

**ATTACHMENT 2**

**Joint Donors' Support for Rural Water Supply and Sanitation (RWSS) National  
Target Program (NTP) Phase 3 Independent Completion Report  
MANAGEMENT RESPONSE**

**Initiative Summary**

Initiative Name	Joint Donors' Support for RWSS NTP Phase 3		
AidWorks initiative number	INJ128		
Commencement date	March 2011	Completion date	June 2016
Total Australian \$	A\$72,290,923.62		
Primary Implementing partner(s)	Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, Ministry of Finance, Ministry of Education and Training, Youth Union, Vietnam Social Policy Bank		
Country/Region	Vietnam		
Primary sector	Water and sanitation		
Initiative objective/s	The Rural Water Supply and Sanitation Phase 3 National Target Program supports the Vietnamese rural water and sanitation program to improve health and living conditions of the rural poor, including ethnic minorities, through improved water supply, sanitation, hygiene promotion and protection of the environment.		

**Evaluation Summary****Evaluation Objective**

- Assess RWSS NTP Phase 3 performance against OECD-DAC evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability)
- Assess RWSS NTP Phase 3 performance against additional DFAT evaluation criteria (monitoring and evaluation, gender equality and analysis/learning)
- Provide recommendations to inform future Australian support to the water sector in Vietnam.

**In-country Evaluation mission Completion Date:** 20 June 2016

**Evaluation Report finalised:** 30 August 2016

**Evaluation Team**

- Minh Chau Nguyen, Independent consultant

**DFAT Management response to the evaluation report**

- Overall, the RWSS NTP3 Independent Completion Report (ICR) is a thorough and high quality program evaluation and report. The ICR assessment of end of program objectives was sound and sufficiently supported by evidence.
- The ICR findings and analysis provides a solid basis for guiding the design, scope and delivery of the new Australian investment in the water sector- Aus4Water Program (2016-2021) valued at AUD 17.5 million with focus on private sector development in rural water supply.

### DFAT management response to the specific recommendations made in the report

Recommendation	Response	Actions	Responsibility
<b>Policy and regulations</b>			
<b>1. As RWSS is integrated under the GoV's New Rural Development NTP, funding should be earmarked for the various RWSS sub-programs and that priority is given to poor and lagging provinces</b>	<p><b>Partially Agree</b></p> <p>The delivery modality of DFAT's future bilateral investment in the water sector through Aus4Water is still under design. DFAT's priority is to align with the GoV's New Rural Development NTP. The Aus4Water Program aims to demonstrate successful models in private sector water service delivery, therefore demonstration site will include various locations (not just poor and lagging provinces).</p>	Aus4Water design team to consult closely with the Gov's New Rural Development NTP to ensure that future Australian engagement in the sector complements GoV's efforts.	DFAT and Aus4Water design team
<b>2. Future water investment should favour rehabilitation of the water schemes where possible, particular in expanding the distribution system and reaching the last mile.</b>	<p><b>Partially Agree</b></p> <p>Australian future engagement in water through Aus4Water intends to trial out new innovative financing models for rural water supply including public-private partnerships (PPP). As such, while many existing schemes either operate at sub-optimal level or have stopped working, the Program will not be limited to rehabilitation only. Our experience is that cost effectiveness depends on the scheme context.</p>	During the development of the Aus4Water workplan, individual consideration will be given for each site whether to rehabilitate the existing water scheme or to build a new piped system.	DFAT, Aus4Water design team and GoV
<b>3. Climate change, industrial development and increasing use of chemicals affect the water resources security and safety. Water safety plan should be a part of the new rural development planning and water quality testing should be expanded.</b>	<p><b>Agree</b></p> <p>Strengthening water safety plans will be an important element of a new project due to commence in late November 2016 by the Australian Water Association (AWA). This project will be delivered in partnership with East Meets West (EMW) Foundation under DFAT's InnovationXChange grant. AWA will assist Son La province to develop a community water planner- a proven tool for water safety planning in remote areas.</p>	Pending satisfactory implementation of the community water planner, DFAT will advocate at the national level for a larger scale roll-out under the New Rural Development NTP.	DFAT, AWA, GoV

	Strengthening water quality testing capacity for Vietnam is critical in ensuring the sustainability of rural water service where only 35% of households have access to clean water that meets Ministry of Health's standards.	Aus4Water will take into consideration the inclusion of capacity building activities to strengthen water testing practices.	
<b>4. Ideally, the water supply entities should be financially viable with tariffs that are sufficient to operate the systems sustainably and fully recover costs. In practice, there is a need for a transparent targeted subsidies from the state budget. Such subsidies should be based on the out-put based (OBA) approach with a fixed payment per connected household.</b>	<b>Agree</b>  DFAT's InnovationXchange is funding EMW to work with Son La and Nam Dinh provinces to allocate a smart subsidy that will help to improve sustainability of water schemes. This AUD 1 million project (2016-18) will provide new water connections to 3,000 households.	Initial findings from the EMW's trial project will be taken into consideration for the design of Aus4Water Program.	DFAT, EMW and Aus4Water design team
<b>5. The present guidelines on water tariff are cumbersome and rarely followed by the provinces. This, MPI and MOF in collaboration with MARD need to review and revise the tariff framework, taking into account a revised subsidy system.</b>	<b>Agree</b>  Aus4Water Program will demonstrate smart subsidy models for water tariffs to improve sustainability. This will be used to inform the introduction of appropriate cost recovery tariffs in target provinces.	Aus4Water will capture lessons learnt and produce evidence for replication to the GoV.	DFAT, Aus4Water design team and potential Aus4Water implementer(s) (TBD)
<b>6. The NCERWASS and PCERWASS should be preserved and play a key roles in assisting provincial authority in overseeing the operation and maintenance of existing and new piped water schemes implemented by various stakeholders, and provide training to professionalised the system management.</b>	<b>Agree</b>  Aus4Water Program will support NCERWASS and PCERWASS in the oversight of rural water schemes through training and capacity building..	Incorporated in the design of the Aus4Water Program.	DFAT and Aus4Water design team
<b>7. DFAT should provide support to help reorganise PCERWASS into-self sustained corporate centres, and pilot the reform in selected provinces.</b>	<b>Partially Agree</b>  Not in all cases is this possible since PCERWASS capacity and provincial leadership support varies across provinces.	Recommendation will be taken into consideration for the design of the Aus4Water Program.	DFAT and Aus4Water design team

