

**Government of Vietnam  
Australian Agency for International Development, AusAID  
Ministry of Foreign Affairs, Denmark, Danida  
Ministry of Foreign Affairs, The Netherlands**

**Appraisal Report for the Joint Donor Assistance  
to the  
National Target Programme for Rural Water Supply and  
Sanitation - Phase II (2006-2010)  
Vietnam**

**17<sup>th</sup> May 2006**

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## Abbreviations

AT	Appraisal Team
AusAID	The Australian Agency for International Development
BOH	Bureau of Health (District Level)
CBO	Community Based Organisation
CERWASS	Centre for Rural Water Supply and Sanitation
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CFAA	Country Financial Accountability Assessment
CPAR	Country procurement Assessment Report
Danida	Danish International Development Assistance
DFID	Department for International Development (Britain)
DKK	Danish Kroner (approx. equal to 15 cents of a US \$)
DARD	Department of Agriculture and Rural Development (Provincial Level)
DOET	Department of Education and Training (Provincial Level)
DOF	Department of Finance (Provincial Level)
DOH	Department of Health (Provincial Level)
DONRE	Department of Natural Resources and Environment
DPI	Department of Planning and Investment (Provincial Level)
DWRM	Department of Water Resources Management
EIA	Environmental Impact Assessment
GoV	Government of Vietnam
GSO	General Statistics Office
HIV/AIDS	Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome
IEC	Information, Education and Communication
JIMTT	Joint Inter-ministerial Task Team
JGDR	Joint Government Donor Review
MARD	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOH	Ministry of Health
MOLISA	Ministry of Labour, War Invalids and Social Affairs
MONRE	Ministry of Natural Resources and Environment
MoU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
NGO	Non Government Organization
NTP	National Target Programme
NTPII	National Target Programme for Rural Water Supply and Sanitation (2006-2010)
NRWSSS	National Rural Clean Water Supply and Sanitation Strategy
PD	Programme Document for Joint Donor Support to NTPII
PER	Public Expenditure Review
PPC	Provincial People's Committee
O&M	Operation and maintenance
RBMO	River Basin Management Organizations
RWSS	Rural Water Supply and Sanitation
SPB	Social Policy Bank
TA	Technical Assistance
TPBS	Targeted Programme Budget Support
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VFM	Value for Money
VND	Vietnam Dong. In May 2006, 1 US \$ equalled 16,000 VND.
VWU	Vietnam Women's Union
WRM	Water Resources Management



## **1.0 INTRODUCTION**

A joint donor – Government of Vietnam (GoV) review of the rural water supply and sanitation (RWSS) sub-sector was undertaken in 2004 under the guidance of Ministry of Agriculture and Rural Development (MARD) and the donor working group. The study was complemented by an internal review of the National Target Programme - Phase I (NTPI) by MARD. The improved co-ordination between the donors and the development of the second phase of RWSS NTP (NTPII), which builds on lessons learned from the RWSS NTPI as well as from other Vietnamese implemented programmes, including donor funded RWSS programmes and projects, has given scope for a major shift and simplification in the modalities of co-operation and following the Paris declaration, a harmonisation and alignment of donor assistance to the same sector objectives.

This joint donor sector programme support to water, sanitation and hygiene promotion will thus provide the bulk of assistance as Targeted Programme Budget Support (TPBS) towards implementation within government structures and support the simplification of the modalities for co-operation compared to previous Australian (AusAid)/ Danish (Danida)/ Netherland's assistance.

The appraisal of the joint donor assistance to RWSS NTPII has been carried out in Vietnam from 1<sup>st</sup> to 19<sup>th</sup> May 2006 by a team representing the GoV and the donors. The TOR for appraisal is reproduced as Annex A, which includes the names of the team members. Annex B contains a list of key persons met.

The appraisal team (AT) appraises the proposed assistance positively as presented in the PD with only eight recommendations - one which is considered a modification (in respect of the arrangements for technical assistance) and seven considered as clarifications (included in the body of the text and in the annex with Recommendations – Annex C), which may be considered for inclusion in the PD.

The views expressed are those of the AT, which do not necessarily correspond to those of the Governments of Vietnam, Australia, Denmark and the Netherlands. All proposals are subject to approval of the four governments. The AT would like to express its thanks to all officials and individuals met for the kind support and valuable information, which the team received during its stay in Vietnam and which highly facilitated the work of the team.

## **2.0 PREPARATION PROCESS**

The broad outline of a concept for co-operation was developed following the above mentioned review and a number of follow-up studies together with discussions between MARD, Ministry of Planning and Investment(MPI), Ministry of Education and Training (MOET), Ministry of Health (MOH) and the major existing and potential donors to the RWSS sub-sector. At an early stage it was decided to merge the co-operation programmes of AusAid and Danida, thus combining the efforts of the two largest bilateral donors to RWSS in Vietnam. At a later stage, the Netherlands joined the co-operation. The annual sector review of the Danish WSPS I in March 2005 was instrumental in the early discussions on the co-operation concept and especially regarding the focussing of support to the future RWSS NTPII. Initially, a Joint Inter-

Ministerial Task Team (JIMTT) was set up led by MPI, and subsequently chaired by MARD. Concept notes were developed by MARD, MOH and Ministry of Natural Resources and Environment (MONRE), together with guiding principles from the three donors. These were discussed and formed the basis for a combined note that was presented to the Australian and Danish authorities in May/June 2005.

The GoV appointed the Centre for Rural Water Supply and Sanitation (CERWASS) to lead the preparation of an RWSS NTPII document. The first draft document for NTPII was circulated in August 2005 and the latest version is dated December 2005. The latest draft NTPII document was forwarded for the GoV appraisal process led by MARD. All versions were drafted in Vietnamese and then translated into English. Danida and UNICEF assisted in structuring the preparation work and has worked closely with MARD, MOET and MOH to support the process, ensuring that sanitation and hygiene promotion was given due priority. Trips were further made to some of the poorer provinces to assess the relevance of AusAID/Danida support seen from the provincial perspective. When the second draft of the RWSS NTPII document was ready, a joint assessment was launched which recommended support to RWSS NTPII in the form of TPBS, but on a pilot basis in the first two years in a limited number of provinces. The key decision on the way forward was agreed at a special JIMTT meeting.

Following the assessment report, most of the recommendations were adopted and included in the December 2005 draft of the NTPII document and a joint AusAID/Danida formulation mission took place in December 2005. The structure and mechanisms of the donor support were then proposed and agreed from a donor point of view. At a JIMTT meeting on 17th January 2006, broad agreement on the main outlines of the support programme was reached and where upon the draft Programme Document (PD) for joint donor support was prepared based on the RWSS NTPII. At a workshop in early March 2006 the PD was discussed and reactions and comments presented. At this stage, the Netherlands informed about their interest in co-funding the programme. The final draft (March 2006), which forms the basis for this joint appraisal mission was then prepared.

### **3.0 THE PROGRAMME IN THE NATIONAL AND SECTOR CONTEXT**

Improving the availability of clean water supplies and of appropriate sanitation facilities for poor rural communities is a key development activity of Vietnam. The national goal is to provide all rural people with sufficient clean water and hygienic latrines by 2020.

The Comprehensive Poverty Reduction and Growth Strategy (CPRGS) sets the following target for RWSS:

*“To ensure that 60% of rural population have access to clean and safe water and 50% rural population have access to sanitary toilets by 2005 and 85% of rural population have access to clean and safe water and 75% have access to sanitary toilets by 2010.”*

And:-

*“To ensure that all rural primary schools, kindergartens, nurseries, clinics and communes people’s committees have access to clean water and hygienic latrines by 2010.”*

### **3.1 The Relevance of the Programme**

The rural water supply coverage in 2003 was 55% (22.7% for the poorest 20%) and rural hygienic latrine coverage was 25% (2.0% for the poorest 20%). The joint GoV donor review (JGDR) of rural water supply, sanitation and health in 2004 identified the importance of targeting the poorest sections of the population and the most remote parts of the country in an effort to improve coverage. To develop the RWSS sub-sector, the JGDR report stressed the importance of developing a supportive and co-ordinated institutional environment in their analysis of the sub-sector. The report further stresses the fragmentation and lack of co-ordination between the different institutions and agencies involved in the sub-sector not forgetting the almost superficial engagement by any of the parties with the private sector. However, the major challenge and the key recommendation from the JGDR is a concerted effort to improve the access of rural people to improved sanitation.

