. External auditing will be undertaken during 2002.

<sup>1</sup> Similar information was not made available to the JTRT for sub-components 2.1 and 2.3

The ToR for the JTTR call for an assessment of the balance of funding for institutional development, capacity building, technical assistance and capital expenditure in the four sub-components. At this early stage of the programme, the JTTR finds no reason for such an adjustment.

The Vietnamese authorities expressed concern about the low percentage of capital expenditure included in the programme relative to expenditures on IEC activities and technical assistance. The JTTR considered this aspect at length and believes that the budget figures alone do not provide a full picture. This should be complemented by the following information:

- The level of capital expenditure within the Danida budget will be sufficient to implement a significant number of RWSS facilities. This sum represents the grant element which will be added to the communities' own contributions and the loans from VBARD, thus forming an adequate input with which to mobilise a sufficient number of pilot interventions necessary to properly test the Strategy .
- The successful implementation of the Strategy should create interest both within the donor community and within GoV to make future investments in the RWSS sub-sector.

### **3.6 Risks and Assumptions**

The progress reporting for each sub-component is closely monitoring the identified risks and assumptions in their respective sub-component description. Presently, indications are mostly positive in this respect with the exception of the outstanding actions required at the central level for sub-component 1.2 and at the provincial level for sub-component 2.2 detailed in sections 3.1 and 3.3 above, respectively. During the review, the JTTR noted some risks to the implementation of a demand responsive approach, which could threaten the sustainability of the water supply investments. This matter is described in section 6.0 - Sustainability.



## 4.0 CROSS CUTTING ISSUES

### 4.1 Poverty Alleviation

Vietnam has expressed strong commitment to poverty reduction and has linked this to a strong equitable growth strategy. Vietnam's Comprehensive Poverty Reduction and Growth Strategy has also identified clear outcome targets and indicators.<sup>2</sup> Analysts consider that recent progress in reducing poverty in Vietnam has been 'remarkable'<sup>3</sup>, with the number of people living below the poverty line falling from 58 percent in 1993 to 37 percent in 1998. Much of this has been linked to dramatic increases in agricultural production. Progress in expanding the delivery of education and health services has also generated gains in social indicators.

However, as stated: *Gains in poverty reduction are fragile. Many of those who escaped poverty in recent years remain vulnerable to household- and community-level shocks*<sup>4</sup> Particularly considering the fact that Vietnam is a disaster-prone country – with floods and droughts. Poverty remains predominantly rural and is associated with low productivity in the agricultural sector.

Whilst it is clear that remarkable gains have been made, quantifying these gains is less easy. Two main approaches for defining and monitoring poverty are used in Vietnam. These have resulted in two ways of quantifying poverty – and this has a direct impact on poverty alleviation as especially the Ministry of Labour, Invalids and Social Affairs (MOLISA) definition is directly linked to a series of poverty alleviation interventions. The two principal methods for defining poverty are the MOLISA definition and the General Statistical Office/World Bank (GSO/WB) base line.

- The MOLISA has established a base-line which is defined by household income and which issues "certificates" to households defined as poor – this "certificate", in the rural areas, is based on the estimated equivalent of VND 80,000 per person per month.<sup>5</sup>

This "certificate" gives access to certain provisions – such as free schooling, tax relief, etc. More importantly, from the viewpoint of the RWSS support programme, MOLISA recognition gives access to credits both from the Bank for the Poor and VBARD. This definition has been used as the basis for the RWSS loan and credit programme. The JTRT does not consider this an adequately broad definition because it excludes many "poor" who do not fall under this definition. This is discussed further in section 5.2

- The GSO/WB line is based on per capita expenditure derived from sample surveys. The WB considers this to be a more credible baseline for future poverty monitoring.

Although there are different methodological considerations and varying definitions, there seems to be a fifteen to twenty percent gap between the two measures of "poverty" notwithstanding the fact that both measures agree that there have been dramatic decreases in poverty in Vietnam. The Vietnam Development Report 2002 (p.4) states the following:

<sup>2</sup> See: **Vietnam Development Report 2002**, World Bank

<sup>3</sup> See: **Assessment of the Interim Poverty Reduction Strategy Paper**, IMF/IDA, March 2001

<sup>4</sup> See: **Assessment of the Interim Poverty Reduction Strategy Paper**, IMF/IDA, March 2001. p. 2.

<sup>5</sup> The VND 80,000 per month is the poverty line used for those provinces where Danish support is being implemented; different levels apply to different regions with the rural plain areas poverty line defined at VND 100,000 and the urban areas set at VND 150,000 per month (Source: Comprehensive Poverty Reduction and Growth Strategy, Hanoi 2002)

*Food poverty reduced from 25 percent to 15 percent over the 1993-1998 period. Simulations based on data from 1993 and 1998 suggest that by 2001 32 percent of the population are living under the poverty line and 13 percent are under the food poverty line. MOLISA surveys, which are used for identifying poor households and targeting them in the Hunger Eradication and Poverty Reduction programme use a different methodology and a lower poverty line. MOLISA estimates that 17 percent of the population was poor at the beginning of 2001.*

Important elements of the national strategy include a focus on sustainability and a prevention of a return to poverty for non-poor and once-poor households. This issue is of particular relevance to Danida's support to the RWSS programme, in particular in relation to the proposed credit mechanisms which – in the opinion of the JTRT - do not adequately take into consideration the households who have just moved out of the MOLISA category – and who may well still slip back. The GSO/WB statistics suggest a solid layer (up to an additional 20 percent) who, anywhere else, would also be categorised as poor.

Poverty is more prevalent in the rural areas than in the urban areas – and more prevalent in some provinces than in others. Of the three provinces included in the RWSS Component, two are amongst the most poor in Vietnam (Ha Tinh and Nghe An), whilst the third province (Dak Lak) has significant numbers of ethnic minorities and the districts where the sub-component is focused are amongst the most poor in the Province. This is also clear from the participatory rapid appraisal (PRA) reports carried out under the auspices of the pCERWASS.

The methodological considerations referred to above, which contribute to casting doubts on the validity of the MOLISA statistics, are that the definition of “who is poor and who is not” is based on community self-classification. Firstly, these are subjective assessments and, secondly, they do not take, for example inflation into account – an estimated income of VND 80,000 in 2000 is not the same as VND 80,000 in 2002, even though inflation is reported to be low. There are also indications that “pressure” coming from central government to show that poverty alleviation measures are succeeding has resulted in fewer people being recognised as being poor – although in reality their situation might still be the same (or worse). The point being that the self-selection process is not very transparent – yet there are certain advantages to be had if classified as poor.

The MOLISA classification – as it was explained to the JTRT – takes as point of departure VND 80,000 per capita per month as the poverty threshold, and includes the total household (i.e. if there are five household members, an income below VND 400,000 per month classifies the household as “poor”); the figures in VND are calculated based on the household's earnings and production calculated in kilos of rice, numbers of chickens, pigs, fruit trees, etc., with household income being the difference between household production and production costs. This method leaves a lot of room for interpretation. The actual classification into categories (poor/non-poor) is done at the commune level, based on the work done by the head of the village/hamlet who prepares a list together with the Women's-, Farmer's- and Youth Unions. The decision on which household is “poor” and which household is “capable” is decided in this forum but is reported to cause considerable discussion, because it is so subjective. Final approval of these lists takes place at provincial level, and it is not uncommon for the lists and percentages published at provincial level to differ from those produced at the village level. Thus village level lists may be based on local-level subjective criteria; whilst those lists published at provincial level may reflect political exigencies which require lower figures.

In both cases, the lists may not reflect a completely accurate picture of poverty within a particular village – again underlining the importance of the PRA exercise as an initial step when starting up activities in a particular community.

There are also some suggestions and indications that ethnic minorities have become used to the “advantages” of being poor and show little incentive to change their status. However the JTRT collected only anecdotal evidence to support this statement. Nevertheless in districts where there are high percentages of ethnic minorities and where many of these are classified as “poor”, it will be important that the IEC activities pay attention to these factors.

An important consideration needs to be highlighted here. Although there are certain advantages to being classified as “poor”, these advantages only rarely outweigh the disadvantages. Certain families are so poor that, even though their children’s education is paid, they are still obliged to withdraw them from school to help with farm work.

Therefore, the JTRT has concluded that the financing policies being developed under the Strategy will need to accommodate both “poor” and medium or “capable” households; households which, following for example the GSO/WB line, would also have been classified as being poor.

Households in Vietnam, both poor and better off, are used to taking and repaying loans. This is a solid basis for a credit programme – the issue is: “how much per month; and over how long”. In addition, even in the poorer communes, around 80% have electricity (figures from Phuc Dong in Ha Tinh) and are used to monthly repayments.<sup>6</sup> Generally speaking, levels of indebtedness are high but loans are normally seasonal. Repayment levels are also high (VBARD reported a defaulting rate of only 2%!) and new loans are often taken out immediately subsequent to the repayment of the outstanding loans. In principle, however, the banks are hesitant to extend additional loans to households or other debtors who already have existing, yet-to-be-repaid loans – and this may pose problems in relation to the necessity for households (whether as individuals or organised into some form of Water User Group) to take a second loan from VBARD for the construction of water supply or sanitation facilities.

In relation to the three provinces supported by Denmark it may be noted that, although communities in Dak Lak can probably raise the resources to support piped schemes (loan repayment plus operation and maintenance), people in Ha Tinh and Nghe An may be so poor that they cannot afford these – in these provinces it will probably be necessary to pilot other technical options, already described in detail in the international consultant’s technical reports.

The programme needs to remain “demand responsive”. Technical options, which the Programme/-pCERWASS considers as suitable or relevant, should not be forced onto people who cannot afford them. Thus Ha Tinh and Nghe An may need different technical solutions than Dak Lak; and in these two provinces, the programme should probably look more towards least cost point source solutions. The JTRT has noted that the first phase of the RWSS SPS is very much a pilot programme; hence, experimenting with a range of potentially suitable approaches should be welcomed rather than discouraged.

However, there are three key elements when considering technical solutions:

- Simplicity of technical options
- Simple operations and maintenance

<sup>6</sup> In Phuc Dong average monthly payments were reported as being in the region of VND 10,000; with a sum of between VND 300,000 – VND 500,000 being required in order to get a connection. Loans are normally taken either from the Bank or from within the community. Those without electricity were reported to be those living too far away from the main transmission lines (resulting in low voltage) – rather than poverty as such. Although the poorer people do tend to live further away (from roads, water distribution pipes, electricity transmission lines, etc.).

- Affordability – only affordable technical solutions in terms of capital and O&M costs will be sustainable.

## 4.2 Gender

There has been a radical transformation of women's status in Vietnam over the past fifty years. Particularly, the long period of war contributed to many social gains for women, with women often being the main household/income providers during those difficult times. Also during this period, considerable numbers of women moved into positions of management and authority.

However, although many gains have been made and formally, women's roles and rights are recognised,<sup>7</sup> there are still numerous imbalances. The National Plan for the Advancement of Women 2001- 2005 has drawn up a number of strategies to combat these discrepancies, such as:<sup>8</sup>

- Increase women's participation in political and business life by increasing the number of women in elected bodies and the government machinery at all levels (national, provincial, district, commune).
- Improve women's access to assets by ensuring that by 2005 100 percent of land user certificates include women's names as well as their husbands (implementation of Decree 70/ND-CP)

A particular imbalance of central relevance to the successful implementation of the RWSS programme is the continued imbalance in workloads. In their daily lives women are busier and have less time to engage in extra-mural activities than men. This is also one of the results which has come out of the gender study carried out under the auspices of the programme.

The present situation is one where men are more likely to be involved in activities around the programme because they already have:

- Knowledge (simply as a result of having more free time to read and discuss)
- Position, i.e. status
- Flexibility in their daily life

Therefore, if women are to be more involved then specific supporting activities may need to be created as part of the programme to tackle these issues. Examples could be quota systems, trainee programmes, etc. In addition, experience seems to show that with successful implementation of piped water supply schemes, women's workload significantly decreases and more time becomes available to the women, as the time required for water-related household chores diminishes.

Unless there is a particular focus on this issue, there will also be fewer female motivators<sup>9</sup> than male; yet most domestic water-use, but also health and hygiene is generally considered to be principally a female responsibility.

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<sup>7</sup> Vietnam's constitution (of 1946) recognised the equality of men and women; following re-unification, more concrete rights were written into the 1980 and 1990 Constitutions in political, economic, cultural and social arenas.

<sup>8</sup> Source: **Vietnam Development Report 2002**, World Bank, p.9

<sup>9</sup> Programme-related positions with specific functions around IEC. Example of Nan Dong commune (Dak Lak) where there were reported to be 97 motivators of whom some 30% were women. However, at the meeting with the JTTRT, men far outnumbered women, underscoring again that men have more time to sit in meetings and discuss than women do. The figures for Phuc Dong (Ha Tinh) were different: 140 of the 205 motivators are reported to be women and this may be the result of a different approach by the Programme.

The issue around the land-user certificates is also crucial, not only because it relates to the household's management of its resource, but also because it recognises the woman's right in purely financial terms, around the taking of loans and their repayment; the use of the land as collateral, etc.