<p><b>8. The customer should have a voice in both the planning and the operation of the schemes and feedback needs to be collected in a systematic manner through customer satisfaction surveys. The current citizen score card that is piloted by the Youth Union is a few provinces should be expanded nation-wide.</b></p>	<p><b>Agreed</b></p> <p>Customer feedback was often overlooked under the RWSS NTP. The Aus4 Water program will strengthen customer satisfaction surveys to ensure quality of water services is maintained by private sector providers.</p>	<p>Incorporated in the design of the Aus4Water Program.</p>	<p>DFAT and Aus4Water design team</p>
<p><b>Operational improvement</b></p>			
<p><b>9. The functionality<sup>1</sup> of the existing investments needs to improve. Future investments should favour rehabilitation where possible. The OBA has been proven effective in reaching households, particularly targeting lowest 40% of rural populations.</b></p>	<p><b>Partially Agree</b></p> <p>See response to Recommendation 2</p>	<p>See actions required in response to Recommendation 2</p>	<p>DFAT, Aus4Water design team and GoV</p>

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<sup>1</sup> The functionality of the water supply services is the degree to which:

- Water supply water supply schemes function up to their design capacity for their design period and serve all water users with quantity, quality, accessibility and continuity;
- Water supply services are sustained and continued beyond the design period;
- Stakeholders adhere to defined roles, responsibilities, norms and standards;
- Stakeholders meet performance standards;
- Norms, standards and regulations are available, communicated, adhered to and enforced;
- Operation, minor repairs and ongoing maintenance take place at scheme level; and
- Post-construction support is institutionalised, available, accessible and practiced.

<p><b>10. Financially autonomous, professionally managed entities with clear ownership of the systems are best positioned to provide high quality and sustainable service. A recent joint survey by international and local organisations found that private sector was a significant source of investment and can contribute to the limited state budgets available to extend services. The same survey and other consumer satisfactory surveys also documented the economic efficiency of private service providers relative to other service providers in resource mobilisation, connection cost per household and operational performance. DFAT should partner with the GoV in finding solutions to mobilise increased private sector participation in the water and sanitation through the Australia-Vietnam Enterprise Development Partnership Program (AVEDP).</b></p>	<p><b>Agree</b></p> <p>The AVEDP has, since the Concept development stage, changed its name to "Aus4Water". The Program goal is to demonstrate and replicate successful private sector models in rural water supply working in partnership with the GoV.</p>	Not required	N/A
<p><b>11. Significant issues will remain with the low functionality if many small community and cooperative managed piped water scheme especially in remote mountainous regions. To deal with these, provinces needs to develop financial and technical support mechanism centered on the PCERWASS.</b></p>	<p><b>Agree</b></p> <p>The Aus4Water in-country design mission confirmed that PCERWASS plays an important role as a knowledge and technical skills hub at the provincial level. Under this program PCERWASS will receive additional technical and financial support to strengthen management of rural water schemes in remote areas.</p>	The recommendation will be reflected in the Aus4Water design.	DFAT, Aus4Water design team and GoV

<p><b>12. New low cost sanitation technologies and Information Communication and Education (IEC) approaches should be developed in collaboration with NGO's to serve people in the poorest (mountainous) provinces, including use of OBA approaches to incentivize the poorest households.</b></p>	<p><b>Agree</b></p> <p>Introduction of new low cost technology for water treatment will be a significant component of Aus4Water.</p> <p>Australia is already working with NGOs on sanitation IEC approaches under the Civil Society Organisation Water and Sanitation Fund (SCO WASH Fund)- DFAT's \$12 million investment in Vietnam (2012-13 to 2015-16).</p>	<p>The recommendation on new low cost technologies will be reflected in the AusForWater design.</p>	<p>DFAT, AusForWater design team and GoV</p>
<p><b>Gender equality</b></p>			
<p><b>13. Gender equality needs to be a performance criteria for new WASH programs. In this respect, it is not sufficient to simply count women as beneficiaries. The programs should link access of WASH services to women's economic empowerment and to household decision making process.</b></p>	<p><b>Agree</b></p> <p>While water and sanitation programs across Vietnam recognise that improved access to water services deliver clear and direct benefits to women, there are few practical measures employed to ensure this occurs.</p> <p>Besides supporting local enterprises in provision of affordable water supply to rural Vietnam, Aus4Water also has the goal of alleviating workloads and increase economic opportunities for women. This explicit gender objective will strengthen Vietnam's capacity in delivering effective and efficient water services as women are more active in the private sector (small-scheme), especially in the South of Vietnam. The Program will implement practical measures to engage more women in private sector water supply management. This will be monitored through a robust Program Monitoring and Evaluation framework.</p>	<p>Recommendation will be taken into consideration for the design of the Aus4Water Program.</p>	<p>DFAT, Aus4Water design team and GoV</p>