### **3.2 The Capacity of National Partners**

A large number of policies and strategies guide the sector. At times they overlap, but more importantly they are often being implemented differently by competing ministries, despite the existence of inter-ministerial co-ordination committees. At provincial level the main institutional constraints, besides lack of communication and co-ordination, are the lack of familiarity with the NWRSS strategy, particularly principles affecting the sustainability of the provided infrastructure.

The lack of internal and external communication and co-ordination at national as well as at provincial and district levels are important concerns that together with the lack of capacity to manage implementation and to ensure sustainability are crucial issues that need proper attention.

### **3.3 The Assistance Provided by Other Donors**

Under the leadership of MARD, a partnership for rural water supply and sanitation sub-sector was established to provide a forum for discussion and harmonisation of external support. A memorandum of understanding was signed to formalise the partnership on 15<sup>th</sup> May 2006. If successfully implemented, this partnership will ensure that the Paris Declaration (and the Hanoi Core Statement on Aid Effectiveness) is properly observed.

### **3.4 Relevant Previous Experience**

The NTPII has attempted to capture the lessons learned and experiences gained from not only the NTPI but also from the parallel running programmes such as 134 and 135, which include RWSS components or sub-components. However, it is still to be properly operationalised and this will only happen when the specific regulations and guidelines for the implementation of the NTPII are prepared and approved. The regulations and guidelines will be prepared when the NTPII is officially approved, which probably will take place in August/September this year, and when funds are allocated to execute the preparation activities.

### **3.5 Cost-effectiveness**

The planned per capita cost for water supply facility per person in the NTPII budget is understood to be US\$ 30, and for sanitary facilities at US\$ 17. These costs include implementation costs and the possible contributions in cash or kind by the beneficiaries, the setting-up of user groups and the establishment of systems for O&M, but not the TA planned to be delivered by the donors.

Even if these cost estimates are unrealistic for the more remote areas, and hence for several of the pilot provinces, where cost estimates of around US\$ 60 per beneficiary for water supply were presented to the AT, they may well be realistic as an indication of the average costs. However, compared to international costs they are low. This reflects the lower costs of labour and materials in Vietnam, but also inadequate attention paid to support activities and quality assurance.

To estimate the cost effectiveness, it is necessary to take into account the quality of the construction works, the whole preparation process incl. planning, design, tendering, supervision during construction, the setting up of user groups and the establishment of systems for O&M. Addressing these issues properly will require additional funds.

#### **4.0 ASSESSMENT OF THE PROGRAMME CONTENT**

The AT finds that some sections of the report (e.g. strategy and technical assistance) are excessively fragmented, making them difficult to read/comprehend. Perhaps for this reason, the AT received few comments on these issues during discussions at national and central level.

The PD incorporates strategic considerations in several sections, as follows:

Section 3.2 - Strategic and methodological approach of the agreed assistance.

Section 3.3 - Strategy for technical assistance.

Section 4.3 - Detailed strategy.

Annex K - A possible strategy for the RWSS Component

To understand the strategy of support programme it is necessary to piece together the information from these various sections.

In respect of TA, it is necessary to collate information from the following:

Section 3.2 - Strategic and Methodological Approach to the Agreed Assistance.

Section 3.3 - Strategy for Technical Assistance.

Section 5.2 - Budget Details for Technical Assistance.

Annex B - ToR for Pilot Phase Evaluation Studies.

Annex C - Job Descriptions for Long Term Technical Advisers.

Annex E of this report contains the AT understanding of the TA arrangement during the pilot period extracted from the various relevant sections and annexes.

#### **4.1 Joint Donor Assistance to NTP for RWSS Phase II**

##### **4.1.1 Objectives and Outputs**

***Development Objective:*** The AT finds the development objective of the joint donor assistance to the NTPII, which combines the two development objectives of the NTPII, is concise and appropriate. This is: *Improved health and living conditions of the rural poor including ethnic minorities through provision of clean water, sanitation, hygiene promotion and protection of the environment.*

The AT notes that behaviour change rather than achievement of physical construction targets is the most important condition for achieving the development objective. In fact,

progress to reaching this objective can be made simply by improving the hygienic behaviour of the household – at little or no cost. Provision of clean water and of sanitation support the achievement of this objective, but the objective cannot be reached without an accompanying behaviour change.

It is necessary to make this point to put into perspective the discussion on financing arrangements linked to poverty targeting (loans and/or subsidies). If there is a genuine desire on the part of households – based on hygiene promotion through IEC – to improve their hygienic practices, they will demand improved household sanitation and improved water supplies. A demand-driven approach will also contribute to lowering the costs of sanitation and water-supply infrastructure and this will contribute to decreasing the total household contribution – even if the % “own contribution” were to remain the same.<sup>1</sup> It is therefore important that the focus of the support to NTPII is principally on hygiene promotion and IEC, and that provision of services to households follows a demand driven approach targeted at improving health rather than attempting to reach specific coverage targets at all costs.

A number of financial provisions are included in the PD and in the NTPII to support the achievement of this objective – particularly relevant are the discussions on loans, grants and subsidies.<sup>2</sup> It is not clear from the NTPII what the preferred solutions are – the approach needs to be further clarified. Efforts to address this issue are being undertaken as part of the pre-pilot activities.

In discussions which the AT held at the MPI, concern was raised that grants and subsidies might not be a feasible national strategy, and that a loan facility might be a better option. The AT is also concerned that a grant/subsidy facility to poor households may be difficult to roll out nationally but does concur that measures for targeting poor households need to be developed. A more detailed discussion on poverty and poverty targeting is taken up in Annex G.

#### 4.1.2 Management and Organisation

The basic principle for the joint donor supported assistance is that it will be managed by the GoV as part of the general RWSS NTPII following the generally established rules for the NTPII management. No distinction will be made between GoV funding and donor funding, at least within the budget lines that the donors have agreed to co-finance. It is further established in the PD that when necessary, possible changes in the set-up and management procedures should be made as a result of the policy dialogue between the GoV and the involved donors and be general for the whole NTPII, not only the externally financed part. These basic principles are considered to be sound and in accordance with the general policies of the donors.

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<sup>1</sup> One of the lessons learned is that with a supply-driven approach, infrastructure provision tends to be over-designed and over-priced. A 30% own contribution of an over-priced facility is more difficult to raise for a household than 30% of a lower priced service that they themselves demand.

<sup>2</sup> The NTP2 notes that “users will pay for all expenditures for construction; (further that) “government will offer loans for construction (and will) cover part of the expenditure for poor areas, poor households, very poor households and social policy targeted households” (NTP2 Draft – Section II.3). Elsewhere (Section V.2.2) the document refers to the requirement that all HH will need to fund between 25-30% through own contributions, with access to loans to cover the remaining; and further (under V.2.7. Subsidy) that “poor households will receive support for part of the construction” – this is understood to mean a subsidy.

The existing management structure for RWSS NTPII is described in the PD in Chapter 2 on National Sector Framework and in Chapter 6 on Management and Organisation. There is further a more detailed description of the set-up in Annex F, drawing principally upon the description of the NTPs from the 2005 Public Expenditure Review (PER). The description lacks precision related to some crucial points regarding the management (refer below), but this is due to the rather general description of these issues in the NTPII document.

**Roles and responsibilities:** MPI has, with financial support from the donors, started the process of analysing the mechanisms and procedures of the NTPs, a process that is expected also to produce proposals for more detailed guidelines. During this process it is expected that several of the voids in the NTPII document regarding the distribution of roles and responsibilities will be detailed.

The NTPII document correctly points out the need to engage a series of different actors in the management of the programme, but in some cases it is not clear, who will have the concrete implementation responsibilities. This is particularly relevant in the case of the roles of the districts and the provincial DoHs. However, at the national level the issue of institutional responsibility has been resolved, and the Water Resources Management Department has been appointed Standing Office for the NTPII.

At present in the pilot provinces, there are several sources of funding of RWSS, among which the RWSS NTPII, P134 and P135 seem to be the most important. The districts – and in some cases the communes – have the concrete implementation responsibility for P134 and P135, while the pCERWASS offices have been implementing NTPI. To respect the principle of decentralisation, stressed several times in the NTPII document, and to create more coherence in the planning process, it is recommended to make the districts the reference point for RWSS NTP implementation in the future.

The AT **recommends** that MPI should during the on-going revision of the regulations and guidelines for the NTPs consider that the districts and the communes have the main implementing roles for the RWSS NTPII, when the size of the projects are within the limits of their respective capabilities/cost ceilings. The water user groups should, as it has been established in the NRWSS, have a central role in the planning and supervision of the RWSS projects, and should, when possible, be “project owners”.

