4. Milestones

18. Some major milestones for future progress have been developed by the water partnership donors in consultation with MARD with indicative timeframes, as follows:

<table>
<thead>
<tr>
<th>Event</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>First meeting of NWRC</td>
<td>Quarter 4, 2000</td>
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<tr>
<td>Establishment of Central Provinces Initiative for Flood Disaster Prevention and Mitigation</td>
<td>Quarter 4, 2000</td>
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<tr>
<td>Establishment of Red River Basin Organization</td>
<td>Quarter 1, 2001</td>
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<tr>
<td>Establishment of NRWSSS Office within the Center of Rural Water Supply and Sanitation</td>
<td>Quarter 1, 2001</td>
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<tr>
<td>Establishment of RBOs for Mekong Delta and Dong Nai River Basin</td>
<td>Quarter 2, 2001</td>
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<tr>
<td>Completion of Water Resources Investment Strategies for the Central Region</td>
<td>Quarter 3, 2001</td>
</tr>
<tr>
<td>NWRC to recommend institutional arrangements within MARD in order to carry out its water resources management responsibilities under the LWR independently from its irrigation and drainage management responsibilities.</td>
<td>Quarter 4, 2001</td>
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<tr>
<td>NWRC will endorse a national water sector profile, a national water action agenda, and a national water policy for Government approval.</td>
<td>Quarter 4, 2001</td>
</tr>
<tr>
<td>Completion of National Water Resources Strategy and Action Plan</td>
<td>Quarter 1, 2002</td>
</tr>
<tr>
<td>Adoption of a National Framework for Water Resources Information</td>
<td>Quarter 1, 2002</td>
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<tr>
<td>Establishment of RBOs for Srepok and Ca River Basins</td>
<td>Quarter 1, 2002</td>
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<tr>
<td>Piloting of water exploitation and wastewater discharge licensing systems in Red, Srepok, and Ca River Basins</td>
<td>Quarter 1, 2002</td>
</tr>
<tr>
<td>Policy statement for planning and managing of the Dong Nai River Basin.</td>
<td>Quarter 1, 2002</td>
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<tr>
<td>Completion and approval of River Basin Plan for Red River Basin</td>
<td>Quarter 2, 2002</td>
</tr>
<tr>
<td>Completion and approval of River Basin Plans for Lower Mekong, and Dong Nai River Basins</td>
<td>Quarter 1, 2003</td>
</tr>
<tr>
<td>Completion and approval of River Basin Plans for all river basins in the Central Region</td>
<td>Quarter 2, 2003</td>
</tr>
<tr>
<td>National implementation of water exploitation and wastewater discharge licensing systems</td>
<td>Quarter 3, 2003</td>
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</tbody>
</table>
management, irrigation management and increased user participation will be key criteria in selection of projects under the strategies assisted by all key donors.

- A water resources investment strategy for the Central Region, a geographic area that has been relatively neglected, will be prepared in 2001 by ADB and the Netherlands under the TA Cluster. The strategy will assess the impacts of a range of water investments on poverty reduction and the environment and its findings will be available to all donors to help improve coordination. Following preparation of the strategy, ADB will explore investment opportunities in the Northern Central Provinces.

- With assistance from Denmark, the World Bank is helping MARD to screen river basins in Central Vietnam for possible support under its forthcoming Vietnam Water Resources Assistance Program. The Program will support river basin development and management, and irrigation and drainage investments. Through the partnership created by the TA Cluster, initiatives in Central Vietnam will be taken in a coordinated way.

- A multi-donor initiative led by the Netherlands and UNDP has explored the needs for flood disaster prevention and mitigation in the Central Region. An investment and TA program is presently being formulated to address short, medium, and long-term needs.

- Denmark has long experience in the Srepok river basin, and has committed to provide a program of sustained capacity building for water resources management within MARD and its supporting institutions over the medium term.

- In the Red River Basin, a second sector project is being prepared with assistance from ADB and expected co-financing from France and the Netherlands. The project will assist water resources planning and management through the RBO, introduce a water licensing and discharge permit system, support water quality monitoring, and strengthen public awareness and education. Investment subprojects will support the rehabilitation of irrigation, drainage, and flood protection facilities, together with decentralized rural development support activities implemented with community participation.

- Denmark, UK, Australia, and UNICEF will support the implementation of the NRWSSS in different regions, involving the Center for Rural Water Supply and Sanitation to revise the national investment plan for RWSS.

- Other bilateral donors, including Japan and Finland, are providing support for a variety of water sector infrastructure projects that will assist in the implementation of the policies and plans, and the achievement of the goals and objectives, of the Government.
• ADB and the Netherlands also provide assistance to develop the functions, composition and operating protocols of the NWRC. These have been agreed, and a Prime Ministerial Decision was approved in July 2000 to establish the NWRC, whose membership has also been agreed. The first meeting of the Council is expected in late 2000. Australia is planning to provide supplementary capacity building support.