As it is, the practice seems to be that the men are seen as being the financial decision-makers in the public eye. This is clearly an issue of status as studies seem to suggest that in reality practically all decision-making around household financial issues forms part of a joint decision-making process, but with the man acting out his formal role in public. Formal recognition of the wife as joint land-owner is clearly a key element in shifting these roles, also in the public eye, to that of a joint role. Nonetheless financial decision-making does seem to be a joint decision; with the man being formally and/or publicly responsible for the major purchases and the taking of loans, but with the woman being responsible for repayment and other monthly charges, such as loan repayment, electricity bills, and therefore also the water bills.

Women participate in decision-making regarding land-use and in the selection of inputs. However, their access to credit is limited by their lack of collateral, and lengthy application procedures. Extension training is usually geared towards men, because of perceptions about women's roles in agriculture, and new technology too often bypasses women because of ingrained perceptions vis-à-vis women's capacity to handle knowledge, etc.<sup>10</sup>

One issue, which is worth noting in passing, is that rural female-headed households (contrary to many other countries) are not significantly worse-off than male headed households in terms of per person expenditures. However, they still appear to have a lower status and this is reflected in lower nutritional and health status, lower school enrolment, etc.

In conclusion, the programme needs to develop criteria for involving women at all levels within the programme – this includes professionally, within the pCERWASS, the districts and communes - but also at Water User Group and motivator level – so that women also take on responsible roles within the programme rather than being delegated only the menial roles. This can be tackled through affirmative action (i.e. minimum number of women at all levels as conditionality); agenda setting; trainee programmes. Without these it seems that, at the village and household level, the situation may remain such that when there are menial jobs to be done, women will be pushed into these roles; when there are more technical or paid jobs available, men will come forward.

### **4.3 Good Governance**

Since the introduction of *doi moi* in the late 1980s, Vietnam has made considerable efforts to adapt its institutions to the changing needs of a socialist-oriented market economy. Laws and regulations have been enacted to increase the role of the markets and to encourage greater participation by the private sector. But despite progress to date, the task of re-defining the role of the state, and reorienting Government institutions has only been partially accomplished.<sup>11</sup>

Of particular importance, in relation to the RWSS programme are the issues of transparency in relation to tendering procedures, especially when state-owned or para-statal organisations are involved in the process. State-linked enterprises have an easier time getting contracts than small, independent tenderers. In a situation where the programme is attempting to develop a demand-responsive approach with ownership and financial responsibilities at the household level, households need to be critically aware of the real investment and operating costs on which they are being asked to

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<sup>10</sup> Source: Viet Nam Country Gender Profile, World Bank. Note that, according to VBARD, loan application procedures have been considerably speeded up.

<sup>11</sup> Source: **Vietnam Development Report 2002**, World Bank. Chapter 4: Building Modern Governance

make choices. There is an enormous importance in the creation of an environment where transparent procedures can function, especially in a situation where there are enormous differences in prices between provinces, with Dak Lak prices often being much higher than other provinces.

The JTRT noted that prices in Dak Lak appeared higher than in comparable situations in other provinces and also drew attention to the fact that price estimates for different technical solutions in a number of areas where rehabilitation of piped water schemes had been proposed, appeared to contain unnecessary items, which contributed to the high costs. An additional point is that the fee for the final technical design has, to date, normally been defined as a percentage of the total cost – rather than a reflection of time spent on the design. Hence, the higher the cost, the larger the fee. If this whole system remains an internal state and para-state closed circuit, there is no incentive to make this system more transparent. However, especially in a situation where communities are being asked to take loans and pay for the services, then they should be the ones deciding on: (i) the designs (ii) the contractors and (iii) the price. The system described above clearly has problems with transparency and lack of ownership

Other examples quoted to the JTRT reflected the over-pricing of drilling activities, especially in Ha Tinh province.

Cost estimates need to reflect the real costs and must be accurate; otherwise the loans which need to be taken by households and water user groups will get too large, and households will have problems repaying the loans. This is very important in a situation where most households are already in debt.

Transparency is also important in the discussions around the repayment of any loans taken to construct any kind of physical facilities – before any decisions are made it is important to know (i) the interest rates and (ii) the length of time for loan repayment. It should be noted that loans would be made to people who are already indebted and who will continue to be indebted (as most loans are seasonal agricultural loans, taken on a yearly basis). Any new loans will need to take this into consideration. This means that the RWSS programme needs to find the balance between community ownership and government/donor subsidisation. If the levels of subsidisation are too high, there will be no incentive to design and implement solutions which can be termed “demand responsive”; but if the levels of own contributions are too high, there will be no incentive to implement improvements. Two other considerations also play a role, namely: have several technical options been considered?; and are the costs estimates accurate and not inflated? This is the practical application of “good governance” at village and household level. Thus far, there is little practical experience of this.

And the danger remains that if pressure is put on the programme to perform to particular kinds of measurable outputs (i.e.  $x$  number of schemes built/rehabilitated in year  $y$ ) then the programme may easily revert to a supply-driven approach with communities not knowing what they are paying for.

Still within the good governance context, the RWSS programme will need to explore more the potential roles of the Women’s Union, the Peasant’s Union and the Youth Union – especially as facilitators and motivators. Already representatives from these unions are nominated onto various village committees, including those linked to RWSS. Therefore, they are also important institutions needing to be brought on board in water and sanitation related organisations, such as project steering committees and Water User Groups. It needs to be noted here that these Unions already play an important role in accessing (even guaranteeing) loans to individuals within the community, and in helping with the repayment of loans.

Also under this section, it may be noted that at the household and community level, there exists a strong sense of honour, which finds its expression in the high loan repayment rates and the low percentages of defaulters, as well as few illegal (electricity or water) connections. Although there are suggestions that some meters may be tampered with to give lower readings (small cheating) – but there are no apparent problems with paying for water. The challenge for the RWSS programme is to see whether this experience at the household level can be transferred to Water User Groups.

At higher levels there are however more problems. Many of these are linked to the fact that public servants do not earn a living wage; hence they are forced into outside activities or abuse of their office, if they are to make ends meet. These problems link to the proposed – but delayed – public service reforms.

Finally, consumer choice is still something very new in Vietnam – with much decision-making still in the hands of the People’s Committees. Changing this approach is more than just rhetoric but involves changes in both the way planning is done and decisions are made. It may also take more time to arrive at decisions – but the results should be (i) lower costs at community level and (ii) decreased likelihood of the system breaking down. Care needs to be taken not to push the programme into achieving quick visible outputs at the expense of establishing ownership at community level.<sup>12</sup>

The use of the PRA techniques already being used by the RWSS programme are important here as they build up a knowledge of, and empathy with the community, its role as a partner in decision-making, and its role as the future managers and owners of the RWSS facilities being provided. The PRAs form a first introduction to the communities – and also produce an important baseline – but they need to be expanded to incorporate financial aspects, particularly around indebtedness (both to the Banks and to the money-lenders). IEC and other project staff need to learn to listen to the community first rather than come in with ready-made solutions. The solutions should come in discussion with the community.

#### **4.4 Environment**

The component descriptions for RWSS sub-sector call for simplified environmental impact statements being carried out prior to the establishment of piped water supply schemes. The document also calls for IEC campaigns to be undertaken in respect of environmental issues. The JTTRT considers that it is important for environmental aspects to be incorporated in all programme activities from the outset of the planning process.

The international consultant has prepared a draft feasibility study guidelines for piped water supply schemes. These guidelines incorporate requirements for an environmental impact assessment on concerns about the treatment process and the impact on the water use at the household. The guidelines do not give any consideration to the protection of the catchment area/water resource.

The translated feasibility studies made available to the JTTRT in Dak Lak do not cover environmental issues. Additionally, this issue has not been raised in the international consultant’s quality assurance (QA) report for these feasibility studies. It is *recommended* that greater emphasis be given to environmental considerations and that the standard feasibility study format should incorporate more

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<sup>12</sup> The JTTRT was quoted the example of one piped water supply scheme which has already been rehabilitated three times – and broken down three times. It is now scheduled for rehabilitation again. As well as other schemes which have been over-designed and which have a considerable theoretical coverage but low actual coverage, simply because households have not been able to afford the connections and still use their traditional sources.

detailed requirements for environmental impact assessments and action plans for the construction and operational phases of the piped water supply schemes.



## 5.0 FOCUS ISSUES

### 5.1 Ownership/Understanding of the Strategy

The JTTRT found mixed levels of ownership/understanding of the Strategy amongst the sub-component participants and beneficiaries. This finding is illustrated by the following examples:

- The need for IEC activities is not universally accepted despite the poor performance/sustainability of many previous investments;
- Feasibility studies are being undertaken using conventional design criteria/approaches without due regard to providing appropriate and affordable schemes which meet the communities' requirements;
- Amongst communities, unrealistic expectations are evident based on prior experiences of supply driven donor financed projects; and
- Advisers, consultants and counterparts have not entirely followed the provisions of the Strategy and the Prime Minister's Decision 104, particularly in respect of technical issues and the financing mechanism.

The JTTRT concludes that many sub-component participants could be either overwhelmed by the mass of reports and paper being produced and they are not finding enough time to thoroughly grasp the more fundamental concepts of the Strategy, or they do not receive sufficient information in a digestible format. It is *recommended* that efforts to create a wider understanding of the Strategy be stepped up at all levels.

### 5.2 Financing Mechanisms

The three RWSS sub-components in the provinces have been selected primarily for demonstration purposes. In the pilot districts it is intended to develop and experiment with different financing approaches for RWSS using the funds made available to the VBARD. As with all Danish-supported programmes, the poverty focus is of particular concern – all the more so because of the high levels of both poverty and indebtedness in Vietnam's rural communes. Within the three provinces between 50 to 70% of all households are reported to be in debt. However, repayment of loans is high and there are few bad debtors – this is apparently linked to peer group pressure, which appears to encourage loan repayment. In Dak Lak, the low coffee prices have hit the farmers very severely, to the extent that the banks have even had to reschedule debt repayments.

No estimates are available for debts to private money lenders but these certainly exist. Given the fact that formal bank rules may exclude the VBARD from entering into new loans before the repayment of existing debts, it is the private money lenders who can fill this gap. There are, however, possibilities for the VBARD to provide loans for infrastructure even though a household already has an agricultural loan, provided a series of conditions securing the loan are met.

It is notable that many of the existing loans are seasonal for agricultural production and that repayment of loans is followed by an immediate taking up of new loans. Loans with the private money lenders (at interest rates higher than those of the banking system) are used to fill gaps and tide households over.

Therefore, the proposals prepared under the RWSS sub-components would introduce a new level of debt into the local communities.

Present proposals (based on assumed construction costs)<sup>13</sup> by the international consultant would, in addition, amount to monthly expenses related to piped water supply at levels over 7% of monthly estimated income (based on the MOLISA guidelines) for poor families and around 13% for those just above the MOLISA poverty guideline. These figures (admittedly very rough estimates) do not include any provision for sanitation. Meanwhile, World Bank guidelines suggest between 3% to 5% of household income as being an affordable level for household water supply and sanitation services.

To arrive at these figures, the JTRT has made the assumption that the monthly user fees for water supply and sanitation include: operation and maintenance and financing costs. It is important that the user fee is not a hypothetical figure based on what it is considered that households might be willing to pay per month – but that it is a real figure based on:

- the amount of water used per household per month,
- the operation and maintenance of the system, as well as
- the cost to the community for the construction of the system (this last item being the loan repayment cost).

Poverty aspects are crucial here – the loan and grant elements are important in relation to the poverty of the community – in poorer areas both elements will need to be higher – but how much higher? And how does the programme accommodate those people no longer classified as MOLISA poor but still poor according to the GSO/WB line. The lesson here is: don't adopt too high technical systems or service levels that the community can't afford to maintain itself. The second lesson: if the community can't maintain the system itself, then it is unlikely to be maintained.

To date, financial scenarios have not been discussed as part of the technical solutions, but simply in relation to what a household could afford on a monthly basis. As discussed elsewhere, this is also a result of the approach used by the design consultant who also has not tackled this in an integrated manner. In order to achieve this the JTRT recommends an approach built around the discussion of the various possible technical and financial scenarios with the community/water users. This can take several meetings and also implies that pCERWASS needs to be trained in and understand this approach. Otherwise a community will be given a technical solution (decided on and designed by others) rather than choosing one themselves.

The presently proposed financing mechanism would make poor people poorer if they were to be applied as suggested. The demand responsiveness of the local community depends on the monthly cost of the proposed solutions and if these are too costly, they will not be acceptable. Hence, a more favourable balance is necessary between the grant and loan elements, as well as in the conditions around the loan (interest rate, repayment time, etc.). It is particularly important that the right balance is achieved between the (most appropriate) financing options and the (most appropriate) technical solutions, if local ownership is to be achieved and if the approach is to be truly demand-responsive. Finally, if too much of the available money is spent on improved water supplies, this will diminish the resources available for improved sanitation facilities.

It is **recommended** to achieve a balance between loans and grants that would result in a household monthly expenditure on improved water supply and sanitation options that falls within or close to the World Bank recommended range (3% to 5% of household income). Therefore the size of the grant

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<sup>13</sup> For Dak Lak there also seems to be a substantial difference between these “assumed” costs by the consultant and the “actual” costs as contained in contracts signed with contractors. The actual costs – as contained in the contracts – are much higher, but it is generally agreed that (i) these costs are also too high and (ii) the designs are over-dimensioned. See also the comments under the section on “Loans and Credits”.

element will, both for those classified as poor and for those not classified as such, have to be increased; the interest rate will need to come down and the repayment period extended. The target figure of USD 1 per month (VND 15,000) for poor families to pay for water could be maintained but this figure should include both water usage and loan repayment.