In the case of the sanitation sub-component, this falls mainly within the mandate of the DOHs. Furthermore, experience has shown that when the sanitation sub-component is handled by the water supply implementer, it receives a low priority.

The AT **recommends** that MPI should during the on-going revision of the regulations and guidelines for the NTPII consider that the responsibility and the funding for sanitation is allocated to the DOHs, and that implementation is carried out by the BOHs of the districts and the communes.

**Capacity building:** There is limited capacity in the provinces in relation to implementation of the RWSS NTPII, not least in the pilot provinces, which are among the poorest in the country. The capacity constraints are found particularly at district and commune level, and will no doubt be more pronounced when the funds available for RWSS are increased substantially in the pilot provinces. The capacity constraints are

found within several areas e.g. demand-responsive approaches, appropriate technologies, e.g. simple low-price RWSS solutions, procurement, supervision, financial management, setting up of O&M organisations, involvement of the users throughout the implementation cycle, etc.

The need for capacity building is mentioned in the NTPII document, but no specific actions to address this shortcoming are specified, and no particular budget line has been reserved for this purpose. This constitutes an important risk for the programme and should be addressed appropriately.

Some capacity building will be done in the pilot provinces by the TA provided in kind by the donors during the first two years. This is considered insufficient and is anyway limited to the pilot provinces. Capacity building activities will be supplemented by the activities of other donors and those of UNICEF, as well as by NGOs active in the pilot provinces (and in the RWSS sector).

The AT *recommends* that the RWSS NTPII Standing Office should, as part of the preparatory activities, elaborate specific and concrete guidelines for capacity building based on defined roles and responsibilities. The GoV should ensure that operational guidelines with the sufficient funds for implementing the capacity building activities are made available within NTPII.

***Allocation of the NTPII funds to the Provinces:*** During NTPI, the allocation of funds to individual provinces has been made by MPI in co-operation with the RWSS NTPI Standing Office, following a formula which makes a basic allocation to each province according to population and then additional allocations using criteria such as poverty, low coverage of RWSS, incidence of drought, the level of pollution, etc.

The AT suggests that the formula for assigning funds to individual provinces be revised to take properly into account the level of coverage with RWSS together with health indicators, which should be one of the main criteria for allocation of funds.

***Reserve Budget:*** The purpose of the “reserve budget” needs to be clarified. The AT cannot see how it will be possible to use these funds in year 1 prior to the benchmarks performance being monitored/evaluated. Clarity and criteria should be developed together with GoV on the use of the “reserve budget”.

The AT suggests that consideration is given to using the ‘reserve budget’ to strengthen performance incentives. This could initially apply to the pilot provinces, but should be considered in the design of the expected national NTPII support. Clear performance criteria, their link to specified additional levels of funding, and the means by which they will be jointly assessed with GoV need to be established before the pilots phase begins. The criteria should be relatively few (1-2?), simple and easy to specify, and result from negotiations with GoV regarding the ‘Triggers Matrix’.

#### 4.1.3 Technical Assistance (TA)

Notwithstanding the lack of clarity on TA arrangements (refer to the initial paragraphs of Chapter 4.0 and Annex E), the AT team identified a number of concerns associated with the TA model proposed in the PD. These relate to flexibility of TA deployment, sustainability and ensuring appropriate institutional alignment.

The AT *recommends* that TA arrangements are re-considered, negotiated in more depth with GoV and then elaborated more clearly in the PD. The recruitment process and reporting arrangements for the TA should be specified in detail and reflect the roles and responsibilities of each position.

Given the prior agreement on the TA for the provincial clusters between the Embassies of Australia and Denmark, the AT suggests that donors and GoV discuss establishing stronger links between TA at the provincial and central levels to avoid isolating the provincial TA, perhaps by introducing reporting and/or supervision and co-ordination arrangements between the central TA in MARD and MOH and the provincial TA. Sufficient emphasis must be given to setting up sustainable procedures for information sharing between and within the various levels.

A range of different technical support inputs will be needed at different stages of the pilot phase. Expertise required will include provincial and sub-provincial planning, training in M&E development and roll-out, selection of options for water supply, IEC and sanitation, *etc.* For this reason, advisory inputs will need to be sequenced carefully with this cycle, according to the needs for TA identified in the provincial plans.

In this respect, the role of the mobile teams (i.e. short-term TA employed through a framework contract) needs careful re-consideration. The present PD describes the team's role to be the undertaking of value-for-money and other financial studies without linkage to the provincial TA or a capacity building role. Apparently this was not the intention. The AT team proposes that the financial management role of the Senior International Adviser in MARD and the undertaking of the value-for-money and financial studies could be more effectively undertaken through an international TA in MOF<sup>3</sup>, with a budget allocation for commissioning the financial studies by national and international auditing and/or consulting companies. Placing these activities under the supervision of international TA within the MOF (and not MARD) would then offer prospects of building MOF capacity through the pilot phase and strengthening MOF's financial management systems for NTPs in general. It should be noted that the AT has not had the opportunity to discuss these proposals with MOF.

While the mobile teams are suggested to be done away with, it remains important that the central level TA's should have the possibility to respond flexibly in order to provide a capacity building role in support of the provinces. One option would be for the international TA in MOH and MARD to co-ordinate the delivery of such technical assistance, supporting the provincial cluster TA on a demand-driven basis, starting with support for provincial level planning, thereafter based on the TA needs identified in these plans. TA could be mobilised from i) a centrally held roster of expertise; and/or ii) from national technical institutes.

The AT finds that it will be important to kick start the activities at the start-up of the pilot phase and it is proposed that consideration should be given to providing some short-term support at both central and provincial levels using the available unspecified TA resources. As an initial series of baseline activities, the required

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<sup>3</sup> Ideally, this position could be harmonized with other donors (e.g. DfID) to provide financial systems support for other NTPs (e.g. P135 and Education NTP).

provincial/district/commune baselines of relevant indicators could be verified or, where necessary, established.

An allowance of US\$ 2.23 million has been made for supervision visits during the 5 year programme period. The input includes nine 6-monthly supervision visits and one national rollout assessment. It is not clear to the AT that such a large number of costly supervision visits will be necessary, particularly during the latter part of the programme period and it is considered that some part of these funds could be more appropriately used for supporting short-term consultancies in the pilot provinces .

#### 4.1.4 Financial Management/Procurement

The move from project support to TPBS implies a fiduciary risk, which is one of the main reasons for choosing to include a 2-year piloting phase. No sub-sector specific assessment of the fiduciary risk has been made as part of the programme preparation, but the PD is based on a general assessments of the fiduciary risk in Vietnam, principally the 2005 PER (which updates the analysis made in the 2001 CFAA and the 2002 CPAR).

The PER further includes a specific chapter on the NTPs, which is based partly on a UNDP tracking study from 2003-4 and an in-depth case study of the NTPs in Soc Trang Province. The conclusion is that “Overall, NTP management and planning, based on top-down planning and bottom-up information provision, seems to be working reasonably well.” It is further concluded that “Although the financial control system is relatively strong, the large number of separate NTP sub-programmes militates against clear central oversight and control over programme funds”, thus pointing towards the need to strengthen the reporting and the M&E system. But despite the weaknesses, the PER concludes that “...NTPs are not as weak in fiduciary terms as some have claimed and that they represent reasonable value for money”.

The State Audits 2004-5 audit of the P135 (supported by DfID) has also found a relatively low incidence of mismanagement and in general no evidence of leakage of funds.

The AT has not made a separate assessment of the financial management and procurement issues, but can – based on the above mentioned documentation - endorse the broad analyses in the PD.

The weakest point is considered to be procurement as this is mostly done by direct contracting as the availability of qualified constructors is limited, particularly in remote areas. A new procurement law was approved by the National Assembly in November 2004, and has come into effect by 1<sup>st</sup> April, 2006, but guidelines for the implementation of the law have not been issued yet. The donors supporting NTPII have agreed in principle to support the Public Procurement Office in MPI so that it in co-ordination with MARD and CERWASS can facilitate the implementation of the law in the RWSS sub-sector, once the guidelines have been issued. The main elements of the ToR, currently being discussed, are to train key stakeholders in the new regulations, and to elaborate a proposal for standard bidding documents adapted to the particularities of the sector. The AT supports the basis of these ToR, but considers that the training should be extended to incorporate staff from DOH and DOET.

