

Cooperation Fund for the Water Sector

Pilot Demonstration Activity

Request Form

Activity Title: Initiating Integrated Water Resources Planning in the Vu Gia Basin	
Proposer (Name, Div/Dept): Pieter Smidt, VRM/MKRD	
Request Date: 11 May 2005	
Country (DMC): Viet Nam	Region: Mekong
Activity Proposed Start Date: June 2005	Activity Proposed Duration: 9 months (intermittent)
Cost Estimate: \$50,000	
Implementing Organization Contact: Vice-Chair of the Quang Nam People's Committee	
Consultant Identified? Yes	If so, Consultant(s) Contact: Tim McGrath
ADB Activity Officer	Pieter Smidt, Principal Project Implementation Officer Viet Nam Resident Mission, ext 5519 psmidt@adb.org

1. Background and Rational:

The proposed PDA reflects initial discussions on the concept of establishing a Water Resources Review Committee for the Vu Gia Basin in Vietnam with the aim of promoting the principles of Integrated Water Resources Management. Positive feedback was received from both the People's Committee of Quang Nam Province and ADB.

The water resources context of the basin includes the following issues:

- Major expansion plans for approximately 1,200 MW hydropower in the VG-TB basin including planned storage of 1,800 mcm - relatively undeveloped status of basin now.
- Existing highly sectoral approach to water resources planning, hydropower, irrigation, environment, etc
- Interaction between operation of hydropower projects and downstream uses – fluctuating water levels, impacts on fish resources and agriculture, potential for flood management, salinity management and increased dry season irrigation in coastal areas
- Concerns over deteriorating water quality
- High incidence of poverty in upper basin and majority of population are ethnic minorities.
- Institutional vacuum for river basin management pending new Decree expected by end 2005.
- Concerns raised over centralized and unsustainable approach to RBOs in Viet Nam to date
- Scope for benefits to all sectors through an integrated system approach – optimized electricity generation from cascade, reduced flood peaks/duration, reduced salinity, irrigation, more sustainable land use practices in watershed
- Potential to introduce payments for environmental services under the new Forestry Law.

A more integrated approach to basin management is consistent with ADB support to institutional reforms in the water sector and investment portfolio in energy and water sectors. With regard to the boundaries to

be considered for this activity, it is proposed that, as an initial step, the focus be on the Vu Gia river basin. Although there is interconnectivity between the Vu Gia and Thu Bon basins on the coastal plain, the Vu Gia basin can be considered as relatively independent, with the majority of the flow after the confluence directed eastwards to Da Nang. The complex interconnected river system in the coastal plain is more a feature of the Thu Bon river system. Seven of the eight proposed hydropower projects are also located in the Vu Gia basin and their influence will be mostly felt within that basin. As capacity is built for interaction and needs emerge, the boundary can be extended to include the Thu Bon basin.

2. Objectives:

Immediate objectives of the PDA are to (i) introduce relevant government agencies and community representatives in the basin to the principles of IWRM and the importance of coordination among sectors including water allocation, land use and social and environmental considerations; (ii) provide a forum to consider alternative operation modalities of the proposed hydropower projects to optimize benefits across water sub-sectors; and (iii) develop recommendations and follow-up for operationalizing IWRM within the basin. In the medium term, the experience gained from the PDA dialogue will provide valuable lessons to determine the composition and approach of a new RBO for VG-TB basin.

3. Scope and location of Work / Description of Activities:

The PDA will involve the following activities:

- Establishment of a Vu Gia Water Resources Review Committee, chaired by a Vice Chair of the Quang Nam People's Committee (responsible for DoNRE and DARD) and comprising key stakeholders with an interest in the consequences of hydropower development in the basin;¹
- Awareness raising seminars / workshops on integrated water resources management, direction of national reform process in the water sector and role of water in addressing the country's Comprehensive Poverty Reduction and Growth Strategy (CPRGS);
- Dialogue across sectoral interests on optimizing of water resources allocation in the basin taking into account changes in flow conditions as a result of hydropower development and recommendations for more integrated and participatory processes for water allocation. Sectors include water supply, irrigated and upland agriculture, flood management, wetlands;
- Review and make recommendations on the operational rules of proposed hydropower projects to ensure benefits to other sectors and safety of downstream inhabitants;²
- Devise a process for obtaining inputs from communes not directly represented on the Committee (see item 7) and review of consultations undertaken as part of the PPTA Phase II Participation Strategy;
- Assess critical IWRM issues in the basin and recommendations for addressing them – including water use and related measures to reduce poverty, watershed management (land and forest use), social aspects and ecological needs;
- Facilitate development of measures under PPTA Phase II to minimize impacts from mining and road construction activities in the upper basin;
- Dissemination of output among water users in the basin.

The Review Committee would also consider the need and possible structure of a future RBO or alternative cross-sectoral body for the Vu Gia – Thu Bon basin taking into account institutional developments at a national level. Based on the preliminary recommendations prepared under the PDA, proposals can be developed for longer term technical assistance for building capacity and local ownership of any new institutional model.