VBARD has experience dealing with all these issues and discussions with the Bank suggest that workable models can be designed for implementation at provincial level; moreover VBARD policies for lending to poor households are favourable, including lower rates of interest to households classified as poor. VBARD has the facility to reduce interest payments by 15% for poor households and 30% for very poor households.

### **5.3 Water User Groups (WUGs)**

Water User Groups (WUGs) are an important organisational option particularly for piped water supplies; for other technical solutions they may be less obvious. Therefore, this option needs to be explored particularly in Dak Lak where a number of existing piped schemes are to be rehabilitated in the pilot districts. The provinces of Ha Tinh and Nghe An, because of their generally higher levels of poverty, may initially prefer to invest in individual household solutions for water supply, particularly household dug wells.

In addition, WUGs are unlikely to be an option for sanitation improvements, which lend themselves more to individual solutions.

The principal problem with WUGs is that – at present – there is little experience with using the existing appropriate legal bodies (Co-operative Groups, Co-operatives and Private Enterprises), which can both take loans and which can incorporate poor households. There could be difficulties because the WUGs need fixed and mobile assets (i.e. legal capital) to obtain loans. In the view of the VBARD this could be accommodated by accepting the water utility constructed as a result of the loan, as collateral.

Funds are available within the RWSS sub-components to kick-start WUGs in pilot districts. These funds have already been allocated and made available for this purpose with the VBARD. Individual solutions (i.e. the granting of loans and grants to all the individual households potentially connected to a piped water supply) are seen by the JTTR as being unworkable for a piped scheme because of the time and money this would cost for what, in banking terms, are rather small loans. There is clearly a difference between administering, for example 600 separate loans with individual households, or a single loan with one WUG. With a single loan to a WUG, the responsibility then lies with the WUG to repay the loans – normally through monthly payments – and not with the individual household. The costs for the WUG to administer these loans would be built into the water tariff with the additional advantage that local organisations (Farmer's Union, Women's Union) can be mobilised to support loan repayment and to promote solidarity at the village level.

With this model, the monthly payment for an individual household would comprise separate elements for water use and repayment of the loan. Ownership thus lies at the user level; and the amount of administration required by the VBARD is considerably curtailed. The JTTR would expect this administrative saving on larger loans to result in reduced interest rates.

In any event, the WUGs will have to be equipped to administer quite complex water billing and collection systems. The addition of monthly lump sum loan repayments can be achieved with relative ease without any significant supplementary administrative costs.

It is *recommended* that women – given their already existing role within the household as the ones responsible both for water as well as the management of the household finances – be properly represented in the WUGs and for the (paid) positions related to the administration of the WUGs and the O&M of the piped schemes.

#### 5.4 Technical Issues

Although much preparatory work has been undertaken in respect of design options, standard drawings, specifications, etc. these documents are still mostly being circulated as draft discussion documents. These documents will hopefully be completed shortly and circulated to a wide critical audience for comment. The only examples of design works that could be examined by the JTRT were the feasibility studies for two of the existing piped schemes due for rehabilitation in Dak Lak Province. The JTRT briefly visited these two schemes (i.e. Bong Krang and Hoa Le) and perused translations of the feasibility studies and the QA report undertaken by the international consultant.

From the latest information provided to the JTRT by the pCERWASS technical staff, details of these schemes are as follows:

Name Of Scheme	No. of Households		Population	Scheme Capacity (m <sup>3</sup> /day)	Cost (US\$)	Cost (US\$) Per Capita
	Total	Poor				
Bong Krang	992	640	5,343	500	217,000	41
Hoa Le	360	127	1,810	165	57,000	31
Krong No	635	268	3,239	422	270,000	83

From the above cost figures, these studies appear to present extremely expensive solutions for rehabilitation works on existing schemes, presumably having some residual value. From the studies, the scheme designs are apparently based on conventional design procedures/practices without any consideration of suitable more appropriate alternatives, which will make them affordable to the communities. The adoption of suitable design procedures/practises is stated as a pre-condition for Danish support to the implementation of the RWSS sub-components and needs to be urgently adopted by advisers, counterparts and international consultants in a more critical manner.

The JTRT *recommends* that these designs should be carefully reconsidered when the implications of the financing mechanism are available so that the communities can see the implications of conservatively based design criteria. The JTRT has the following brief general comments on the feasibility studies:

- Groundwater is apparently rejected as a possible source without justification/investigations in both studies. This was specifically excluded from the design consultants' contracts. Insufficient low flow and water quality data is presented to justify the selected surface water sources.
- The designs are made on conservatively based average water consumption figures (i.e. 80 l/c/d) for rural communities serving 100% of the available population (Is this realistic in communities where 80-90% of the population have access to shallow wells? Won't they continue to use well water for washing, etc. It is suggested that the PRA checklist includes more in-depth discussions on present and potential future water use – specifically in relation to different categories of usage (drinking and cooking, bathing; laundry; etc.).
- Alternative treatment methodologies may be more appropriate, refer to later comments.

- It is not clear if any parts of the existing schemes are to be utilised, and does not seem so from the cost estimates.
- The calculated tariff at Bong Krang, which may be low depending on financing costs, is more than double the figure that the community indicated as affordable to the JTTRT.
- There are clearly many opportunities for cost savings if a more affordable solution is required. This should present interesting challenges to motivated, innovative design staff working closely with the community.
- The JTTRT was pleased to note that the Senior Technical Adviser is planning a course on the benefits, both technical and economic, of utilising system storage tanks. These do not appear to be commonly used in Dak Lak.

The JTTRT was not able to review a translation of the feasibility study for the Krong No scheme. However, the rehabilitation of a water supply scheme in Vietnam at this level of investment cost is totally unacceptable as are the conduct of the client, consultant, adviser and international consultant responsible for QA, who seemingly have prepared/accepted the feasibility report costs without sufficient comment or alarm.

On the recently completed Cu Dram Water Supply Scheme, treatment has been provided through rapid gravity filtration and chlorination. The operator reported that he was only chlorinating once a week because the consumers disliked the taste of the fully treated water. Poorly administered or intermittent chlorination can have an adverse impact on the health of the consumers and should in general be avoided on small rural schemes, whenever possible. In Hue Province, the JTTRT noted that pCERWASS was using slow sand filtration on similar schemes because of its simplicity of operation combined with improved bacteriological water quality avoiding chlorination. The pCERWASS engineer in Hue Province was also familiar with the utilisation of roughing filters as part of this approach when high turbidity is encountered during the rains. The JTTRT *recommends* that Dak Lak should consider a similar approach on the new projects, if sources requiring treatment have to be used. An even better solution may be to adopt groundwater based sources without treatment.

## 5.5 Staffing and Organisation

### Organisation

The organisational structure both within the WAterSPS and the RWSS sub-components is complex involving many participants (i.e. national partners at all levels, the Royal Danish Embassy, Danida employed technical advisers (TAs) and international consultants) with varying roles/responsibilities, who interact through a variety of communication and reporting channels. By its very nature, the effectiveness of such an organisational structure is highly dependent on the personalities involved. However, such complex systems are not usually very effective and will often break down because of personality clashes. The JTTRT noted several such problems

The roles/responsibilities of the Danida funded TAs and some of the international consultant's management functions seem at best to duplicate each other and at worst to create confusion and a lack of accountability. Danida should ensure that its TAs have overall responsibility for the Danish support to the various RWSS sub-components.

The JTTRT *recommends* the following actions:

- Implement a simpler structure taking into account the fact that the Ha Tinh/Nghe An-based TA will be leaving her position by the end of 2002. As part of this exercise, all TA positions will need to be given clearer areas of focus, and reporting responsibilities will need to be clarified (see discussion below on Technical Advisers); and the international consultant – in particular their

management functions will need to be clarified vis-à-vis the TAs. It could, for example, be considered to include the TA positions under the international consultant's contract, and dispense with the team leader/head office management positions in their present form. One objective of such an exercise would be to move away from a them-versus-us situation, which the present organisational set-up encourages.

- Team building efforts are urgently needed to achieve better co-operation between the TAs and with the international consultants.
- Continual efforts should be made to simplify/improve reporting and communications channels and make them more consistent. It is not always clear to many participants to whom the TAs report (sometimes the CTA; sometimes the Royal Danish Embassy); nor to whom the international consultants and their team leader report.
- Some fundamental differences related to the recruitment and roles of WAterSPS support staff in the provinces need to be urgently resolved. This matter is clearly a source of some friction between the TAs, particularly in respect of Dak Lak Province.

The WAterSPS procedures manual is still under preparation, although the familiarity with the procedures at a senior level generally appears high. The JTRT received a draft copy towards the end of the assignment. The document generally appears sound and should be finalised at the earliest opportunity. Revisions will of course be necessary in the future, but that is unavoidable.

For internal consistency between the various components, of the RWSS elements in particular, but the whole WAterSPS in general, procedures that allow vertical and horizontal learning need to be supported. This is particularly important in a programme, which is piloting different approaches. A simplified organisation structure could facilitate improved learning across components.

#### Technical Advisers(TA)

The JTRT is concerned that the TAs may not be able to provide sufficient time on the RWSS sub-components because of their other responsibilities. The TA in Dak Lak covers RWSS and water resources management sub-components, but also presently spends time on urban water supply and sanitation sub-components, while the Nghe An-based TA covers two provinces each with RWSS and water resources management sub-components.

The Dak Lak and Ha Tinh/Nghe An-based TAs must have the RWSS programme as their principal focus. For the Dak Lak TA this would mean that office facilities at pCERWASS should be established. From discussions at the Embassy in Hanoi, it appears that this is very much the intended approach. The TAs are not intended to play a significant role on the urban water supply and sanitation or water resources management sub-components, where the overall responsibility should be vested with international consultants. This issue needs urgent clarification - and can be incorporated into a revision and simplification of the management structure as recommended above. Focussing the TA's role onto RWSS activities will also make it easier both for the TA to concentrate on the RWSS and prepare more appropriate work programmes; but also to monitor these work programmes.

#### International Consultants

The initial phase of the international consultant's contract has been characterised by too many short visits and too many reports. Visits have tended to focus on specific technical issues without being located within a broader programme context. Individual consultants have lacked an overall perspective, which would be bought about by more interdisciplinary interaction. This has started to change where links with Vietnamese counterparts have been built up, but this has not happened in all cases. However, it is difficult to programme short-term inputs so that they are in Vietnam at the time needed and for the length of time needed.

More interdisciplinary interaction would undoubtedly have overcome some of the problems identified by the JTTRT. For example, if the Engineer responsible for quality assuring the rehabilitation projects in Dak Lak, the Credit Specialist and the Community Development Specialist had put their heads together they would have realised that, in the case of the rehabilitation of the Krong No Scheme (based on the figures provided by pCERWASS in Dak Lak, and the scenarios proposed by the Credit Specialist), the proposed rehabilitation – if it were to be based on community loans and grants – would be completely non-viable.

A rough calculation done by the JTTRT came up with the following conclusions:

- Poor households would be required to contribute roughly 12% of their monthly income on water (based on 60% grant; 30% loan and 10% own contribution)
- Capable households – in particular those 15 to 20% of poorer households who are to be found in the layer between the MOLISA definition and the GSO/WB line - would be required to pay roughly **25% (!)** of their monthly income on water (based on 80% loan and 20% own contribution).

These figures are based on a number of assumptions – including the split between the grant and loan elements, as well as the rate of interest and repayment period – plus the fact that it is assumed that the monthly tariff payment together with the loan repayment form the basis for the monthly payment for water.

The second salient point that this example underlines is that the estimated construction costs for Dak Lak schemes are too high. If the costs quoted reflect the actual costs of construction of piped water supply schemes in Dak Lak, then it would be better to consider more appropriate technologies.

The role of the international consultant's specialists should be facilitating a development and learning process at all levels – including the community/user level. This needs to happen together with the counterparts, and needs to integrate financial, technical, IEC and other elements at the user level.

Performance is likely to be improved through longer visits by fewer specialists. This will allow for more working together and should decrease the number of reports. The programme has reached the stage where broad experience with implementing RWSS programmes is more important than specific technical experience.

Individual consultants need to work together with their counterparts to develop appropriate solutions. Therefore, it is **recommended** that individual consultants will have to stay longer and their terms of reference made more appropriate for their task. The international consultant's contract with Danida may need to be amended to accommodate this but this should be done within the current financial framework and budget.

The role of those international consultants working at the national level can still be short-term, specific and focussed on technical aspects defined in their terms of reference. Whereas the more generalist, longer-term support is more appropriate for the provincial level. However, a **pre-condition** should be that suitable counterparts are provided to the consultants in order to ensure that the work of the consultants is internalised within the Vietnamese system. If no counterparts can be provided it should be considered not to provide the specific technical expertise requested.