Taking into account that the perceived financial management and procurement risks are one of the main reasons for including a pilot phase into the joint donor assistance programme, the AT endorses the need for a specific RWSS fiduciary risk assessment that is expected to take place in June and will provide the basis for increased clarity and specificity in the Trigger Matrix related to financial management and procurement. The proposed ToR for the study is considered appropriate.

Given the technical similarities between NTPII and P135 it may be appropriate for the support programme to sustain some of the specific fiduciary strengthening measures that have been realised under P135. These include the production of quarterly fund flow maps from MOF and quarterly reconciliation statements from State Treasury. These can be confirmed or otherwise during the above mentioned sub-sector specific fiduciary risk assessment.

Taking into account the documented weakness of the financial management at commune level, giving the communes a bigger role in the procurement will of course increase this risk, but in fiduciary terms this may be outweighed by the increased social control, as the project is brought closer to the end-users, thus stressing the earlier recommendation to increase the decentralisation within the RWSS NTPII along the lines of the P135.

#### 4.1.5 Programme/Triggers

The programme/implementation plan is presented in section 10 of the PD. The GoV officials met during the appraisal have requested the AT to consider reducing the pilot phase from the presently indicated 2 years. The AT has carefully considered this possibility and does not find it feasible since some of the important key triggers for commencing the roll-out phase are optimistic even given a 2-year pilot period. One trigger requiring 90% of existing schemes to be operational is probably not realisable even during the 5-year programme period let alone the 2-year pilot phase and this trigger needs to be reformulated. In view of these findings, the AT has elaborated the key programme benchmarks and triggers making them more realistic and ‘SMART’ (i.e. Specific - Measurable - Achievable - Relevant - Time-bound) and these are presented in Annex F for consideration by the donors and GoV. It is considered essential that the implications of these critical triggers are fully discussed and understood by the various parties to the programme agreement.

The AT recommends that focus during the first two years is on achieving those physical targets related to RWSS facilities for institutions that provide the necessary basis for IEC activities at the commune level. In particular, this means the construction of appropriate<sup>4</sup> water supply and sanitation facilities at schools, commune health centres and commune peoples’ committee offices. Here it is suggested that, in respect of schools, clinics and commune people’s committee offices a purely supply driven model is followed based on the needs and the gaps identified during the initial baseline exercise. This will ensure that physical construction activities can take place in the field while the household-, and community-focussed IEC activities, including the demand-driven approach, are initiated. Provision of water supply and sanitation facilities at

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<sup>4</sup> The MOET, together with UNICEF and Plan International are scheduled to complete the revision of design standards of institutional water supply and sanitation facilities. These should form the basis for the construction programme of schools.

market places is more appropriate for a demand-driven approach and will need to be treated separately.

As an initial activity, a baseline will need to be done which maps all the facilities, the state of their infrastructure, and their RWSS requirements. This baseline will link up with existing data collection activities – including that being undertaken by the GSO – to ensure that parallel and unsustainable data collection activities done in parallel to the existing systems, are not created. This will provide an immediate focus for the work of the national and international TAs assisting the respective local authorities.

A matrix which presents the various proposed actions and interventions is included as Annex F. This matrix includes four “hard” triggers, three of which are drawn from the PD. It is proposed that the matrix be adopted as a source of ideas for the finalisation of the PD, that it be discussed and negotiated with GoV prior to the finalisation of the PD, and that it then be adopted as a framework for the joint donor-GoV supervision of the support programme. The matrix should be seen as a rolling document, to be adjusted as needed by mutual agreement between GoV and the donors, and should fit into the monitoring and evaluation system of the NTPII, thus ensuring that the M&E system can also assist supervision missions with information necessary to support the assessment of each benchmark and trigger.

#### 4.1.6 Risks and Assumptions

The assumptions and the risks have been related to each other, with the assumptions formulated as repetition of the risks, but as positive statements of these. This section needs to be reformulated.

The section should separate risks from assumptions. If there is a reasonable probability that something will happen, it should be kept as an assumption. If there is a considerable probability it will **not** hold, it should be formulated as a risk. In the latter case, the mitigating measures should be described, the effect of the risk on the achievement of the objectives should be stated, and it should be indicated how it will be monitored, so further measures can be taken, if it does not hold.

A more detailed contribution to the rewriting of the section of assumptions and risks is included as Annex H.

Based on the experiences from NTPI, it is considered that the main risk is that the constructed facilities (both for water supply but also for sanitation) will have a too short useful service life, because of: (i) poor design and construction quality, (ii) insufficient emphasis put on IEC, involvement of the users and the setting up and training for O&M.<sup>5</sup> The avoidance of this risk is one of the main challenges of the NTPII. Among the mitigating measures taken in the design of the RWSS NTPII should be mentioned:

- The necessary guidelines and manuals for technical design and construction of RWSS facilities have been developed during the previous phase;

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<sup>5</sup> It may be noted that there was little useful O&M experience from NTPI in respect of sanitation, as the tendency under NTPI was to focus on water supply. Although the risks may be less for household sanitation because structures will be maintained by the households, issues around design and IEC are also factors for household sanitation and for institutional sanitation.

- More funding (8.9%) is available for implementation, IEC activities, capacity building and other software activities than in NTPI;
- A Strategy for Capacity Building, particularly at district and commune level, should be elaborated with the aim of increasing the capacity both within technical and software issues (but as mentioned elsewhere, it is not clear that there is enough funding for this capacity building);
- Decentralisation of implementation of the NTPII to district and commune level can bring the decisions closer to the end-users and create a higher degree of ownership;
- Guidelines for the implementation of NTPII to be elaborated before programme start can emphasise the need to follow the National RWSS Strategy, and hence put more emphasis on community involvement and the setting up of O&M organisations;
- A trigger/indicator on O&M has been included to decide on the transition from the pilot phase to national roll-out;

It is far from guaranteed, however, that these measures will be sufficient. Should they not be sufficient, the implication for the programme is that even if the RWSS facilities are constructed as expected, a considerable proportion of these will after a couple of year be functioning at low capacity, or not at all, and rehabilitation will have to be undertaken, resulting in a waste of resources.

Should the trigger on O&M not be met, changes in the programme should be made before national rollout.

#### 4.1.7 Monitoring and Evaluation (M&E)

The AT discussed M&E arrangements with stakeholders at national and provincial level, including discussions with CERWASS and UNICEF. On the basis of these discussions, the AT concurs in general with the debriefing note on detailed M&E development. The AT team reiterates the importance of ensuring that the final design of the M&E system uses only existing sources of monitoring data, and existing reporting arrangements thus eliminating entirely the need for additional allowances and payments. The AT suggests specific attention is given to ensuring that outcomes (incidence of water-borne diseases, attitudes to sanitation etc) are monitored and reported, to complement existing emphasis on inputs/activities.

The AT understands from CERWASS that the existing preliminary design does not enable evaluation of impacts on ethnicity, or to distinguish gender impacts. The AT therefore *recommends* that monitoring data disaggregates gender and ethnicity data as appropriate.

#### 4.1.8 Action Research

The development of options for the use of research funds was intended to be a pre-pilot activity. However, the only information available on this to the AT was the text contained in the PD.

The AT agrees with the approach that “studies will be identified as the needs arise” and that this remains a flexible facility. The key to maximising the value of the research funds available will be the organisation of the “Operational Research Committee”. This Committee will be the institutional anchorage through which the results of the research

will be disseminated and will also play a role in defining the research that is undertaken. The research should not be purely academic – rather it needs to be supportive of the planning and implementation of NTPII.

The AT does not support the establishment of a scientific panel of “eminent scientists” communicating electronically. It is difficult to imagine that this will be the most suitable vehicle for initiating, channelling and supporting action research. However, involvement of both the International TA in MARD as well as the International TA in MOH is supported – the latter should also be involved because it is important to avoid the tendency to pass over sanitation and hygiene-related aspects in favour of a water supply related focus.

The AT would prefer a Vietnam-based facility, which could continue to function for the whole five year period. This facility should also be broader than the three ODA partners and the GOV institutions involved in the NTPII, and should also involve the other actors in the sector – including the NGOs and the Vietnamese research institutions.

The roles which need to be played by the research facility could include: 1. ensuring the widest and most progressive technological and institutional set of options are considered and where relevant, tested; 2. documenting and collating lessons learned; 3. disseminating ideas and best practice lessons arising from the NTPII support programme to other GoV programmes (e.g. P135), other donor and NGO projects, and to other countries in the region; 4. peer reviewing the ‘action research’ proposals.