¹ Preliminary discussions were held with PPC Vice Chairman, Mr. Le Minh Anh in March 2005 at which he agreed in principle to chair the Committee and directed that the Director of DoNRE, Mr. Duong Chi Cong should be the main contact person.

² Input to these discussions will be provided from results of computer modeling of the river basin to be undertaken in PPTA Phase II.

4. Implementation Schedule, Institutional Management Arrangements, and Proponent Qualifications:

Awareness raising among key stakeholders could commence in June 2005 involving discussion of the objectives, mandate and composition of the Review Committee and leading to formal establishment of the Committee in July 2005. The first meeting of the Review Committee is proposed in August/September 2005 so that its initial deliberations can be reflected in the inception phase of the Phase II consultants. The timeframe for discussing alternative operation scenarios for the SB4 and other hydropower projects is September 2005 to April 2006 prior to finalization of the Phase II consultants report. Recommendations for follow-on support after the PDA need to be prepared in time to be considered in the planning processes of various bilateral agencies.

The PDA will be implemented and facilitated by a part-time individual international Consultant with experience of similar institutional processes in the water sector in Viet Nam and ability to interact with national and provincial agencies at a senior level. The Consultant will arrange for support from local consultants as facilitators as necessary and for local costs related to workshops and consultations.

In relation to hydropower development, the Review Committee would be an advisory body to EVN, MOI and the Government of Viet Nam. Mechanisms for interaction between various agencies and the Committee will be worked out during the PDA. Its recommendations could be conveyed through the office of the Vice Chairman of Quang Nam PPC as Chair of the Committee. PECC3 and Phase II consultants will provide necessary technical input to the discussions.

5. Expected Results (outputs/outcomes/effects/impacts):

Output from the PDA will include but not necessarily be limited to:

- A functioning cross-sectoral committee for considering optimizing water resources management
- A range of options for hydropower operation in the basin
- Raised awareness of the benefits of IWRM and a catalyst for establishing a formal RBO if considered necessary
- Recommendations on addressing critical IWRM issues in the Vu Gia basin

Provincial linkage to institutional reforms being implemented at national level in the water resources sector including those supported by ADB, and the Governments of the Netherlands, Denmark, and USAID.

6. Measurable Performance Indicators:

In the short term the output of the project will be determined on the level of participation and commitment of key stakeholders to the working of the Review Committee. Towards the end of the process, the extent to which recommendations for improving operation of water resources infrastructure in the basin have been developed with relevant stakeholders through a meaningful dialogue will provide a benchmark against which to measure its success and the readiness of institutions to move from a sectoral to a more integrated approach. Beyond the life of the PDA, the incorporation or otherwise of the institutional design and lessons learned for establishment of a formal RBO or alternative initiative for promoting IWRM will mark the contribution of this pilot activity.

7. Stakeholders Participation:

Stakeholder representation needs to reflect both the macro level concerns, for example of storing water from one season to another, the influence of land use and local-level concerns related to deterioration of water quality and impacts on fish stocks. Ensuring effective participation of water users in province-scale committees is not a straightforward task and will require a tiered approach in which commune and district representatives on the Review Committee are able to hold pre- and post-meeting consultations with representatives from other communes. The identification of commune representatives and structuring of feedback meetings will be designed on the basis of a stakeholder analysis undertaken for the basin using

the rights, risks and responsibilities approach summarized in Appendix 4 of the PPTA Phase I report. Using this approach, particular emphasis will be given to ensuring representation of vulnerable groups including ethnic minorities, women and the elderly.

8. Scope for Replication/Use in Other DMCs:

Given the concerns raised about existing institutional models for RBOs in Viet Nam, there is considerable potential for developing a new institutional structure that is both more responsive to local issues and is financially sustainable. By ensuring active participation of the major players, focusing the initiative in the PDA on identified problem areas and looking for win-win solutions, it is expected that a number of lessons will be learnt for consideration in the other 15 major river basins in Viet Nam, particularly those with smaller numbers of provinces involved, or sub-units of the larger basins.

9. Cost Estimate:

<u>Inputs / Expenditure category</u>	<u>Total Costs</u> (in US\$)
1. <u>Civil Works:</u>	0
2. <u>Equipment and Supplies:</u>	0
3. <u>Training, workshops, seminars, public campaigns:</u>	
<ul style="list-style-type: none"> • Initial awareness raising workshop – Tam Ky • Meetings of the Review Committee (approx 4 no.) • Dissemination Includes hire of meeting venue, travel within province for participants, food and accommodation, stationery, and other related costs	18,000
4. <u>Specialists Services:</u>	
International (1) and national (1) consultants as facilitators of the overall process to establish the Review Committee including awareness raising discussions with provincial leaders and other stakeholders.	28,000
5. <u>Project Management:</u>	
<ul style="list-style-type: none"> • Travel costs and per diem for facilitators • Administrative costs (printing, telephone, internet etc) 	2,000
6. <u>Other Inputs:</u>	0
7. <u>Contingencies:</u>	2,000
Total PDA grant financed	50,000

A more detailed division of costs and breakdown of line items will be prepared by the Consultant during the initial month of the assignment.