### Quality Assurance (QA)

The international consultant has spent a great deal of time and effort developing a QA system and reporting on it. The work is generally considered to be of a high standard and to benefit the programme. However, it is apparent from this review that there are some major shortcomings that seem to have slipped through the system. These matters need to be investigated and acted upon, if any trust is to be placed in the system.

### Danida-employed staff

Concern was expressed in Dak Lak regarding the number of Danida-employed staff in pCERWASS and the implied lack of sustainability, which could result after the withdrawal of Danish support from the Province. This is a general problem, which can only effectively be addressed through the Public Service Reform Programme – but this is a long-term issue. In the short term, imbalanced payment levels are likely to impact negatively on personnel performance and influence the availability of counterparts to work with the consultants/technical specialists.

### General

Advisers, Vietnamese counterparts – and possibly also members of the international consultant's team – have problems with the logical framework approach. It is therefore *recommended* that, as part of the preparation for the 2003 annual work plan, a logical framework planning exercise is held taking, as point of departure, the individual sub-component descriptions, which appear to be in need of some revision taking account of recent developments in the sub-sector (refer to section 3.0, above).

## **5.6 Sanitation**

The JTRT is concerned about the low priority given to sanitation during discussions in the provinces. Additionally, there appears to be some misunderstandings about the roles and responsibilities of pCERWASS and the Department of Health on this issue that need to be clarified at the earliest opportunity.

In this respect, the JTRT could find no reason for the pCERWASS in Dak Lak to be producing standard drawings of different types of latrines. The standard drawings provided to the JTRT only presented expensive VIP Ecosan and pour-flush options. Both designs were of questionable functionality and have presumably not been quality assured. The JTRT tried to understand how this situation had come about and believes that the pCERWASS technical staff thought these design drawings were required because they were given tasks and guidelines related to household sanitation by the international consultants.

The JTRT *recommends* that sanitation be given appropriate priority within its correct institutional setting and with sound and affordable technologies.

## **5.7 Donor Co-ordination**

At present, donor co-ordination is carried out on an informal and intermittent basis, although it is understood that various parties have expressed a wish to change this situation and bring it up to a more formal level. In view of the critical developments in the RWSS sub-sector during the introduction of the Strategy, it is *recommended* that CERWASS should organise regular meetings for co-ordination with the World Bank and other donors (including relevant NGOs) to exchange information based on their experiences. Danida funding should be made available for this important activity.



## 6.0 SUSTAINABILITY AND REPLICABILITY

The programme has been developed with a view to ensuring technical, financial and organisational sustainability. However from section 3.0, it is evident that progress has generally been somewhat slower than anticipated and that funds are not being disbursed as envisaged. If this trend continues it could have impact on the manner in which the Strategy is implemented and consequently on the sustainability of RWSS investments. Pressure for rapid implementation and spending at the expense of a demand responsive approach could come from the following 2 sources:

- Political pressure exerted from within the GoV for rapid service provision; and
- Pressure within donor organisations such as Danida to meet expenditure targets.

Similar situations have led to the demise of demand responsive approaches in other developing countries with the implementers being forced to revert to non-sustainable supply driven methodologies to achieve higher levels of expenditure and more rapid service provision, but subsequently paying the price when the new services are over-dimensioned and fail to be maintained, often needing total rehabilitation

The JTTRT considers that every effort must be made to prevent such a situation occurring in Vietnam and for this purpose *recommends* that contingency planning measures should be developed to prevent this happening. For example, the donor organisations could adopt a system whereby non-utilised funds are diverted to provinces where the demands are higher and/or designated programme implementation periods are not so rigidly administered.

It is considered essential that the commitment of both parties to a demand responsive approach is reasserted/reinforced at every possible opportunity. It is important to underline that the Danish support to the RWSS sub-components of the WAtErSPS is a pilot programme attempting to design and test demand-responsive approaches for future replication and nation-wide implementation. It is by no means a foregone conclusion that all these pilots will succeed – but this should not be taken as a failure of the approach. The issue is whether the system is in place to learn from both the successful as well as the non-successful pilots: it is not to implement a large number of schemes only to have them become non-operational soon after commissioning. The JTTRT also wants to stress that no new technical solutions need to be developed – only to get them to work within the Vietnamese setting.



## 7.0 RECOMMENDATIONS

The JTRT's recommendations are presented in the following table. In the table, the column designated 'Pr' gives the priority on a scale of 1 (highest) to 3 (lowest), and the column designated 'Ref' lists the section reference of the recommendation in the report.

No	Recommendation	Pr	Ref
1	For sub-component 1.2, the annual planning exercise for 2003 should be extended to result in a revised sub-component description with <b><u>agreed objectives and outputs</u></b> within the available time frame and budget.	1	3.1
2	The GoV should take urgent action to ensure that : <ul style="list-style-type: none"> <li>• CERWASS is formally assigned a mandate to co-ordinate the implementation of the Strategy.</li> <li>• The roles and responsibilities of the participating ministries in the implementation of the Strategy and as required by the Prime Minister's Decision 104 are actively followed.</li> </ul>	1	3.1
3	Consideration should be given to scaling down activities in Ha Tinh Province unless: <ul style="list-style-type: none"> <li>• Sufficient permanent staff is assigned to pCERWASS to work on the RWSS programme in line with the requirements of the sub-component description.</li> <li>• pCERWASS be given a clear mandate to co-ordinate RWSS activities calling on the support of the other participating departments when needed.</li> <li>• GoV counterpart funds for the sub-component are made available to pCERWASS.</li> </ul>	1	3.3
4	Greater emphasis be given to environmental considerations and that the standard feasibility study format should incorporate more detailed requirements for environmental impact assessments and action plans for the construction and operational phases of the piped water supply schemes.	1	4.4
5	Efforts to create a wider understanding of the Strategy be stepped up at all levels.	1	5.1
6	The balance between loans and grants should result in a household monthly expenditure on improved water supply and sanitation options that falls within or close to the World Bank recommended range (3% to 5% of household income).	1	5.2
7	Women be properly represented in the WUGs and for the (paid) positions related to the administration of the WUGs and the O&M of the piped schemes.	1	5.3
8	The designs for the piped water supply to be rehabilitated in Dak Lak Province should be carefully reconsidered when the implications of the financing mechanism are available so that the communities can see the implications of conservatively based design criteria.	1	5.4
9	The engineers in Dak Lak Province should consider water treatment options, which avoid chlorination if at all possible.	2	5.4

No	Recommendation	Pr	Ref
10	<p>For the RWSS sub-components:</p> <ul style="list-style-type: none"> <li>• A simpler organisational structure should be implemented. As part of this exercise, both TA positions will need to be given clearer areas of focus, and reporting responsibilities will need to be clarified; and the international consultant – in particular their management functions will need to be clarified vis-à-vis the TAs.</li> <li>• Team building efforts are urgently needed to achieve better co-operation between some TAs and with the international consultants.</li> <li>• Continual efforts should be made to simplify/improve reporting and communications channels and make them more consistent.</li> <li>• Some fundamental differences related to the recruitment and roles of WAterSPS support staff in the provinces need to be urgently resolved.</li> </ul>	1	5.5
11	Individual international consultants need to work together with their counterparts to develop appropriate solutions. The consultants will have to stay longer and their terms of reference made more appropriate for their task.	1	5.5
12	As part of the preparation for the 2003 annual work plan, a logical framework planning exercise is held taking, as point of departure, the individual sub-component descriptions, which appear to be in need of some revision taking account of recent developments in the sub-sector.	2	5.5
13	Sanitation be given appropriate priority within its correct institutional setting and with sound and affordable technologies.	1	5.6
14	CERWASS should organise regular meetings for co-ordination with the World Bank and other donors (including relevant NGOs) to exchange information based on their experiences. Danida funding should be made available for this important activity.	1	5.7
15	Contingency planning measures should be developed to prevent the sub-components reverting to non-sustainable supply driven methodologies to achieve higher levels of expenditure and more rapid service provision.	1	6.0

## **Annex A - Terms of Reference**

**TERMS OF REFERENCE  
FOR  
JOINT TECHNICAL REVIEW OF SUPPORT TO RURAL WATER SUPPLY AND  
SANITATION  
VIETNAM**

**8<sup>th</sup> - 25<sup>th</sup> April 2002**

**1. INTRODUCTION**

The MARD - Danida Water Sector Programme Support (WATERSPS) is the umbrella for Danish – Vietnamese development cooperation in the water sector and is governed by a bilateral agreement between the Government of Viet Nam and the Government of Denmark, co-signed by the Ministry of Planning and Investment (MPI) and the Royal Danish Embassy (RDE) on December 1<sup>st</sup> 2000. Annual bilateral consultations between the MPI and the RDE will determine the overall structure and scope of the WATERSPS activities in the water sector as well as in relation to other sectors.

Specifically the WATERSPS comprises the Danish grant assistance to capacity building and implementation of national sector programmes that are given high priority by the Government of Viet Nam and which concur with the overall policies for Danish development assistance.

By decision of MPI, the Ministry of Agriculture and Rural Development (MARD) is assigned with the overall responsibility for the implementation of the WATERSPS (in coordination with other ministries and provinces) and approval of independent projects in accordance with current regulations.

The Rural Water Supply and Sanitation (RWSS) activities as part of the WATERSPS are implemented through four sub-components. Component 1 (National Capacity Building) of the WATERSPS includes sub-component 1.2 which provides technical assistance and capacity building support to MARD's National Centre for Rural Water Supply and Sanitation (CERWASS) in Hanoi in order to sustain the implementation of the National Rural Water Supply and Sanitation Strategy (henceforth referred to as "the Strategy") and Component 2 (Rural Water Supply and Sanitation) includes sub-components 2.1, 2.2 and 2.3 which respectively provide technical assistance, capacity building support and funds for RWSS facilities in the central highland province of Dak Lak and the north central coast provinces of Ha Tinh and Nghe An.

A brief introduction to the Rural Water Supply and Sanitation Sector in Vietnam is provided in the respective sub-component descriptions and is updated in the related inception reports.

The development objective of the WATERSPS is:

*"improved living conditions for the people of Vietnam by better access to water related services, particularly for the poor or otherwise disadvantaged groups of society".*

The development objective for the National Capacity Building component, i.e. the immediate objective 1 of the WAtErSPS, is:

*“established enabling legislative and institutional framework for sustainable use of water resources and water service delivery with capable staff for its administration and enforcement at central and provincial levels”.*

The development objective for the Rural Water Supply and Sanitation component, i.e. the immediate objective 2 of the WAtErSPS, is:

*“improved living conditions for people in rural areas within the geographical focus area of Danish assistance by a demand responsive support to improved domestic water supply and sanitation provided in a socially and financially sustainable manner”.*

The immediate objective of the sub-component 1.2 of the National Capacity Building component is:

*“strengthened CERWASS able to coordinate the implementation of the Strategy”.*

The immediate objectives of the sub-components 2.1, 2.2 and 2.3 of the Rural Water Supply and Sanitation component are:

2.1) *“established sustainable institutional framework for provision of water supply and sanitation services including access to credit facilities and competent staff”;*

2.2) *“established community managed water supply and sanitation facilities based on user demand and reflecting the needs of women and the poor”;* and

2.3) *“increased awareness of the linkage between improved hygiene and sanitation and health and improved hygiene practices”*

The RWSS sub-components put a strong emphasis on capacity building in the RWSS sector and the limited budget for investments under Component 2 is primarily for the purpose of demonstration. The focal point of the Danish support is not to build large-scale rural water supply and sanitation facilities, but rather to demonstrate that the demand responsive approach above and beyond considerable capital cost recovery provides sustainable and equitable RWSS facilities for all rural households and with particular awareness of the poor ones.

The vision of the WAtErSPS is that Vietnam during the implementation of the WaterSPS develops an operational national legislative and administrative framework for the RWSS sector. The departments, institutions and organizations delivering RWSS services will then be able to provide effective support to management as well as implementation at all levels.

The Strategy constitutes a new approach to RWSS service delivery in Vietnam, replacing the supply driven methodology with a demand responsive approach that puts the user or user organisation in focus regarding selection of service level(s), method of implementation and approach in operation and maintenance of RWSS facilities. The Strategy seems to be well timed with the redirection of the Government priorities towards socialisation and successful introduction of the Strategy principles will contribute to the Government's strive for poverty reduction and hunger eradication in rural areas.

The implementation of the Strategy also presents an opportunity to mainstream cross cutting development issues, such as environment, gender, good governance and democratization, which are prominent concerns of Danish development assistance that Danida wishes to promote.

## **2. OBJECTIVE**

The objective of the RWSS joint technical review is :

**“Guidance provided to GoV and Danida to ensure that Danish development assistance and GoV funds are used effectively and efficiently to assist the rural poor to develop, implement and manage their choices of water supply and sanitation facilities and services and thereby contribute to poverty alleviation in Vietnam”.**

### **3. OUTPUTS**

The outputs of the RWSS joint technical review are:

- Recommendations for the mainstreaming of cross cutting development issues within the RWSS sector that are prominent objectives of Danish development assistance and which will contribute to the Government of Vietnam’s long standing priority to poverty reduction;
- Recommendations to increase the ownership of the Strategy in the Government of Vietnam system and the adoption of its underlying principles of sustainability, socialisation and cost recovery through a demand responsive approach by the RWSS National Target Program; and
- Proposals to increase the effectiveness of Danish development assistance in the RWSS sector generally and the selected pilot provinces specifically.