It is *recommended* that the organisational structure for the research committee be revised so that it is linked to institutions rather than to individuals. Three possible options are suggested which would not be dependent on either the joint donor assistance programme or NTP structures. There may be others:

- A research committee under the RWSS Partnership. This would allow participation of other development partners, including the multi-laterals and the NGOs working with RWSS.
- Anchoring the research committee in a Vietnamese research institution and linking this to reputable research institutions in the three partner countries (Australia, Denmark, the Netherlands).
- Channelling funds through the World Bank-administered Water and Sanitation Programme (WSP).

#### 4.1.9 Cross-cutting Issues

**Gender:** The AT concurs with the points raised on gender in the section on cross-cutting issues. It should be noted that CERWASS is currently completing a gender strategy for the RWSS sub-sector and as found appropriate consideration should be given to incorporating this document in the NTPII guidelines.

As regards monitoring, it is essential that monitoring and evaluation activities can, where relevant, be gender disaggregated so that it also becomes possible to measure whether impacts vary according to gender – rather than to assume that they will be the same for both men and women (and boys and girls). Therefore, all monitoring instruments should be verified, and where necessary revised, so that particular gender related changes can be measured. In addition, the on-going health reporting system

should also be checked to ensure that gender disaggregated data is being collected. There are a whole series of water and hygiene related diseases which particularly affect women, for example – are these included in the health monitoring system? This needs to be verified.

Additional issues on monitoring in respect of gender are raised under the section on monitoring.

**Indigenous peoples:** There is a proven strong overlap between ethnic minorities and poverty. This has been taken into consideration during the selection of the pilot provinces. Therefore it also becomes important to measure changes during the lifetime of the NTP. The AT concurs with the statements in this section, but would like to see included – in much the same way as under “gender” – that “ethnicity” is also flagged and recorded as a matter of course. This is taken up under the section on monitoring.

**HIV/Aids:** The AT concurs with the discussion on HIV/Aids but would suggest that, in addition, HIV/AIDS training/sensitisation is included in all contractual obligations with contractors winning tenders and employing workers from outside the village where construction is to take place. This includes providing access to condoms. It is well known that workers living away from their families are an “at risk” group – both as regards contracting as well as transmitting the virus. The AT *recommends* that a strategy for HIV/Aids sensitisation/training should be incorporated in the NTPII guidelines. Donor off-budget support could be used to support this activity.

**Governance:** Many of the issues around “governance” in the section on cross-cutting issues relate to procurement and water-resources management. The AT suggests that these be discussed under those sections which deal more directly with these matters.

It seems more logical to include the role of civil society, community-based organisations and the NGOs under this section. Local-level involvement in activities around the “demand-driven” approach may also have spin-off effects on local-level democracy especially within the context of the ongoing decentralisation in Vietnam.

**Environment:** There are no substantive issues to raise in respect of “environment”. The Screening Note (Annex I of the PD) is sound. The following comments may be added.

- the environmental health checkbox could perhaps be ‘yes’, since there are potential, but thus far unrealized opportunities to positively improve environmental health outcomes, if design, quality and O&M of piped systems could be improved to enable sustainable delivery of clean water.
- the various guidelines to be issued after the Prime Minister’s approval of the NTPII document could usefully include environmental guidelines for RWSS infrastructure, for example, to ensure surface water intakes do not adversely impact on freshwater resources, to ensure designs for latrines optimise environmental benefits, etc.
- Terms of Reference for national and international TA should include specific reference to the need for building capacity in environmental screening/management.

Improved hygienic practices and construction/use of latrines – as opposed to free range defecation - will not only have positive health impacts but will also have positive environmental impacts.

## **4.2 Water Resources Management (WRM) Component**

The AT supports the proposed trigger for clarification of roles and mandates of MONRE and MARD regarding RBMOs prior to the establishment of Danish programme support, possibly through co-funding by GoV and other donors.

However, it needs to be clarified that neither Australia nor the Netherlands will contribute to this component.

## **ANNEXES**

## **Annex A - AT's Terms of Reference**

## **Annex B - List of Key Persons Met**

### **Embassy of Denmark**

Mr. Torben Nilsson, Counsellor  
Ms. Nguyen Kim Quy, Programme Officer  
Mr. Peter Lysholt Hansen, Ambassador of Denmark

### **Embassy of Netherlands**

Mr. Armand Evers, First Secretary, Water Management  
Ms. Nguyen Phuoc Binh Thanh, Program Officer, Water Management and General Affairs

### **Embassy of Australia/AusAID**

Mr. Mark Palu, Australian Consulate, HCM  
Mr. Nguyen van Thuan, Senior Program Officer

### **MPI**

Mr. Doan Tho Nam, Deputy Director General, Department of Foreign Economic Relations  
Mr. Nguyen Thanh Hai, Foreign Economic Relations Department  
Mr. Le Quoc Ly, Director, Financial and Monetary Department  
Mr. Nguyen Thanh Duong, Department of Agriculture and Rural Development

### **MOF**

Dr. Nguyen Thanh Do, General Director, Department of External Finance  
Mr. Nguyen Hoang Lam, Department of External Finance

### **MARD**

Mr. Ninh, Vice Director, WRM Department  
Mr. Le Hong Hai, WRM Department  
Mr. Le Thieu Son, Deputy Director, CERWASS  
Ms. Ha Thanh Hang, Chief, Department of Plan and International Cooperation

### **MOH**

Dr. Tran Dac Phu, Vice Director, Vietnam Administration of Preventive Health.  
Dr Do Manh Cuong, Expert in Environmental Health

### **MOET - Student Affairs Department**

Dr. La Quy Don, Vice Director  
Nguyen Thi Son, expert

### **IDE / International Development Enterprises**

Mr. Nguyen Van Quang, Country Director

### **International NGOs**

Ms. Joanne Fairley, International NGO Coordinator and Vietnam Representative, Church World Service (CWS)  
Mr. Ngo Quoc Dung, Program Manager, CWS

### **UNICEF**

Mr. Chandler Badloe, Chief – Water, Environment and Sanitation

**Vietnam Chamber of Commerce and Industry**

Ms. Henriette Laursen, International HIV/AIDS Adviser, Business Sector Programme

**World Bank / WSP**

Nguyen Cong Thanh, Country Team Leader/WSP, Senior Operations Officer/WB

Michael Seager, W&S Specialist

Rob Swinkels, Senior Poverty Economist

Simon Lucas – adviser (World Bank/DFID)

**Consultants**

Dr. Tim McGrath, Awareness Raising Team Leader

**AN GIANG PROVINCE**

Mrs. Yen, Deputy Chairman, PPC

Mrs. Tran Thi Dep, Deputy Director, DPI

Ms. Tan, Head of Planning, DPI

Mr. Ngo Trong Lau, Director, pCERWASS

Mr. Tran Ngoc Lien, Deputy Director, pCERWASS

Mr. Ngo Dinh Sy, Head of Planning Department, DARD

Mr. Tu Quoc Tuan, Deputy Director, DOH

Mr. Phan Van Be, Director of Preventive Medicine Centre, DOH

Mr. Vo Van Duong, Deputy Head of Planning, DOH

Mr. Nguyen Thanh Tam, Deputy Director, DOET

**TRA VINH PROVINCE**

Mr. Tran Khieu, Deputy Chairman, PPC

Mr. Nguyen Huu Tuan, Deputy Director, DPI

Mr. Hung, Specialist, Project Appraisal Division, DPI

Ms. Oanh, Deputy Head, External Economic Relations, DPI

Mr. Phan Quang Minh, Deputy Director, DOF

Mr. Phan Van Trinh, Head of Administration Finance, DOF

Mr. Vu Hung Vuong, Head of Planning And Investment, DOF

Mr. Le Van Tai, Deputy Director, DARD

Mr. Luu Phuoc Hiep, Director, pCERWASS

Mr. Huynh Ho, Director, DOET

Mr. Nguyen Van Thang, Deputy Director, DOH

Mr. Nguyen Van Ba, Head of Planning, DOH

Ms. Huynh Ha, Deputy Director, DOET

**DIEN BIEN PROVINCE**

Mr. Pham Hoang Be, Vice Chairman - PPC

Mr. Vu Ngoc Vuong, Vice Head - PPC Cabinet Office

Mrs. Quang Thi Khien -Vice Director - Department of Foreign Affairs, PPC

Mr. Le Van Bien, Vice Director - DPI

Mrs. Le Thi Thao, DPI

Mr. Nguyen Xuan Hanh, Vice Director - DOF

Mr. Nguyen Thi Phuong, DoF

Mr. Ngo Lan Bach, Vice Director of DARD

Mr. Hoang Hai Hau, Director - pCERWASS  
Mr. Dang Van Bien, Vice Director - pCERWASS  
Mr. Pham Dinh Dan, Director - Sub Dept. of Irrigation - DARD  
Mr. Luong Van Kien, Vice Director - DOH  
Mr. Nguyen Quang Ngoc, Vice Director - pCentre for Preventive Medicine  
Mrs. Cao Kim Thoa, Vice Head - Planning Unit - DOH  
Mr. Doan Ngoc Hung, Head - Health Professionally Proficient Unit - DOH  
Mrs. Lo Thi Thoi, Vice Director - DOET  
Mr. Dao The Lai, Head - Primary School Unit – DOET