• **Water Resources Planning and Management.** Once established, the NWRC will commission a national water resources strategy and action plan. Several donors have pledged to support this process.

• A National Hydropower Plan Study being carried out by EVN with support from Sweden and Norway will assess national options for future hydropower development in the context of five river basins: Lo-Gam-Chay, Da, Ca, Se San and Dong Nai.

• A study of the potential for groundwater development in the Central Highlands is under preparation with support from Japan.

• In the Red River Basin, with support from ADB and the Netherlands, a licensing surface water exploitation and a wastewater discharge permit system are under development that can serve as models for use throughout Vietnam.

• A National Framework for Water Resources Information to improve coordination among water agencies in data collection and processing will be supported by Australia. The project will help to improve availability and sharing of water resources data among agencies, stakeholder groups and community data users.

• **Capacity Building.** At the national level, technical assistance will be provided to the NWRC via the TA Cluster. This will include support for capacity building from the ADB and the Netherlands and training from Australia.

• Assistance will be given to MARD, the Water Resources University and key water sector institutes to implement the LWR and the National Rural Water Supply and Sanitation Strategy, including support for curriculum development related to reforms in integrated water resource management and hydrologic modelling by Denmark and coastal engineering by the Netherlands.

• The World Bank and ADB have assisted the sector through several capacity building initiatives and lending operations. Implementation and management capacity has improved significantly in investment preparation, supervision, quality control and financial management. A decentralized and participatory approach has been applied to investment preparation, implementation supervision, and the delivery of irrigation and drainage services, including participatory irrigation management (PIM).

• The World Bank is supporting training and capacity building to improve dam safety with grant support from Italy. The goal is to upgrade the institutional, legal, regulatory and administrative arrangements for dam safety inspections, especially for emergency cases. This is important as Vietnam has many water storage reservoirs that need attention.

• **Water Resources Development and Water Service Delivery.** Preparation of investment strategies and projects are in progress throughout Vietnam. Institutional reform of river basin
wastewater discharge. A system for licensing of groundwater exploitation already exists, although it is not widely implemented.

15. The successful implementation of the LWR and initiatives for participatory management of water services will require a number of important changes. Current institutional arrangements for water resource management reflect a vertically oriented and fragmented subsectoral approach, which does not facilitate coordination or collaboration among agencies and stakeholders. Horizontal collaboration will be introduced over time, among ministries at the national level and among provinces at the river basin level. The establishment of the NWRC and RBOs should facilitate this process.

16. The limited capacity to implement these new approaches to water management is recognized by MARD and by the Departments of Agriculture and Rural Development at the provincial level. However, it is not easy to retrain technical staff with skills in irrigation, drainage, flood control, and water supply to become water resource managers. Also, Government has yet to provide the additional financial and human resources required to establish the RBOs and implement the LWR. Nevertheless, MARD has already adopted a comprehensive strategy for capacity building in water resources management and obtained significant commitments from donor partners to help implement this strategy.

3. Partner roles

17. International donor partners are providing MARD and other ministries with substantial financial support for the water sector. The total expected assistance commitment amounts to hundreds of millions of dollars over the next five years. In addition, most donors, including the World Bank, ADB, Danida, Australia, Japan, and the Netherlands, have changed their focus from physical infrastructure development to a more balanced mix of development and resource management projects. There is increasing coordination among donors, who over the last two years have made a significant effort to improve the efficiency of available funds, and to coordinate their programs to meet the needs of the sector. The group of key water sector partners is led and coordinated by MARD and ADB. A Technical Assistance (TA) Cluster has been established which helps to coordinate the activities MARD’s donor partners and their investments. The following summarizes the main roles of the various donor partners in the water resources reform process:

- **Legislation.** One of the four decrees for the implementation of the Water Resources Law has so far been enacted. This is the general implementing decree (Decree 17911999-ND-CP). It was drafted with the assistance of the World Bank, which is also seeking support for the preparation of the remaining three decrees.

- **Institutional Reform.** Implementation of the LWR is most advanced in the Red River Basin. ADB and the Netherlands have helped to design the RBO, an inter-ministerial body to be called the Red River Basin Commission, with a supporting office to be located in MARD. These donor partners are also supporting the legal instruments needed to establish these bodies and a strategic plan for the RBO.

- Additional TA projects are now being prepared to support establishment of RBOs in the Dong Nai (ADB and the Netherlands), Mekong Delta (Australia and World Bank), and Srepok and Ca Rivers (Denmark).
and sanitation. In realizing the water vision, MARD will need to cooperate with other ministries responsible for water exploitation, management and protection (including the Ministries of Industry, Construction, and Environment) to achieve the necessary degree of coordination.