The above outputs will be delivered through:

- A debriefing note and
- A short and concise review report that includes key findings, conclusions and recommendations of the RWSS Joint Technical Review Team and a draft memorandum of understanding (MoU) for each of the sub-components.

The above documents should be prepared in accordance with the Danida Guideline for Sector Programme Support, April 1998 in the standard WAtErSPS format.

### **4. SCOPE OF WORK AND ACTIVITIES**

The scope of work of the RWSS Joint Technical Review should include the suggested activities below, however the review team is expected to examine and review any matter it deems relevant to the effective and efficient implementation of the WAtErSPS RWSS sub-components.

#### **4.1 Cross-Cutting Issues**

- Review the partnership approach in the RWSS sub-components;
- Review the poverty alleviation orientation of the sub-components and the operational activities addressing poverty alleviation;
- Examine the key gender issues impacting on the sub-components and make recommendations to improve information collection;
- Review the promotion of good governance, democratisation and public participation in the delivery of RWSS services; and



- Review the potential and opportunities for non-state and private sector participation in the RWSS sector.

## **4.2 Sector Context**

- Review recent adjustments and forecast future orientations to sector policies and programs and assess their implication for the structure of the RWSS sub-components;
- Review the status of donor coordination in the RWSS sector and how this links to the implementation of the WAterSPS; and
- Assess the perception and positioning of the RWSS sub-components within MARD and the need for further strengthening of ownership and commitment to the Strategy and its integration into the GoV system.

## **4.3 WAterSPS Context**

- Assess the overall implementation process of the Strategy and the National Target Program for RWSS and identify needed adjustments to Danida's support in light of developments in the sector;
- Review adjustments made, or the need for adjustments to the inputs, activities and outputs in the sub-component LFAs;
- Assess the balance of funding for institutional development, capacity building, technical assistance and capital investment in the four sub-components;
- Assess the organisational and management structure of the RWSS sub-components and examine its compatibility with the structure of MARD and provincial administrations, including the issues of ownership, sustainability and distribution of responsibilities;
- Assess the coordination between the RWSS sub-components and national and provincial RWSS plans as well as other donor-funded activities at national and provincial levels;
- Examine the current coordination activities and responsibilities of the CPMU and Provincial Coordination Units and assess the need for adjustments, if any review the management, organisation and administration of the sub-components;
- Review and assess activity plans, budgets and disbursement of the individual RWSS sub-components;
- Review overall progress to date and identify and assess any factors that may be impeding progress;
- Review of the 5-year frameworks of the sub-components and, if relevant, recommend for changes in strategy, activities and/or inputs;
- Review the proposals for MoU to be signed respectively by RDE and MARD and RDE and the provinces;
- Review the development of a demand responsive mechanism, particularly the interface between promoters and investors;
- Review the establishment of a legal and regulatory framework for community managed operation and maintenance of piped rural water supply schemes;
- Review the procedures for tendering, contracting and construction supervision of community owned and financed RWSS facilities;
- Assess the commitments of Danida and GoV inputs to WAterSPS particularly regarding financial and personnel obligations;
- Review the recently proposed re-allocation of budgets among the sub-components and recommend any major budget adjustment;

- Review the division and balance between Danida advisers and consultant inputs in each of the sub-components;
- Assess the status and progress of the consultant's inputs and the support provided by the Danida advisers;
- Review the reporting schedule including the modality, role and need of consultants' QA and independent technical reviews; and
- Assess the financial management of the sub-components.

## **5. COMPOSITION OF THE PRE-APPRAISAL TEAM**

The composition of the RWSS Joint Technical Review Team is as follows:

- Mr. Leif Hommelgaard, Senior Technical Adviser, Team Leader, Danish Ministry of Foreign Affairs;
- NN, Policy Department, MARD
- NN, Department of Agriculture and Rural Development, MPI
- Dolf Noppen, Capacity Building Specialist, External Consultant to Danida
- Paul Kerry, Rural Development Specialist, deputy Team Leader, External Consultant to Danida

Dr. Le Van Minh, National Water SPS Coordinator, MARD; Mr. Lars Skov Andersen, Danida Water SPS Coordinator, CPMU; and Mr. Jan Møller Hansen, Development Counsellor, Royal Danish Embassy, will act as resource persons during the JTR.

## **6. TIMING AND REPORTING**

The RWSS Joint Technical Review Team will be carried out in Vietnam during the period from Monday April 8 to Friday April 25, 2002.

The Team will assemble in Ho Chi Minh City on the afternoon of Monday April 8, 2002 with the arrival of the Danida members of the team from Bangkok. (Leif Hommelgaard will join the team on April 16<sup>th</sup> in Hanoi)

Sub-component 1.2 and the Danish Embassy have prepared the programme for the review. The programme is designed to provide the RWSS Joint Technical Review Team with an opportunity to visit provinces supported by the WATERSPS as well as provinces supported by other donors and provinces receiving little or no external support.

Mr. Nguyen Danh Soan, Manager Sub-Component 1.2 and Dr. Stephen Greenhalgh, STA Sub-Component 1.2 will coordinate the team's activities in Hanoi in collaboration with Ms. Pham Thi Van Lan, Programme Officer, RDE.

Mr. Ngo Van Tuyen (Director pCERWASS Dak Lak) / Mr. Said Allaoui (STA Dak Lak) and Mr. Chat (Director pCERWASS Ha Tinh) / Ms. Ulla Mogensen (TA Ha Tinh/Nghe An) will coordinate the team's activities in respectively Dak Lak and Ha Tinh/Nghe An provinces.

During the JTR mission, the team is expected to study relevant documentation and visit and consult key partner organizations.

Upon completion of the JTR in Vietnam, the team will prepare the Debriefing Note including key finding and conclusions to be presented to GoV and Danida before departure from Vietnam.

The draft review report including the draft MoUs will be submitted to RDE and Danida not later than three weeks after return from Vietnam. The final report will be submitted not later than two weeks after comments have been received from GoV, RDE and Danida.

The report language is English. Water SPS CPMU will undertake translation into Vietnamese.

Lh, TSA.2, 6/3/02

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16. VWRAP Preparatory Studies on River Basin Management and Irrigation Rehabilitation. WB, December 2000.

Srepok river basin

1. Srepok Water Action Plan. Final Report. July 1999.
2. Draft TOR Initial Planning Phase for WRM in Srepok river basin, including workshop summary. WaterSPS Formulation Mission, December 1999.
3. SPS Document for Water Sector Program Support, Vietnam. Danida, April 2000.
4. Support to Water Resources Management in Dak Lak. Second Review Mission Report, March 2001.
5. Preparation of WRM Component for the WaterSPS. Workshop Presentations. DARD Dak Lak, March 2001.
6. WRM Subcomponent Formulation Srepok River Basin. Workshop Report. WaterSPS PPCU Dak Lak, July 2001.

Ca river basin

1. Draft report on establishment of river basin planning organisation and coastal zone development program for Nghe An and Ha Tinh. Danida, 1996-97.
2. SPS Identification Mission. Final Report. Denconsult, 1997.
3. SPS Document for Water Sector Program Support, Vietnam. Danida, April 2000.
4. Draft TOR Initial Planning Phase for WRM in Ca river basin, including workshop summary. WaterSPS Formulation Mission, December 1999.
5. WRM Subcomponent Formulation Ca River Basin. Workshop Report. WaterSPS PPCU Ha Tinh, July 2001

**Itinerary for RWSS Technical Review - April 8 to 26, 2002**

Day/Date	Programme	Overnight
Monday	LK & HVM from HAN arrive SGN 14:10	Hotel Bong Sen
08/04/2002	PK & DN from BKK arrive SGN 15:30	Dong Khoi St.
	17:30 Team meet with national STA	

	(Steve)	Ho Chi Minh
Tuesday 09/04/2002	06:30 Depart to Tien Giang Province 08:00 Briefing by pCERWASS 10:00 Field Visit (joint stock/coop/private) 15:00 Depart to Ho Chi Minh	Hotel Bong Sen I Dong Khoi St. Ho Chi Minh
Wednesday 10/04/2002	06:20 VN338 to BMV arrive 07:20 8:30 Meet STA 9:00 Meet with sub-component management team at pCERWASS 13:00 Meet with technical and IEC pCERWASS /Danida staff	Dam San Hotel Ban Me Thuat
Thursday 11/04/2002	07:30 Visit to piped water schemes at Cu Dram & Hoa Le, Krong Bong district Meet with water user groups 14:00 Visit to RWS scheme in Bong Krang Meet with new water user group	Dam San Hotel Ban Me Thuat
Friday 12/04/2002	07:30 Visit to Cu Jut district 10:00 Meet IEC motivators in Nam Yong 13:30 Meet Director DARD 19:00 Meet STA	Dam San Hotel Ban Me Thuat
Saturday 13/04/2002	08:00 VN338 to DAN arrive 09:15 09:30 Drive to visit Danida funded projects in Hue Province	Dasco Hotel Danang
Sunday 14/04/2002	Team work all day	Dasco Hotel Danang
Monday 15/04/2002	10:10 VN370 to Vinh City arrive 11:20 13:30 Meeting with Danida TA (Ulla)	Phung Dong Vinh City
Tuesday 16/04/2002	07:30 Travel to Ha Tinh 09:00 – 11:00 Meet DARD/pCERWASS	Phung Dong Vinh City

2	12:00 Travel to Huong Khe District 14:00 – 15:00 Meet with DPC/DMU 17:30 Return to Vinh City
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Wednesday 17/04/2002	AM Meet with pCERWASS/DARD in Nghe An 13:00 Drive to Hanoi (5.5 hours)	Melia Hotel
Thursday 18/04/2002	9:00 Royal Danish Embassy 13:00 MPI 15:00 MARD (LSA)	Melia Hotel
Friday 19/04/2002	9:00 UNICEF 11:00 M Jorgensen at CERWASS office 14:00 World Bank	Melia Hotel
Saturday 20/04/2002	Team work 12:00 Meet Charlotte Berghof (Gender Issues)	
Sunday 21/04/2002	Team work	Melia Hotel
Monday 22/04/2002	9:00 Meet with sub-component 1.2 also with CERWASS 14:00 Vietnam Bank of Agriculture	Melia Hotel
Tuesday 23/04/2002	Writing debriefing note	Melia Hotel
Wednesday 24/04/2002	9:00 Debriefing at RDE 14:00 Debriefing at MARD office Dinner with JMH	Melia Hotel
Thursday 25/04/2002	17:00 LK/PK/DN depart for Bangkok/Europe	Melia Hotel



**Annex C - List of Key Persons Met**

## LIST OF KEY PERSONS MET

### Hanoi

Mr. Jan Møller Hansen,  
Ms. Pham Thi Van Lan,  
Ms Pernille Dueholm

#### - Royal Danish Embassy

Counsellor, Development Co-operation  
Programme Officer  
Head of Section, South East Asia and the Pacific

Mr. Doan Tho Nam,

#### - MPI

Deputy Director General, Dept. Foreign Economic Relations

Mr. Dang Huy Dong,

Senior Officer, Department of Foreign Economic Relations

#### - MARD/CERWASS

Dr. Nguyen Dinh Thinh,  
Mr Nguyen Ninh Tuan  
Dr. Le Van Can,  
Mr. Le Thieu Son,

Vice-Minister, MARD  
DPI, MARD  
Director and Sub-Component 1.2 Director, CERWASS  
Deputy Director and Coordinator of Technical Group, CERWASS

Mr. Nguyen Danh Soan,  
Mr. Lars Skov Andersen,  
Dr. Stephen Greenhalgh,  
Ms. Helle Stoltz,

Sub-Component Manager, CERWASS  
WATERSPS Co-ordinator, CTA Danida  
Senior Technical Adviser, Danida  
Carl Bro Team Leader cum community development/IEC specialist

Mr. Mikael Jorgensen  
Ms. Charlotte Berghof

Carl Bro Hydrogeologist  
Danish Trainee

#### - VBARD

Ms. Le Thanh Hang  
Mr. Pham Nhu Ha

Director of Project Implementation Dept.  
Expert Project Implementation Dept.