**LAI CHAU PROVINCE**

Mr. Vuong Van Thanh, Vice - Chairman, PPC  
Mr. Quach The Phuong, Head, PPC Office  
Mr. Bui Xuan Thu, PPC Office  
Mrs. Nguyen Thi Mai, Head - Sector Economic Unit, DPI  
Mr. Le Xuan Cuong, Vice Director - DARD  
Mr. Vuong Van Loi, Director - pCERWASS  
Mr. Nguyen Van Cuong, Director - pCPM  
Mr. Nguyen Van Doi, Vice Director - DOH  
Mr. Nguyen Van Chuong, Director - DoF  
Mr. Vu Ngoc Anh, Vice Director - DOET

## Annex C - Recommendations of Appraisal Report

The AT's recommendations are presented in the following table. In the table, the column designated ST (status) as follows: 1 (necessary modification) to 2 (possible elaboration), and the column designated 'Ref' lists the section reference of the recommendation in the report.

No	Recommendation	St	Ref
1	MPI should during the on-going revision of the regulations and guidelines for the NTPs consider that the districts and the communes have the main implementing roles for the RWSS NTPII, when the size of the projects are within the limits of their respective capabilities/cost ceilings. The water user groups should, as it has been established in the NRWSS, have a central role in the planning and supervision of the RWSS projects, and should, when possible, be "project owners".	2	4.1.2
2	MPI should during the on-going revision of the regulations and guidelines for the NTPII consider that the responsibility and the funding for sanitation is allocated to the DOHs, and that implementation is carried out by the BOHs of the districts and the communes.	2	4.1.2
3	RWSS NTPII Standing Office should, as part of the preparatory activities, elaborate specific and concrete guidelines for capacity building based on defined roles and responsibilities. The GoV should ensure that operational guidelines with the sufficient funds for implementing the capacity building activities are made available within NTPII.	2	4.1.2
4	The TA arrangements should be re-considered, negotiated in more depth with GoV, and then elaborated more clearly in the PD. The recruitment process and reporting arrangements for the TA should be specified in detail and reflect the roles and responsibilities of each position.	1	4.1.3
5	The AT <i>recommends</i> that focus during the first two years is on achieving those physical targets related to RWSS facilities for institutions that provide the necessary basis for IEC activities at the commune level on a supply-driven basis. In particular, this means the construction of appropriate water supply and sanitation facilities at schools, commune health centres and commune peoples' committee offices..	2	4.1.5
6	Monitoring data disaggregates gender and ethnicity data as appropriate.	2	4.1.7
7	The AT <i>recommends</i> that a strategy for HIV/Aids sensitisation/training should be incorporated in the NTPII guidelines. Donor off-budget support could be used to support this activity.	2	4.1.9

8	<p>The organisational structure for the research committee be revised so that it is linked to institutions rather than to individuals. Three possible options are suggested which would not be dependent on either the joint donor assistance programme or NTP structures. There may be others:</p> <ul style="list-style-type: none"> <li>- A research committee under the RWSS Partnership. This would allow participation of other development partners, including the multi-laterals and the NGOs working with RWSS.</li> <li>- Anchoring the research committee in a Vietnamese research institution and linking this to reputable research institutions in the three partner countries (Australia, Denmark, the Netherlands).</li> <li>- Channelling funds through the World Bank-administered Water and Sanitation Programme (WSP).</li> </ul>	2	4.18
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## Annex D - Process Action Plan

<b>Activities to Finalise Programme Document</b>	<b>Responsible</b>	<b>When</b>
1. Revision of the formulation of sections on TA in the PD. This should include i.a. (i) clarification of reporting and communication lines between international provincial TA and central institutions, (ii) the modality for contracting VfM studies, auditing, tracking studies, (iii) the modality for delivery of short-term national and international TA to the Provinces (pool of specialists, “mobile team” or other).	?	?
2. Check the possible interest of MOF in location of an international TA. In case an agreement is reached, drafting of ToR.	?	?
3. Rewrite the section in the PD on Assumptions and Risks.	?	?
4. Further discussion of the modality for support to research with the GoV and the donors, agreement on this and revision of the section on research funding in the PD. Alternatively it is left open for decision during the initial phase.	?	?
5. Sector Specific Fiduciary Risk Assessment	AUSAID	June-July
6. Institutional assessment – to be confirmed. Could be covered by the fiduciary risk assessment. Subject to further confirmation.	Embassy of Netherlands	June-July
<b>Preparation Activities before programme start listed in the Programme Document</b>	<b>Status</b>	<b>Comment by AT</b>
1. Confirmation of proposed pilot provinces willingness to participate	Done	OK
2. Preparatory briefings/awareness raising on NTP II in pilot provinces	Ongoing	OK
3. Negotiation of a tri-party agreement involving national authorities, participating provinces and donors; issuance of ministerial circular	Template presently under review by the three donors	OK. It should be considered if the AT recommendations can be included in the agreements
4. Selection and recruitment of international advisers and consultants	Recruitment will start after appraisal	OK. ToR from PD should be aligned to possible changes in TA set-up.
5. Selection, recruitment and training of national advisers and consultants	Recruitment will start after appraisal	OK. ToR from PD should be aligned to possible changes in TA set-up.
6. Technical assistance provided to MPI in their planned review of performance and guidelines and procedures governing the implementation of all NTPs.	ToR agreed upon with MPI.	OK. Donors should give priority to participate actively in the process.

7. Technical assistance provided to MPI for developing procurement norms for the water and sanitation sector based on new procurement law.	ToR under discussion	OK. DOH and DOEH should be included in the training activities
8. Undertake review of subsidy and credit policies (see NTPII document)	Will await first meeting of the Partnership	OK. ToR appropriate.
9. Further development of M&E	Consultancy ongoing.	OK
<b>Further preparation activities before programme start</b>	<b>Status</b>	<b>Comment by AT</b>
10. Assistance to MARD/CERWASS and MOF in the development of an inter-ministerial circular to guide the NTP II	Standing Office (DWR)/Cerwas s will wait to NTP II has been officially approved and funds are made available.	There is now an opening from MARD for this to happen earlier. This should include guidelines for capacity building.
11. Water quality monitoring action plan	Meeting in June	OK
12. Study on technical design (low-cost options)	Agreed with MARD. Awaiting RWSS partnership meeting.	OK
13. Baseline study	Agricultural census adapted to MoH standard	The Agricultural Census should, together with the GSO bi-annual Household Surveys cover much of the need for a baseline study. The baseline study in the pilot provinces can therefore be limited in scope.

## Annex E - AT's Understanding of Proposed Pilot Phase TA Arrangement and Comments

### A. Central Level

The proposed TA at the central level during the initial 2-year pilot phase comprises elements as follows:

- *International Senior Adviser* (sometimes referred to as the Finance and Management Adviser) with a background in economics, financial management or engineering based in the NTPII standing office at MARD and reporting to the Vice Chairman of the National RWSS Steering Committee throughout the pilot phase. No counterpart arrangement is defined for this position and the only envisaged support is an interpreter. The adviser will provide wide ranging strategic support to MARD and facilitate the reviewing and control functions of the Mobile Specialists. Additionally, the adviser will be responsible for liaising with the other international TA staff and keeping the respective donors informed on progress.

**Comment:** The tasks/responsibilities defined for one person appear too great and consideration should be given to breaking down this position ideally separating the 'advisory' and 'control' functions.