8. To improve delivery of water services, the government has adopted a decentralized and participatory approach. Provincial irrigation and drainage management companies have been established which are encouraged to become autonomous and self-financing. The participation of water users is being promoted through water user groups and cooperatives. The recovery of operation and maintenance costs is recognized, although subsidies are still large and service standards and performance indicators have yet to be established. To close these gaps, a process of sustained capacity building is needed based on a partnership among water users, service providers, and external support agencies.

2. Key steps

9. The LWR became effective in January 1999 and represents a major step towards attaining the vision for integrated water resources management. The LWR sets out the main elements of the reform process, and the key steps or milestones for successful implementation.

10. The new Law and its main implementing decree (17911999-ND-CP) define the scope of water resources management in Vietnam and also identify the responsibility of each agency at national and provincial level in the implementation of its articles. An important principle embodied in the LWR is that the ownership of water rests with the people of Vietnam and is to be managed by the government on their behalf.

11. Article 58 of the LWR describes the responsibility of government for the management of water resources. It specifies (among other things) that the Government, through MARD, performs the role of water resource manager, with comprehensive and far-reaching powers. Other ministries are assigned responsibilities in implementing specific functions of water resources management. The People’s Committees of the provinces and of cities are responsible for management of water resources in their own jurisdictions.

12. The LWR establishes the river basin as the primary unit of planning and management. Article 59 specifies that the National Assembly will decide on investment strategies for water resources works of national importance. The Government will approve planning of large river basins and important water projects, while MARD is responsible for approving the planning of river basins and hydraulic works systems, under delegation of the Government.

13. In Article 63, the LWR stipulates the major role of the NWRC is to advise the government on important water resources issues and to coordinate national water resources planning and management across the various ministries. One of the initial key tasks of the Council will be to commission and oversee a national water resources strategy and action plan.

14. Article 64 establishes the concept of a River Basin Organisation as the vehicle for the management of river basins. RBOs are to be established under MARD. The Government is giving priority to establishing RBOs in major river basins, including the Red River, Dong Nai and Lower Mekong River Basins. However, the exact role and functions of RBOs is not yet specified and must be established through decrees. Other important provisions of the LWR include the introduction of licensing for surface water extraction and a permit system for
Introduction

1. Vietnam is experiencing a period of relatively strong economic growth based on a process of economic, social and administrative reform (“doi moi”) across all sectors. The Government is promoting “modernisation”, in order that Vietnam fulfils its potential. One of the keys to sustaining growth is the better management of the country’s water resources.

2. Despite its relative abundance, water is an increasingly vulnerable resource in Vietnam where population and economic growth compete for water to meet food requirements and other uses. Spatial and temporal variability of rainfall and runoff are high, even though, on average, ample water is available. Vietnam experiences severe flooding at certain times and droughts at others, and watershed degradation has exacerbated these effects.

3. Rapidly rising demands for water from rural and urban sectors for agricultural, industrial and household uses, pose a formidable challenge. Much of the existing infrastructure in rural areas (irrigation, drainage, flood control) is in a state of deterioration due to neglect, war and natural disasters, and more investment is needed to rehabilitate and improve it. Water quality is decreasing as agricultural, industrial and household users vie for scarce water supplies, and the development of effective rural domestic water supplies and sanitation has barely begun. In urban areas, the demand for water is expected to double over the next 20 years. To address these challenges, government will need to accelerate reforms, and bring about closer cooperation among sector ministries and donors.

1. The vision

4. Government recognizes the challenge of the water sector and its response has been to pay closer attention to water management. Its vision for the future, formulated with the support of the Global Water Partnership, is for better and more efficient use of available water resources, managed in a more integrated and participatory way. The vision encompasses the management of water resources and the delivery of water services, especially for irrigation and drainage, and rural water supply and sanitation.

5. A new Law on Water Resources (LWR), which provides for significant reforms water resource management reforms, was passed by the National Assembly in May 1998. The LWR took more than 10 years to develop and its formulation was assisted by the World Bank. Many of the reforms set out in the LWR are now being implemented. Many donor agencies are supporting the process of change.

6. A National Rural Water Supply and Sanitation Strategy (NRWSSS) was approved by the Prime Minister in August 2000. The NRWSSS was prepared with assistance of Denmark, and promotes a demand-based approach with community participation in all project phases.

7. The LWR and NRWSSS place the major responsibility for attaining the Government’s water vision with the Ministry of Agriculture and Rural Development (MARD). MARD will play a central role in the establishment of a National Water Resources Council (NWRC) and River Basin Organizations (RBOs). MARD is also increasingly involved in rural water supply