#### - Donor organisations

Mr. Chander Badloe,  
Mr. Glenn Laverack,  
Mr Nguyen Trong Quang  
Mr. Nguyen Cong Thanh  
Mr. Allan Coulthart,  
Mr. Richard Pollard  
Ms. Hoang Thi Hoa

Chief, Water and Sanitation Programme, UNICEF  
IEC Specialist, DFID/UNICEF  
Project Officer, UNICEF  
Senior Operations Officer, World Bank  
Urban Sector Co-ordinator, World Bank  
Water and Sanitation Adviser, World Bank  
Health Education and Community Participation Specialist,  
World Bank

### Tien Giang Province

Mr Le Minh Nham  
Mr Hoan  
Mr Thanh

pCERWASS Director  
“ Deputy Director  
“ Planning Officer

**Dak Lak Province****– Buon Ma Thuot**

Mr Phan Muu Binh	DARD	Director
Mr Y Veo	“	Director assistance
Mr. Said Allaoui,	WaterSPS	Senior Technical Adviser
Mr Nguyen Quang Phuoc	“	Operation officer
Mr Ngo Van Tuyen	pCERWASS	Director
Mr Dang Ngoc Toan	“	Interpreter
Mr Bui Ngoc Toan	“	Technical Manager
Mrs Nguyen Phuong Chi	“	Engineer
Mrs Nina Ksor	“	IEC Team Leader
Mr Tran Duy Khoa	“	IEC
Mr Y Thok Mlo	“	IEC

**- Hoa Le Commune**

Mr Mai Van Ke	CPC	Chairman/CP Deputy Secretary
Mr Tran Tien	“	CP Secretary
Mr Nguyen Van Bich	“	CP, Standing Deputy Secretary
Mr Dang Van Thom	“	Accountant, IEC Volunteer
Mrs Nguyen Thi Nga	“	Vice-Chairwoman Commune WU
Mrs Nguyen Thi Xe	“	Chairwoman Commune WU

**- Cu Dram/Yang Mao Communes**

Amar Song	Cu Dram Cooperative	Chairman
Amar O	“	Vice chairman
Amar Hau	“	Book keeper
Mr Tran Hai Thoai	Yang Mao Cooperative	Chairman
Amar Mak	“	Vice chairman

**- Bong Krang Commune**

Mr Nguyen Viet Quang	Lak District, DivARD	Staff
Mr Tran Dinh Dai	Commune office manager/IEC	
Y Blieng Dak Cap	FU, commune IEC staff	
Y Jut Eban	Commune People’s Council Chairman	

**- Cu Jut District**

Mr Khiet	DPC	Chairman
Mr Ly Trong Toan	dRWSS PMU	Project Manager
Mr Loc	“	Economist
Mr Nam	“	Engineer

**- Cu Jut District, Nam Yong Commune**

Mr Tran Si My	Nam Yong CPC	Chairman
Mr Do Tat Dat	CPC	Vice Chairman/cRWSS Steering Committee Chairman

Mr Nguyen Van Nhan cRWSS Steering Committee Vice-Chairman/IEC

### Hue Province

Mr Phan Van Thanh	PCERWASS	Director
Mr Bich	Loc An CPC	Chairman
Mr Thang	Loc Tien CPC	Chairman

### Ha Tinh Province

Mr Tran Huu Kinh	DARD	Vice Director
Mr Tran Dinh Dung	Water Resources & Irrigation Works Dept.,	Manager
Mr Nguyen Viet Nhat	Water Resources & Irrigation Works Dept./Planning Section –	Section manager
Mr Tran Than Chat	pCERWASS	Director
Mr Dau Tien Dung	pCERWASS	Translator
Mr Le Van Tao	FU	Vice chairman, IEC leader
Mr Doan Van Khang	pCERWASS	IEC staff
Mr Dinh Xuan Lam	“	Health and Hygiene specialist
Ms Ulla Mogensen	WaterSPS	Technical Adviser

### - Phuc Dong Commune

Pham Xuan Linh	CPC	Chairman
Dang Dinh Thanh	“	Vice chairman
Dang Van Thanh	“	Commune officer
Phan Thanh Duyen	“	Commune office manager
Dang Duy Vinh	“	RWSS Steering committee
Nguyen Dinh Hien	RWSS	Commune IEC

### -Huong Khe District

Mr Phan Van Tich	DPC/SC	Chairman
Mr Thai Ba Tai	SC	Vice-chairman, district IEC team leader

### Nghe An Province

Ha Van Quang	PCERWASS	Director
Nguyen Ham Huong	“	Vice Director
Pham Duy Ky	“	Planning-technical manager
Tran Van Viet	“	Planning-technical officer
Bui Van Luong	“	Planning-technical officer
Nguyen Ich Chuong	“	Planning-technical officer
Tran Xuan Hung	“	Planning-technical officer
Nguyen Ich Xuan	“	Planning-technical officer
Tran Van Chien	“	Accountant
Tran Van Lam	“	Translator

**Annex D - Debriefing Note**

**DEBRIEFING NOTE  
FOR  
JOINT TECHNICAL REVIEW OF THE SUPPORT TO  
RURAL WATER SUPPLY AND SANITATION  
VIETNAM**

**8<sup>th</sup> - 25<sup>th</sup> April 2002**

**1.0 Introduction**

The Ministry of Agriculture and Rural Development (MARD) - Danida Water Sector Programme Support (WATERSPS) is the umbrella for Danish – Vietnamese development co-operation in the water sector and is governed by a bilateral agreement between the Government of Vietnam (GoV) and the Government of Denmark. By decision of the Prime Minister of Vietnam, the MARD is assigned with the overall responsibility for the implementation of the WATERSPS (in co-ordination with other ministries and provinces).

The Rural Water Supply and Sanitation (RWSS) activities as part of the WATERSPS are implemented through four sub-components. Component 1 (National Capacity Building) of the WATERSPS includes sub-component 1.2 which provides technical assistance and capacity building support to the MARD's National Centre for Rural Water Supply and Sanitation (CERWASS) in Hanoi. The support is to sustain the implementation of the National Rural Water Supply and Sanitation Strategy (henceforth referred to as "the Strategy"). Component 2 (Rural Water Supply and Sanitation) includes sub-components 2.1, 2.2 and 2.3 which respectively provide technical assistance, capacity building support and funds for RWSS facilities in the central highland province of Dak Lak and the north central coast provinces of Ha Tinh and Nghe An, respectively.

The RWSS sub-components put a strong emphasis on capacity building and the limited budget for investments under Component 2 is primarily for the purpose of demonstration. The focal point of the Danish support is not to build large-scale rural water supply and sanitation facilities, but rather to assist in introducing the demand responsive approach. The approach not only provides capital cost recovery, but also sustainable and equitable RWSS facilities for the rural households with particular attention to the poor ones.

The GoV and Danida have agreed to field the joint technical review of the RWSS sub-sector with the following objective:

*“Guidance provided to GoV and Danida to ensure that Danish development assistance and GoV funds are used effectively and efficiently to assist the rural poor to develop, implement and manage their choices of water supply and sanitation facilities and services and thereby contribute to poverty alleviation in Vietnam”.*

This document contains the initial findings, conclusions and recommendations of the joint technical review team (JTTRT). It should be noted that the main focus of the mission is to comment and raise concerns. This should in no way diminish the many positive aspects and observations, which are not described here. The JTTRT wishes to express its appreciation for the kind assistance provided by all persons met during the review. The document, however, remains the full responsibility of the JTTRT and may not reflect the views of the GoV or of Danida.

## 2.0 Progress

Although the WATERSPS commenced in late 2000, significant activities started on the RWSS sub-components during early 2001 following the mobilisation of the technical assistance. Since then progress has been mixed due to a variety of positive influences and constraints.

Sub-component 1.2, which provides technical assistance and capacity building support to CERWASS in Hanoi, has established a sound basis/partnership for obtaining the intended outputs through which its objectives should be met. This has been achieved under somewhat difficult circumstances, listed as follows:

- Suitable office facilities only became operational in early 2002 following extensive refurbishment works.
- CERWASS has not been formally assigned a mandate to co-ordinate the implementation of the Strategy.
- The roles and responsibilities of the participating ministries in the implementation of the Strategy and as required by the Prime Minister's Decision 104 have not been actively followed.

The JTRT *recommends* that urgent action be taken by the GoV to resolve the latter two issues listed above.

Sub-component 2.1 for the implementation of RWSS facilities in Dak Lak Province has made significant achievements during 2001. The long association between the provincial authorities and Danida has contributed to a good working environment and partnership for undertaking sub-component activities. To some extent, Dak Lak's pCERWASS is moving too fast and thus some of the outputs are reverting to a supply driven approach primarily because they are not presently equipped to inform the communities fully about the technical options because of delays preparing the financing mechanism. Refer to the section 4.0 for further details on the delayed completion of the financing mechanism, which urgently needs to be resolved for progress to move ahead. Another related issue, which needs resolution shortly, for continued progress is the legal status of water user groups, discussed in section 5.0.

Progress on sub-component 2.2 in Ha Tinh Province has been less substantial due to some adverse operational circumstances. However, in many respects this situation appears to have created a strong partnership and foundation for future activities. The barriers have primarily been at provincial level, where the following aspects require urgent attention:

- Sufficient permanent staff needs to be assigned to pCERWASS to work on the RWSS programme in line with the requirements of the sub-component description. Consideration will be given to scaling down activities in the Province, if the necessary staff cannot be made available.
- pCERWASS needs a clear mandate to co-ordinate RWSS activities calling on the support of the other participating departments when needed. Particular problems have been experienced in obtaining relevant information from other departments. A general letter from the PPC approving such actions could resolve this issue.
- It is understood that GoV counterpart funds for the sub-component have been allocated by central government and approved by the PPC in Ha Tinh but have not yet been made available to pCERWASS.

The JTRT discussed the above points with the Vice-Director of DARD on 16<sup>th</sup> April 2002 and he agreed to follow up on these issues at the earliest opportunity.

It was not originally intended to start Sub-component 2.3 for Nghe An Province until 2004, but this has been brought forward and activities have commenced in early 2002. The JTRT found a positive attitude amongst the provincial authorities in Vinh and anticipate a good partnership and achievements during the remaining implementation period.

The JTRT checked the various draft memoranda of understanding and made some suggestions for improving the clarity of the agreements. These documents should be signed at the earliest opportunity. Accordingly, the JTRT considers that it has fulfilled its terms of reference in this respect. The JTRT will not make further reference to this issue in the Technical Review Report since this will only further delay the process.

### **3.0 Ownership/Understanding of the Strategy**

The JTRT found mixed levels of ownership/understanding of the Strategy amongst the sub-component participants and beneficiaries. This finding is illustrated by the following examples:

- The need for information, education and communication (IEC) activities is not universally accepted despite the poor performance/sustainability of many previous investments;
- Feasibility studies are being undertaken using conventional design criteria/approaches without due regard to providing appropriate and affordable schemes which meet the communities' requirements;
- Amongst communities, unrealistic expectations are evident based on prior experiences of supply driven donor financed projects; and
- Advisers, consultants and counterparts have not entirely followed the provisions of the Strategy and the Prime Minister's Decision 104, particularly in respect of technical issues and the financing mechanism.

The JTRT concludes that many sub-component participants could be either overwhelmed by the mass of reports and paper being produced and they are not finding enough time to thoroughly grasp the more fundamental concepts of the Strategy, or they do not receive sufficient information in a digestible format. It is *recommended* that efforts to create a wider understanding of the Strategy be stepped up at all levels.

### **4.0 Financing Mechanisms**

The three RWSS sub-components in the provinces have been selected primarily for demonstration purposes. In the pilot districts it is intended to develop and experiment with different financing approaches for RWSS using the funds made available to the Vietnamese Bank for Agriculture and Rural Development (VBARD). As with all Danish-supported programmes, the poverty focus is of particular concern – all the more so because of the high levels of both poverty and indebtedness in Vietnam's rural communes. Within the three provinces between 50 to 70% of all households are reported to be in debt. However, repayment of loans is high and there are few bad debtors – this is apparently linked to peer group pressure, which appears to encourage loan repayment. In Dak Lak, the low coffee prices have hit the farmers very severely, to the extent that the banks have even had to reschedule debt repayments.

No estimates are available for debts to private money lenders but these certainly exist. Given the fact that formal bank rules may exclude the VBARD from entering into new loans before the repayment of existing debts, it is the private money lenders who can fill this gap. There are, however, possibilities for the VBARD to provide loans for infrastructure even though a household already has an agricultural loan provided a series of conditions securing the loan are met.

It is notable that many of the existing loans are seasonal for agricultural production and that repayment of loans is followed by an immediate taking up of new loans. Loans with the private



moneylenders (at interest rates higher than those of the banking system) are used to fill gaps and tide households over.

Therefore, the proposals prepared under the RWSS sub-components would introduce a new level of debt into the local communities.

Present proposals by the international consultant would, in addition, amount to monthly expenses related to water supply at levels over 7% of monthly estimated income (based on the Ministry of Labour, Invalids and Social Affairs (MOLISA) guidelines) for poor families and around 13% for those just above the MOLISA poverty guideline. These figures (admittedly very rough estimates) do not include any provision for sanitation. Meanwhile, World Bank guidelines suggest between 3 to 5% of household income as being an affordable level for household water supply and sanitation services.

The presently proposed financing mechanism would make poor people poorer if they were to be applied as suggested. The demand responsiveness of the local community depends on the monthly cost of the proposed solutions and if these are too costly, they will not be acceptable. Hence, a more favourable balance is necessary between the grant and loan elements, as well as in the conditions around the loan (interest rate, repayment time, etc.). It is particularly important that the right balance is achieved between the financing options and the most appropriate technical solutions, if local ownership is to be achieved and if the approach is to be truly demand-responsive. Finally, if too much of the available money is spent on improved water supplies, this will diminish the resources available for improved sanitation facilities.

It is *recommended* to achieve a balance between loans and grants that would result in a household monthly expenditure on improved water supply and sanitation options that falls within or close to the World Bank recommended range (3 to 5% of household income). Therefore the size of the grant element will, both for those classified as poor and for those not classified as such, have to be increased; the interest rate will need to come down and the repayment period extended. The target figure of USD 1 per month (VND 15,000) for poor families to pay for water should be maintained but this figure should include both water usage and loan repayment.