- *International IEC/Sanitation Adviser* with a background in public health, community medicine or sociology based in the MOH and reporting to the General Director of Preventative Medicine throughout the 2-year pilot phase. No counterpart arrangement or support is defined for this position (the services of an interpreter need to be included in the ToR). The adviser will support MOH in fulfilling its mandate/role in respect of implementing the NTPII sanitation component. No liaison responsibilities other than with MOET and providing information on progress to the donor representatives are defined in the Job Description. Elsewhere regular interaction with the provincial advisers is envisaged.
- *Mobile Specialists* - a multi-disciplinary team of international (21 person months) and national consultants (121 person months) is envisaged during the initial 2-year pilot phase. This team will be responsible for undertaking the following pilot phase activities:
  - Review of financial management, planning and implementation activities;
  - Independent audits;
  - Expenditure verification; and
  - Value for money studies.

The work of these teams will be facilitated by the International Senior Adviser, but will be co-ordinated by the main financial consultant. The mobile specialists will remain separate from the provincial advisers and national consultants other than through consultations, if required.

**Comment:** As stated above under International Senior Adviser. Investigate possibilities of moving this function to MOF or MPI.

- *Unspecified inputs* - An allowance of US\$ 1 million is available for flexible TA responses during the pilot phase. This facility is described in a paragraph on national

level TA, so presumably it is not intended to supplement the provincial level support(?).

**B. Provincial Level** (N.B. Arrangement made through prior agreement between the Australian and Danish Embassies)

At each of the 3 clusters (i.e. 2-4 provinces) the TA throughout the 2-year pilot phase will comprise an international adviser with a background in engineering, sociology or related discipline and experience in rural water supply and sanitation in developing countries. The Adviser will report to the Chairman of the PPC and provide information on progress to the donor representatives. No other liaison responsibilities are described.

Neither a counterpart arrangement nor administrative support is defined for this position (N.B. the services of an interpreter need to be included in the ToR). However, the adviser will be supported by part-time national consultants (approximately 2 person years) as found necessary to supplement the adviser's expertise. The adviser and national consultants will work with the provincial, district and commune agencies/groups to develop, test and introduce approaches and conduct training as found appropriate covering all aspects of the RWSS Strategy.

It is not clear how the available resources will be divided amongst the 3 clusters in which the work loads will vary considerably. Neither is it clear to what extent the NTPII training budget can be relied upon, nor if the unspecified US\$ 1 million of TA inputs can be accessed by the provincial clusters.

## Annex F - Key Programme Indicators and Triggers

Institution	Issue	Current status	Proposed action and intervention	Year					Outcome	
				1	2	3	4	5	Benchmark	Trigger
MOF/DOF	Fiduciary risk	External audits once every 3 years and only at PPC level i.e. they do not penetrate down to district and commune level.	Intensify audit and institutionalize sufficient recurrent budget for this purpose.		√	√	√	√	Annual audits show a minimum of financial malpractice during roll-out phase	Annual audits show a minimum of financial malpractice by end of pilot phase in pilot provinces.
	Procurement	Various problematic practices e.g. aggregating the contracts to prevent district management followed by splitting contracts to avoid open tender	Introduce training and greater precision in rules (procurement to follow the new law) and introduce sample auditing.		√				Procurement practice follows the new procurement law based on sample audits.	
	Financial reporting	Financial and progress reporting out of synchronization	Improve contract management and provide multi year linkage (regular financial reports)		√	√	√	√	Integrated financial and progress reports as part of NTP2 reporting systems	
MOF/DOF	Cost norms	Cost norms out of date and often insufficient to enable the construction of high quality works	Cost norms revised to allow quality works to be constructed, based on price levels appropriate to the individual provinces.		√				Cost norms revised to allow sustainable quality works to be constructed.	
MOF/DOF	Financial information	Detailed financial information (e.g. funds flow maps) not available	Ensure funds flow information is shared with donors for review and analysis		√	√	√	√	Budget allocation and funds flow information available for review and analysis	
MOF/DOF	Recurrent budget	Recurrent budget especially for i) IEC; ii) hygiene promotion; iii) capacity building set too low	Increase recurrent budget but with inbuilt annual productivity checks e.g. use of outsourcing to ensure that in house operations do not become bloated.	√	√	√	√	√	Annual increase in recurrent budget is allocated to reach sanitation and hygiene promotion targets	
MPI/DPI	Budget allocation	Budget not allocated to DoH/DOET to enable sufficient progress on sanitation, hygiene and IEC	Align budget allocation to attainment of targets (budget allocation to DoH and DOET)	√	√	√	√	√	Annual increase in budget allocations made for sanitation and IEC in provincial plans	
MPI/DPI	NTP allocation	Weak supervision of provincial budget allocations	Strengthen supervision and institutionalize sufficient recurrent budget allocations for this purpose		√	√	√	√	Funds flow maps show appropriate budget allocations to spending departments	

MOF/DOF MARD/ DARD MOET/ DOET MOH/DOH	Value for money	Value for money of existing supply and sanitation investments is unclear.	Institutionalize and undertake value for money audits on sample basis.		√	√	√	√	Value for money audits continue to be implemented nationally on a sample basis	90% of value-for-money audits of RWSS NTP2 in pilot provinces show investments are economical and have acceptable levels of efficiency and effectiveness
DARD/ DOET/ DOH	Priority investments	Many schools and clinics do not have water supply and sanitation facilities, undermining IEC efforts to promote sanitation and hygiene	Target early NTP2 efforts in pilot provinces to schools and clinics			√			WSS completed or approved for all schools (including satellites) and clinics in pilot provinces	
MARD /DARD MOH/ DOH MOET/ DOET	Community participation	Lack of sufficient community engagement in planning, supervision and O&M	Systematic attention needed to ensuring local engagement in planning, supervision , operations and maintenance		√					User or cooperative groups or contracted individual established prior to design approval for new water schemes.
MARD, MOH, MOET, MPI	Monitoring and evaluation	M&E system under development and will require piloting. Currently builds largely on existing systems for data collection and reporting but does not disaggregate data on gender and ethnicity	Adjustment of design to enable evaluation of gender/ethnic group impacts and completion of piloting process by end of year 2 of donor support and formal approval to ensure relevant departments have clear roles and responsibilities for M&E and reporting	√					M&E system, under testing all pilot provinces by end of year 2 and approved formally by MARD/MOET/MoH.	
MARD /DARD MOH/ DOH MOET/ DOET	Capacity building	There is no coherent, national strategy for capacity building for the RWSS NTP2	Preparation, approval and budget allocation for a national capacity building strategy		√				Capacity building strategy with explicitly defined skills development for local government—agreed, resourced and integrated into NTP2 implementation guidelines	

MARD/ NTP2 standing office	Guidance and poverty targeting	Revised planning and implementation guidance required for provinces, districts and communes	Development and formal approval of guidance decrees/- implementation circulars to ensure effective implementation and poverty targeting		√					Guidelines/implementa tion manual approved at ministerial level, covering planning, design, supervision, and implementation standards
All	Health outcomes	Much greater focus needed on health outcomes of RWSS, at all levels	Use of environmental health indicators to evaluate outcomes of NTP2			√	√	√	Monitoring data available to show improvements in health outcomes, as measured by M&E system	



- Trigger for proceeding to roll-out phase



- Benchmark to be evaluated throughout programme implementation

## **Annex G - Poverty Targeting and Achieving Poverty Objectives**

While **Poverty** is mentioned throughout the PD, the document could be improved by a more precise and less scattered discussion on poverty, analysing the problems faced with targeting poverty. This includes the challenge of targeting poor communes and also of targeting poor households. The challenge of how to target poor households in communes which have not been defined as being poor. And also, how to increase coverage of improved water supply and sanitation in poor communes so that generalised health effects are realised and not just individual effects.

In addition, an analysis is needed of how to target households that are not poor (the so-called “average” households) or no longer poor (but still at risk of falling back into poverty). There is a whole layer of the population which is just above that classified as being “poor”. In addition, there are several layers within the “poor” classification – including the so-called “hungry poor”, whose access to resources is even more limited and precarious.

A major issue related to poverty – and directly to the immediate objectives – is the focus on achieving physical targets which are seen as being necessary in order to arrive at the development objective. Because of this, the discussion has come to focus on providing funds (subsidies, loans, credit, grant, etc.) to poor households, instead of focusing on the behaviour changes necessary to arrive at the development objective. It needs to be remembered that it is more important to strengthen the promotion of hygienic behaviour, rather than the construction of hygienic latrines.