VBARD has experience dealing with all these issues and discussions with the Bank suggest that workable models can be worked out for implementation at provincial level; moreover VBARD policies for lending to poor households are favourable, including lower rates of interest to households classified as poor.

## **5.0 Water User Groups**

Water User Groups (WUGs) are an important organisational option particularly for piped water supplies; for other technical solutions they may be less obvious. Therefore, this option needs to be explored particularly in Dak Lak where a number of existing piped schemes are to be rehabilitated in the pilot districts. The provinces of Ha Tinh and Nghe An, because of their generally higher levels of poverty, may initially prefer to invest in individual household solutions for water supply, particularly household dug wells and boreholes with handpumps.

In addition, WUGs are unlikely to be an option for sanitation improvements, which lend themselves more to individual solutions.

The principal problem with WUGs is that – at present – there is little experience with using the existing appropriate legal bodies (Co-operative Groups, Co-operatives and Private enterprises), which can both take loans and which can incorporate poor households. There could be difficulties because

the WUGs need fixed and mobile assets (i.e. legal capital) to obtain loans. In the view of the VBARD this could be accommodated by accepting the water utility constructed as a result of the loan, as collateral

Funds are available within the RWSS sub-components to kick-start WUGs in pilot districts. These funds have already been allocated and made available for this purpose with the VBARD. Individual solutions (i.e. the granting of loans and grants to all the individual households potentially connected to a piped water supply) are seen by the JTRT as being unworkable for a piped scheme because of the time and money this would cost for what, in banking terms, are rather small loans. This is the difference between administering, for example 600 separate loans with individual households, or a single loan with one WUG. With a single loan to a WUG, the responsibility then lies with the WUG to repay the loans – normally through monthly payments – and not with the individual household. The costs for the WUG to administer these loans would be built into the water tariff with the additional advantage that local organisations (Farmer's Union, Women's Union) can be mobilised to support loan repayment and to promote solidarity at the village level.

With this model, the monthly payment for an individual household would comprise payment for water use and repayment of the loan. Ownership thus lies at the user level; and the amount of administration required by the VBARD is considerably curtailed. The JTRT would expect this administrative saving on larger loans to result in reduced interest rates.

It is *recommended* that women - given their already existing role within the household as the ones responsible both for water as well as the management of the household finances - be properly represented in the WUGs and for the (paid) positions related to the administration of the WUGs and the O&M of the piped schemes.

## **6.0 Technical Issues**

To date, preliminary design works have only been undertaken in Dak Lak Province for the feasibility studies on the existing piped schemes due for rehabilitation. These studies appear to present extremely expensive solutions (e.g. Krong No Scheme is estimated to cost approximately US\$ 457 per household) based on existing design procedures/practices without any consideration of suitable more appropriate alternatives, which will make them affordable to the communities. This is stated as a pre-condition for Danish support to the implementation of the RWSS sub-components and needs to be urgently adopted by both advisers and counterparts.

The JTRT *recommends* that these designs should be carefully reconsidered when the implications of the financing mechanism are available so that the communities can see the implications of conservative based design criteria.

On the recently completed Cu Dram Water Supply Scheme, treatment has been provided through rapid gravity filtration and chlorination. The JTRT found that the operator was only chlorinating once a week because the consumers disliked the taste of the fully treated water. Poorly administered or intermittent chlorination can have an adverse impact on the health of the consumers and should in general be avoided on small rural schemes, whenever possible. In Hue Province, the JTRT noted that pCERWASS was using slow sand filtration on similar schemes because of its simplicity of operation combined with improved bacteriological water quality avoiding chlorination. The JTRT *recommends* that Dak Lak should consider a similar approach on the new projects, if sources requiring treatment have to be used.

The translated feasibility studies made available to the JTRT do not cover environmental issues, which can be significant for piped gravity schemes, particularly in respect of source protection. It is

*recommended* the standard feasibility format be extended to incorporate environmental impact assessments and action plans for the construction and operational phase of the schemes.

## **7.0 Staffing**

### Technical Assistance (TA)

The JTRT is concerned that the technical advisers may not be able to provide sufficient time on the RWSS sub-components because of their other responsibilities. The TA in Dak Lak covers RWSS and water resources management sub-components, but also presently spends time on urban water supply and sanitation sub-components, while the Nghe An-based TA covers two provinces each with RWSS and water resources management sub-components.

The initial phase of the international consultant's contract has been characterised by too many short visits and too many reports. Visits have tended to focus on specific technical issues without being located within a broader programme context. Individual consultants have lacked an overall perspective. This has started to change where links with Vietnamese counterparts have been built up, but this has not happened in all cases. However, it is difficult to programme short-term inputs so that they are in Vietnam at the time needed and for the length of time needed.

The role of the international consultant's specialists should be facilitating a development and learning process at all levels – including the community/user level. This needs to happen together with the counterparts, and needs to integrate financial, technical, IEC and other elements at the user level.

Performance is likely to be improved through longer visits by fewer specialists. This will allow for more working together and should decrease the number of reports. The programme has reached the stage where broad experience with implementing RWSS programmes is more important than specific technical experience.

Individual consultants need to work together with their counterparts to develop appropriate solutions. Therefore, it is *recommended* that they will have to stay longer and their terms of reference made more appropriate for their task. The international consultant's contract with Danida may need to be amended to accommodate this but this should be done within the current framework.

The role of those international consultants working at the national level can still be short-term, specific and focussed on technical aspects defined in the terms of reference. Whereas the more generalist, longer-term support is more appropriate for the provincial level. However, a *pre-condition* should be that suitable counterparts are provided to the consultants in order to ensure that the work of the consultants is internalised within the Vietnamese system. If no counterparts can be provided it should be considered not to provide the specific technical expertise requested.

The Dak Lak and Ha Tinh/Nghe An-based technical advisers must have the RWSS programme as their principal focus. For the Dak Lak TA this would mean that office facilities at pCERWASS should be established.

### Danida-employed staff

Concern was expressed in Dak Lak regarding the number of Danida-employed staff in pCERWASS and the implied lack of sustainability, which could result after Danida's withdrawal from the Province. This is a general problem, which can only effectively be addressed through the Public Service Reform Programme – but this is a long-term issue. In the short term, imbalanced payment levels are likely to impact negatively on personnel performance and influence the availability of counterparts to work with the consultants/technical specialists.

## General

Advisers, Vietnamese counterparts – and possibly also members of the international consultant’s team – have problems with the logical framework approach. It is therefore *recommended* that, as part of the preparation for the 2003 annual work plan, a logical framework planning exercise is held taking, as point of departure, the individual sub-component descriptions.

### **8.0 Sanitation**

The JTRT is concerned about the low priority given to sanitation during discussions in the provinces. Additionally, there appears to be some misunderstandings about the roles and responsibilities of pCERWASS and the Department of Health on this issue that need to be clarified at the earliest opportunity. In this respect, the JTRT could find no reason for the pCERWASS in Dak Lak to be producing standard drawings of different types of latrines.

### **9.0 Donor Co-ordination**

At present, donor co-ordination is carried out on an informal and intermittent basis. In view of the critical developments in the RWSS sub-sector during the introduction of the Strategy, it is *recommended* that CERWASS should organise regular meetings for co-ordination with the World Bank and other donors (including relevant NGOs) to exchange information based on their experiences. Danida funding should be made available for this important activity.

### **10.0 Adjustment of Balance of Funding**

The ToR for the JTRT call for an assessment of the balance of funding for institutional development, capacity building, technical assistance and capital expenditure in the four sub-components. At this early stage of the programme, the JTRT finds no reason for such an adjustment.

The Vietnamese authorities expressed concern about the low percentage of capital expenditure included in the programme relative to expenditures on IEC activities and technical assistance. The JTRT considered this aspect at length and believes that the budget figures alone do not provide a full picture. This should be complemented by the following information:

- The low level of capital expenditure within the Danida budget will bring about a significant number of RWSS facilities because this sum only represents the grant element which will be added to the communities’ own contributions and the loans from VBARD.
- The successful implementation of the Strategy should create interest within the donor community to make future investments in the RWSS sub-sector.

### **11.0 Process Action Plan**

The Danish members of the JTRT will prepare the draft technical review report by the end of May 2002. Due to time constraints, the Vietnamese team members’ contributions will be incorporated in this report as annexes. The Vietnamese authorities and the Royal Danish Embassy should provide their comments to the draft technical review report by the end of June for inclusion in the final technical review report.

**Annex E– Royal Danish Embassy’s Comments to Draft Report**

File

104.Vie.814/4

01 July, 2002

**Comments to draft Joint Technical Review Report of Rural Water Supply and Sanitation Component, May 2002**

Reference is made to the draft Joint Technical Review Report for the Rural Water Supply and Sanitation Component under Water SPS, dated May 2002.

It is the opinion of the Embassy that the report is well structured and well written. The review has identified a number of important key issues that have to be addressed by the national authorities and partners, Danida advisers and consultants involved in the component, both at central and provincial levels, in order to ensure an effective dissemination and implementation of the National RWSS Strategy at national level and in the pilot areas, respectively.

For your information, we have attached a follow-up letter from the Embassy dated 24 May 2002 to the local authorities, partners and adviser in Dak Lak province. However, a number of general issues mentioned in this follow-up letter are equally important for the other provinces.

We are fully aware that more needs to be done by the relevant authorities with support from the programme to assign the mandate for national coordination of the Strategy to Cerwass. The Embassy has been informed that initiatives are being made by the Government to enhance the role of Cerwass in national coordination for implementation of the National RWSS Strategy.

We also agree that more needs to be done for clarifying and activating the roles and responsibilities of different ministries for implementation of the Strategy. The Embassy has been informed that MARD is working on addressing the issue of national coordination for RWSS.

We agree that the efforts required for continuing the advocacy and dissemination works on the Strategy should not be underestimated. We further agree to the recommendation that efforts to create a wider understanding of the Strategy be stepped at all levels. It is important that Cerwass in Hanoi continues the nation-wide dissemination of the Strategy.

We very much agree and are aware of the challenges of changing the present system of design criteria and standards as well as cost norms in water supply and sanitation. Designing appropriate technical solutions, which will match the specific technical, social and financial context is essential for implementing the Strategy effectively.

In accordance with the Strategy, Danida will continue its assistance to develop processes and procedures that allow communities and users to participate in and take responsibility for planning, implementation and management of water and sanitation facilities at local level. This requires a move away from applying outdated design criteria and norms as well as the present state defined cost norms, which are not necessarily relevant for community and household level RWSS.

We very much agree that the Danish assistance must promote and enhance processes and procedures that allow communities and users to select and decide on technical options based on an informed choice and affordability.

Danida and other donors fully support the Government's Strategy, which will allow the communities and users to take full responsibility for planning, implementation and management of rural water and sanitation facilities. The role of local authorities and Cerwass at provincial and district levels should be to provide technical advice to communities and users if they decide that they require such advice and assistance.

Once the process starts in one community or village, other communities and villages can learn from such experiences. The exchange of knowledge, information and experiences between communities and villages could be a very important mechanism for local capacity building during all phases of planning, implementation and management of rural water and sanitation activities.

We agree with the findings and recommendations regarding how to optimise the effectiveness and utilisation of TA inputs financed by Danida. We will work towards using few international consultants with longer inputs rather than many discrete and short-term inputs.

The Embassy agrees that the first 1½ years of implementation has been characterised by too much talk among component actors, especially among the Danida advisers and international consultants, for clarifying roles and responsibilities. We are also aware that too many efforts have been devoted for producing consultant's reports and papers. The Embassy has therefore instructed that priority must be given for producing more tangible and useful outputs such as community management and O&M guidelines, user group guidelines, IEC and training materials, technical field notes and other documents and materials in both English and Vietnamese for wide publication and distribution.

We have noted the recommendation by the review team to reconsider the finance mechanism so that monthly household expenditure falls within the commonly accepted range. We will encourage that efforts are made to ensure that the finance mechanism will not be an unnecessary financial burden and create high debts among poor households.

For your information we have attached comments to the draft review report from the SMU and pCerwass in Dak Lak and CPMU. The partners in Nghe An/Ha Tinh had no further comments to the draft report, and comments were not received from Cerwass in Hanoi.

We have attached a copy of follow-up letter by the Embassy to the provincial authorities and partners in Dak Lak province.

We are looking forward to receiving hard and electronic copies of the Final Review Report for distribution to national authorities and partners.

Once we have received the final report we will encourage that the document is made public available in both English and Vietnamese at the homepage of Cerwass in Hanoi.

Thank you for your kind cooperation.

Yours sincerely,

Jan Møller Hansen  
Development Counsellor



, Dak Lak  
i Allaoui, Danida STA, Dak Lak  
o Van Tuyen, Director, pCerwass Dak Lak

. Lars Skov Andersen, Water SPS Coordinator  
phen Greenhalgh, Danida STA, Cerwass

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104.Vie.814/4

24 May, 2002

## **Follow-up on Review of Rural Water and Sanitation Component**

Dear Mr. Said and Mr. Tuyen,

As a follow-up on the findings and recommendations of the review of RWSS Component in April 2002, we would like to mention the following key issues that require specific action and follow-up by Provincial Cerwass and PPMU in Dak Lak

The Review concluded that a number of RWSS schemes in Dak Lak are over-designed and extremely costly solutions based on existing design norms and standards without the necessary consideration of appropriate technology solutions and affordability to communities and users.

Provincial Cerwass and the Danida Adviser are therefore requested to ensure that appropriate technical solutions are chosen based on the principles described in the national RWSS Strategy.

For the Danish funded activities, we further request the Danida Adviser and Provincial Cerwass to consider more carefully the application of principles as described in the Danida Policy Paper for Water Supply and Sanitation, September 2001, which stress that the choice of technology must be based on use preferences and demand. We also advice to study and consider more carefully the Danida policies, especially chapter 4.4, for service level, choice of technology (least cost solutions), user preferences and operation and maintenance.

Provincial Cerwass assisted by the Danida Adviser and consultants is kindly requested to ensure that appropriate technical solutions are chosen based on sound technical judgement and in accordance with user preferences and their affordability. As mentioned by the Review proper assessment of needs for chlorination, source protection as well as other technical issues for proper design and cost estimates is also required.

We would also like to emphasis that priority should be given to develop a demand responsive support targeting poor people living in the rural areas. In other words, the RWSS activities should be focused on rural areas (villages and hamlets) and not on semi-urban areas or small towns.

During the review it was concluded that the Danida Adviser might not be able to provide sufficient time on the RWSS sub-components because of their other responsibilities. It should therefore be stressed that the Danida Adviser must have the RWSS programme as his principal focus in Dak Lak.

The Danida Adviser is kindly requested to spend approximately 3 working days per week with Provincial Cerwass in order to provide the necessary advice and assistance to RWSS. This would mean that office should also be established for the Danida STA at Provincial Cerwass. Rest of the working time might be spent for task and duties related to integrated water resources management and other duties.

The review expressed concern regarding the number of Danida-employed staff in Provincial Cerwass in Dak Lak and the implied lack of sustainability, which could result after Danida's withdrawal from the Province. This is a problem that has been experienced at other past projects, including on the Support to Water Resources Management in Dak Lak. Careful considerations should therefore be made not to expand externally employed staff, whether these are project staff or consultants, financed by Danida under the RWSS Component in Dak Lak.

We are looking forward to hearing from Provincial Cerwass and PPMU regarding concrete and specific actions for follow-up on the findings and recommendations of the recent review of RWSS activities in Dak Lak.

Yours sincerely,

Jan Møller Hansen  
Development Counsellor

**Annex F - Dak Lak Province's Comments to Draft Report  
+ Review Team's Responses**

**Government of Vietnam**

**Government of Denmark**

**Rural Water Supply and Sanitation in Dak Lak**  
**(WATERSPS)**

**2.1 RWSS in Dak Lak**

*Comments of Sub-component 2.1*  
*on the draft*  
*Joint Technical Review Mission Report*

*Review Team's responses added*  
*where found appropriate in bold underlined text*

**Dak Lak – June 2002/Copenhagen – July 2002**

## **GENERAL**

The WATERSPS Sub-component 2.1 for the implementation of RWSS facilities in Dak Lak Province commenced on 1 June 2001. According to the Sub-component description, the implementation of Sub-component 2.1 was originally intended to start in October 2001, but this has been brought forward 3 months earlier.

The first Technical Review of the Sub-component was carried out in April 2002, and has resulted in a number of findings and recommendations, which are found to be appropriate and helpful for the further implementation of the sub-component. In particular, the Sub-component agrees fully with the need to review the financing mechanism which is currently being developed in order to achieve a balance between loans and grants that would render the proposed solutions affordable, and in addition ensure a balance between the loan and grant elements in relation to the poverty of the community.

The findings and recommendations of the Technical Review were discussed in a meeting with participation of pCERWASS staff and the Sub-component Management Unit. The comments of the Sub-component on the Draft Review Mission Report are given in the following, as well as a short account of the activities initiated in response to the recommendations of the Technical Review.

## **OWNERSHIP/UNDERSTANDING OF THE STRATEGY**

The Sub-component agrees with the recommendation to step up efforts in order to create a wider understanding of the Strategy. However, the following comments are made:

The Sub-component has made considerable efforts in order to create a wide understanding of the Strategy, as illustrated by the examples below. During the Inception Phase, several workshops were carried out for provincial, district and commune Authorities in order to introduce the principles of the NRWSS Strategy. In addition, awareness campaigns and further dissemination of the principles of the Strategy have been integrated in all IEC activities. The introduction of the NRWSS Strategy has focused on the selected pilot district and the areas where existing piped schemes are planned for rehabilitation. In January 2002, the Sub-component has hosted the first Regional Strategy Workshop with participation of representatives from the provinces of the Central Highlands and the Central Coastal provinces.

The Sub-component shall step up efforts to create a wider understanding of the Strategy with a particular focus on provincial agencies in charge of approving the designs of rural water supply and sanitation facilities, design and construction companies, suppliers of construction materials, provincial and district leaders and managers. It is further believed that the understanding of the Strategy will be enhanced through the operationalisation of the financing mechanism guidelines and the actual promotion of technical options to users.

The Sub-component would like to emphasize that the introduction and adoption of the principles of the Strategy is a gradual process, which requires time in order

to achieve the changes required in a sustainable manner. It is important that effective awareness campaigns are undertaken to develop an understanding and acceptance of the changes required, and foster willingness to adopt these changes if local ownership is to be achieved.

## **FINANCING MECHANISMS**

The Sub-component agrees with the recommendation to reconsider the financing mechanism in order to achieve a balance between loans and grants that would result in a household monthly expenditure on improved water supply and sanitation options that falls within or close to the World Bank recommended range (3 to 5% of household income).

In an effort to mobilise various local funding sources, the NRWSS Strategy has recommended that households spend a reasonable proportion of their income (3-5%) to invest in water supply and sanitation facilities.(ref. National Rural Clean Water Supply and Sanitation up to year 2020 par. 3.3.1 Mobilisation of local funding).

In developing the financing mechanism guidelines, the Sub-component shall pursue the objective of establishing a poverty sensitive RWSS financing mechanism, and ensure the affordability of the proposed technical solutions.

The Sub-component shall also explore alternative financing mechanisms using the funds made available to the VBARD. One alternative is the establishment and use of the micro-finance program managed by the Vietnam Women's Union (VWU) to provide loans for RWSS investments.

VBARD Dak Lak has confirmed the eligibility of the VWU to get loans from the VBARD credit and Grant facilities for RWSS investments.

## **WATER USER GROUPS**

The Technical Review recommends that women be properly represented in the WUGs and for the (paid) positions related to the administration of the WUGs and the O&M of the piped schemes.

Since January 2002, four water user cooperatives have been established for the management, operation and maintenance of piped water schemes to be rehabilitated in the pilot districts. At present, on average 25 percent of members of the Water User Cooperative are women. In forming water user groups, the Sub-component pursues the policy of increasing the level of participation of women, and assigning to them key positions in the management of the organisation. Thus, the Sub-component agrees with the recommendation of the Technical Review to allocate (paid) positions to female members of the water user group.

**Review team's comments: We trust that 50% female representation is being targeted.**

## **TECHNICAL ISSUES**

The Sub-component has carefully examined the information contained in the Technical Review Report concerning the feasibility studies for rehabilitation works on piped water supply schemes, and checked these data against the information currently available to the Management of the Sub-component.

The following observations are made:

- The Technical Review Report mentions that the JTTRT was not able to review a translation of the feasibility study for the Krong No scheme. Indeed, the feasibility report has never been translated, and neither the adviser nor the international consultant responsible for QA have had access to the information contained in the report. In particular, the costs presented in the feasibility report have never been accepted by the Sub-component Management and as a result no further work has been carried out on the Krong No scheme.

**Review team's comment: It is difficult to comprehend that the international consultant responsible for QA prepared his comments on the feasibility study for Krong No without a translation.**

- The costs of the feasibility studies prepared for two other schemes, Bong Krang and Hoa Le, have been further reviewed and significant cost reductions have been achieved bringing the average cost per capita to 27 USD.

Although many consultations were carried out, these costs have not been presented to the communities, nor has the approval procedure by the local authorities been initiated.

**Review team's comment: The review team is pleased to note that significant cost savings have been made to the figures contained in the feasibility studies, but shouldn't this exercise be undertaken with the community to have any validity?**

- The Technical Review Report mentions that groundwater has apparently been rejected as a possible source without justification/investigations in both feasibility studies. Further, groundwater was specifically excluded from the design consultant's contracts.

The Sub-component disagrees with the above statements of the JTTRT.

At the start of the feasibility studies, the available information on groundwater resources in the pilot districts was considered inadequate. The Sub-component has started to remedy the situation through carrying out pumping tests on existing boreholes and test boreholes (to be constructed) in order to increase the hydrogeological information.

**Review team's comments: The review team stands by its original statements<sup>14</sup>, which do not appear to be contradicted by the subsequent information.**

The Sub-component considers that the achieved cost reductions, bringing the average cost per capita to 27 USD, will render the cost of Hoa Le and Bong Krang schemes affordable to the communities. It is proposed to work out the details of the financing mechanism and engage in consultation with the communities.

The Sub-component shall give priority to raising the quality of feasibility studies. As a minimum these studies should include an analysis of alternative water sources, a

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<sup>14</sup> **The statements are based on information contained in the translated feasibility studies made available to the review team.**

cost comparison of alternative designs, selection of the least cost alternative, taking into account environmental considerations.

**Review team's comments: These works will presumably be undertaken in consultation with the communities at all stages.**

The Sub-component shall ensure that environmental impact assessment is made an integral part of feasibility studies. In particular environmental considerations shall be integrated in the standard feasibility format.

The Technical Review Report mentions the faulty design and poor operation of the recently completed Cu Dram Water Supply Scheme, using rapid gravity filtration and chlorination as water treatment methods.

Firstly, it should be noted that the Cu Dram Water supply Scheme has been designed and constructed under the Support to Water Resources Management project, and as such does not fall under the responsibility of pCERWASS and/or Sub-component 2.1. Secondly, the adjustment of either the design or the operation of the scheme is not the responsibility of pCERWASS and thus has not been attempted.

**Review Team's comment: If this is so why was the review Team taken to this scheme?**

The Sub-component shall evaluate alternative water treatment methods, taking into account the needs for operation and maintenance and the effectiveness of the proposed treatment. Chemical treatment shall be avoided at any time, if sources requiring treatment are to be used.

The Sub-component recognises the need to review and eventually modify the design procedures/practices, design criteria, technical standards and administrative procedures that are not appropriate to rural water supply and sanitation. This work has to be done in close collaboration with the local authorities in charge of approving designs.

**Review team's comments: The review team is pleased to note that the above approach is now being adopted. The Cu Dram WSS was discussed because the apparent water treatment technology choices proposed in the available feasibility studies, which need reconsideration.**

## STAFFING AND ORGANISATION

The Technical Review has expressed concern in Dak Lak regarding the number of Danida - employed staff in pCERWASS and the implied lack of sustainability, which could result after the withdrawal of Danish support from the Province.

The Danida Program – employed staff in pCERWASS comprises 2 technical and 2 IEC staff, in addition to the support staff for the administration of the Sub-component. Since the start of the programme, 6 counterpart staff have been allocated to the programme, bringing the total pCERWASS staff to 9 professional staff. The Sub-component pursues the policy of hiring local consultants based in Dak Lak as National Consultants. The organisation of Sub-component, the integration of Sub-component activities within pCERWASS, the capacity building of pCERWASS staff and local consultants constitute favourable



conditions for achieving sustainability after withdrawal of Danida support from the Province.

The Technical Review is concerned that the TAs may not be able to provide sufficient time on the RWSS Sub-components because of their other responsibilities.

The Sub-component confirms that the RWSS programme is a major focus of the Technical Adviser in Dak Lak. A work place has been established at pCERWASS and the Technical Adviser shall spend at least 3 days in a week or more days if required to provide assistance to the RWSS programme.

## SANITATION

The Technical Review Report mentions that there is no reason for the pCERWASS in Dak Lak to be producing standard designs of different types of latrines.

The Sub-component wishes to emphasize that the drawings produced for the 2 types of latrines are adapted from standard designs (We are not reinventing the wheel). The designs have been checked for their functionality and have been quality assured. The costs of the 2 types of latrines are well below 50 USD per unit. A good cooperation has been established at provincial level between different stakeholders in sanitation (DOH, pCERWASS, DOE, DOC).

**Review team's comments: The review team is concerned to learn that these drawings had been checked for functionality/quality assured in view of the poor vent pipe arrangement for the VIP latrine.**

The Sub-component agrees with the recommendation to give a higher priority to sanitation within its correct institutional setting and with sound and affordable technologies.

## PROGRESS

The technical Review Report mentions that the planned replication in the second district after 1 year, as proposed in the work plan for 2002 will have to be reconsidered because of the delays in completing the financing mechanism guidelines and the framework for planning and design of RWSS facilities.

The work plan for 2002 was based on the completion of the financing mechanism guidelines in March 2002, and this has been delayed 4 months. The work plan has been adjusted accordingly.

The Sub-component will start replication in the second district, only after the lessons from implementation in the first district have been learnt. In particular, it is considered fundamental to adjust the pace of implementation to the objectives of applying participatory and truly demand-responsive approaches.

*Buon Ma Thuot, June 26, 2002*  
**Copenhagen, July 2002**