The danger with a focus on physical achievements ahead of a focus on behaviour change is that physical targets may be achieved (through a whole system of financial incentives which may or may not be sustainable) and assistance can then be judged as being “efficient”; but that the required behaviour change (washing hands after using the latrine, using clean water for drinking and cooking) is not achieved – so that the assistance provided, in the end, is not “effective” because the development objectives are not met.

By contrast, focussing on behaviour change may be effective at the level of the development objective, even though not all the physical targets have been efficiently met.

Finding and identifying the poor in Vietnam is not really a major issue. Targeting can be achieved through a combination of GSO and MOLISA data – where GSO data can be used for targeting poor communes; and where the MOLISA data can be used at commune and village level to identify poor households. The issue of subsidies/grants is, however, another matter which opens up for broader opportunities of abuse, is likely to demand additional administrative resources to manage, and is likely to subsidise the non-poor as much as the poor. Lessons learnt have shown that it is difficult for subsidies to effectively reach the poor but that there is good experience of working with credit and savings groups involving the Women’s Union and the Village Health Workers – both which are existing arrangements and institutions. This may have a more beneficial effect – the more so that these for a can combine the behaviour change message (hand-washing, improved hygiene) with the support to infrastructure (notably household latrines) when households are ready and able to adopt. The advantage with this

approach is that it can be implemented below the commune level with existing cadres; it is not dependent on provincial level organisations.

## Annex H - Risks and Assumptions

The PD is not very clear what are assumptions and what are risks. In some cases the risks and assumptions are the same, just differently worded; this section needs more rigour and clarification.

The bulleted headings in this annex refer to the “risks” as described in the PD. While the numbered headings refer to the “main assumptions”.

Risk:

- *It is found too difficult/complicated to subsidise the poor as they are further from the decision makers, less able to meet the necessary conditions and less aware of the support on offer.*

Assumption 1: Subsidies adequately reach the poor.

The AT concurs that this is critical risk – it cannot be assumed that subsidies will adequately reach the poor. The issue on subsidising the poor is discussed further in Annex G on Poverty.

- *Procurement transparency is lower than expected and there is insufficient: i) capacity to implement the new procurement law and systems and, ii) willingness to inspect and enforce the system with the aim of eliminating collusion between suppliers and decision makers.*

Assumption 2: National and provincial commitment to transparent procurement and anti-corruption measures.

This should be considered a risk and not an assumption. Even if tracking studies carried out of similar programmes show that the funds generally are used for the intended purpose, procurement is a major weakness. The analysis of this risk in the PD is adequate. It should be added that decentralisation and more involvement of the end-user has the potential to increase social control/local supervision and hence reduce the scope for corruption.

- *Improvements in hygiene are not immediately visible and measurable and are unable to compete for very scarce recurrent budget.*

Assumption 3: Political commitment and priority assigned to investing in hygiene promotion.

This could be considered an assumption, if the guidelines for the NTPII clearly spell out that both responsibility and funding is delegated to the DOH to focus on hygiene improvements. If this is not a case, it is a risk. The analysis of this issue in the PD is adequate.

The challenge for the NTPII will be to generate reliable data, both as a baseline and for measuring progress. Hygiene and health data are already collected at commune health centre level – although the quality can probably be improved. The scope and quality of this data needs to be verified and, where necessary, efforts should be made to improve

this. Experience shows that with reliable data and supervising existing cadres, “changes in living conditions” and “reduction of negative health impacts” can be measured. It is important to focus on the health impacts, as data on functioning water supplies and on latrine coverage will not necessarily serve as an indication for health and hygiene improvements.

As discussed in the section on monitoring and evaluation, it is important to make a distinction between “outcome” and “output” indicators.

As also noted in the PD, steps should be taken to ensure that water and sanitation expenditures are registered separately at all levels. However, according to NTP regulations, decisions on funding will be taken at the provincial level; therefore, it will not be possible to “ring-fence” sanitation spending from the national level. Instead this will have to be achieved through separate MoU’s with the provinces where, in fact, spending should reflect provincial priorities (based on commune and district priorities). In many provinces considerable advances have been made with water supply, while sanitation lags far behind. Provincial budgets should be able to reflect this. Are we going to suggest this allocation/spend gets monitored under M&E system?

- *The training and capacity building necessary to ensure sustainable operation and maintenance is under estimated with the result, as has happened in many places, piped schemes are put in that cannot be operated and maintained.*

Assumption 4. Institutional solutions are found for sustainable management of collective water supplies where household solutions are not appropriate.

The risk that constructed facilities will have a short lifetime because of poor O&M is seen as one of the main risks and has been discussed in the main text of this report.

This is the major risk and has been discussed separately in the main text. It is always a risk that O&M cannot be sustained where solutions are over-dimensioned (some piped water schemes) or are not really seen as being necessary (e.g. costly “hygienic” household sanitation). The focus of NTPII’s on a “demand-driven approach” should contribute to reducing this risk.

- *The time scale for the pilot phase is too short and the changes needed cannot be implemented in the timeframe. There is a need to observe the evidence first hand, determine the best course of action and then implement what might in many cases be unpopular measures.*

Assumption 5: Evidence for introducing changes in pilot provinces is sufficiently compelling in terms of visibly better results, for national and provincial agencies to adopt the changes in the time span allowed for.

It is suggested that this is an assumption rather than a risk. Lessons learnt from NTPI, from the many years of donor (e.g. Danida, AusAID, UNICEF) and from NGO support in the RWSS sub-sector mean that NTPII is not starting from scratch. It has long been clear which unpopular measures need to be taken – focus on the demand driven approach, a special focus on sanitation, and the new procurement law are all examples of measures which have been developed based on past experiences. There is a danger

that by following a demand driven approach, progress is perceived as being too slow, and that consequently the implementing agencies are pressurised into disbursing following traditional supply-driven approaches.

Evidence for introducing changes in the pilot provinces is sufficiently compelling in terms of visibly better results, for national and provincial agencies to adopt the changes in the time span allowed for.) This should be considered a risk. The analysis in the PD is adequate.

- *The authority of the chosen standing office at national level is insufficient (CERWASS did not have sufficient authority to directly deal at departmental level with other ministries).*

CERWASS will not be the chosen standing office – so this risk is no longer valid.

- *The restrictions on use of recurrent budget, notwithstanding the amounts made available through the NTP II under the 8.9% allocated to IEC, etc, mean that the capacity building proposed by the advisers cannot be properly implemented and made use of in the provinces. The problem, according to Vietnamese agencies at both central and provincial level, is not so much the overall volume of the recurrent budget but the restrictive GoV rules on allowances and expenses norms.*

The restrictive GoV rules on allowances and expenses norms cannot be addressed by including allowances into the joint donor assistance programme. This is an overall GoV issue which needs to be resolved by GoV.

- *The risks will be different in different provinces. The success of the pilot phase and the subsequent national rollout is very dependent on a few key individuals in each province that support the national strategy (e.g. the emphasis on hygiene and sanitation).*

The situation of each province is also different. Costs for the mountainous north-west are some 3 times higher than for the Mekong Delta. The challenge is also to allow provinces to develop provincial solutions through demand-driven approaches - and to resist the temptation to set national standards for everything.

There is also a danger of making the success of an intervention dependent on the few key individuals instead of trying to find institutional solutions. Dependency on “key individuals” also suggests an approach which appears more “supply” than “demand” driven.

An additional risk may be added:

- *That the funds assumed in NTP II through GOV will not be available.*

The amount of funding from the central government assumed in the NTP II document is unlikely to hold. This has, however, already been foreseen in the PD, and will not change the character of the programme as a predominantly nationally financed programme, only the scale of the intervention and hence the degree of achievement of the targets.

The level of contribution from the beneficiaries assumed in the NTP II document (30%) is also unlikely to hold in at least some of the target provinces, taking into account the level of poverty and previous experience with user contributions. The same probably holds true for the assumed level of local government contributions, but again it does not basically change the character of the programme, only the scale of the intervention. This is further discussed in the section on Poverty.

The following “assumptions” were also included in the document – these are separate to the earlier risks/assumptions discussed above.

Assumption 6: Improved approaches and capacity developed during the pilot phase can be replicated in provinces to ensure that the improvements in water, sanitation and hygiene promotion are sustained.

This should in fact be considered a risk and not an assumption: however the risk is adequately analysed in the PD.

Assumption 7: Responsibilities for RWSS and IWRM are assigned.

For the RWSS this is apparently now a redundant assumption, as the responsibility for the RWSS NTP has been placed in the DWRM in MARD. It is suggested that the IWRM component is taken out of the PD.