

## **GUIDELINE ON WATER USER ORGANIZATION ESTABLISHMENT**

(Used for facilitator/guide)

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### **A. THE CONTENTS THAT FACILITATOR/NEEDS TO KNOW**

#### ***1. Regarding irrigation systems/schemes:***

Understandings about the structure, investment, construction and technical qualifications of irrigation systems (multi-purpose hydraulic works, big capital for investment, systematic features, involvement of water users in investment, construction and management etc.).

#### ***2. Regarding water source:***

Water allocations according to time, space have caused the difficulties in water uses (shortage, redundancy of water, food, water logging...), badly impacted on ecosystems.

#### ***3. Regarding water use and its effectiveness.***

- Water use for irrigated agriculture.
- Water use for domestic.
- Water use for economic development.

#### ***4. Regarding management organization:***

- State-owned irrigation and drainage enterprises
- Organizations of beneficiaries (water user organizations/groups).
- These two types of organization should be linked together.
- Role of branch, levels of authorities

#### ***5. Regarding beneficiaries:***

- The benefits from hydraulic works
- Financial contribution in the investment and management of hydraulic works,
  - May be damage hydraulic works, save or waste water
  - Pay irrigation fees.

#### ***6. Regarding related policies and mechanisms***

Facilitator/Instructor needs to know policies, mechanisms on PIM/IMT and related policies (investment, construction, management, especially policies on irrigation fee, finance for PIM activities)

***7. Regarding contents and requirements for farmers' participation in irrigation management (PIM):***

- The concept and need of participation.
- The content of participation (participation in planning, designing, investing, constructing and managing).
- Conditions for participations.

**B. THE ESTABLISHMENT OF WATER USER ORGANIZATIONS (WUOs)**

**I. General Concepts**

1. Water use organization:

“A Water Use organization (WUO) is defined in the Ordinance of irrigation scheme exploitation and protection as “a form of cooperation of people” who jointly benefit from irrigation schemes, exploit and preserve schemes to serve production and lives of the people in an area”.

2. The objectives of the establishment, consolidation and development of WUO

- To ensure irrigation schemes, especially at commune and village levels have realistic owners, undertake O&M in order to effectively protect and use them.

- To ensure an closed, comprehensive management, realize well “bridge” function between state-owned irrigation system management enterprises and related services, assist farm households to use water efficiently.

3. WUOs are transferred by the State or collective with the rights in the management and operating irrigation systems with relevant scales to provide water services to farm households, individuals and water-use organizations within a village, commune, inter-commune areas. WUAs can be structured in forms of cooperation groups, teams, cooperatives, associations.

4. The background of the establishing of water use cooperation organizations (WUOs) is:

4.1. Tradition: (the role of communities in irrigation has been confirmed in the irrigation community).

4.2. The State's mechanisms, policies are in the form of legal documents (they are orders, laws, ordinances, decrees, decisions, letters, guidelines) that have been promulgated so far. Special attention should be

paid on the recently issued ones that can be used as the foundation. For example, Decree 143/NĐ/CP-28/11/2003 and Letter 75/TT-BNN.

4.3. The situation of the implementation of theirs in provinces and good experience, reasons of limits in the construction of pilot models that have been operating in recent years (in provinces Tuyen Quang, Lao Cai, Dak Lak, Thanh Hoa, Nghe An, Thai Binh, Hai Phong, Vinh Long, etc.).

#### 5. Some Basic Principles for the Establishing of WUOs

5.1. Every village, commune-based and inter-commune irrigation schemes and systems should be managed by a WUO.

5.2. WUO must be established to the principles of voluntarily participatory by water users and mutual benefit, the procedures of formulation, mechanisms of organization, management, operation of WUO by the functioning legislation for of their and their regulations.

5.3. A farm household uses water for farming from different irrigation schemes can join different WUOs.

5.4. WUOs run the management by the system of irrigation schemes, not depending on administrative boundaries, but they must base on territory, following the state management of the local authorities and technical management to professional agencies (such as district Division of Agriculture, Irrigation Management companies -IMCs) they belong to; diversifying in terms of scale, form to specific conditions of schemes, levels of management, knowledge, education and needs of the people.

5.5. For functioning WUOs it requires to consider every specific case to have plans of consolidation and development basing on the existing organizations to ensure conditions for their more effective performance.

5.6. WUOs work in the accordance with rules or regulations that are approved by the general meeting of its members, manages its finance by the self-funding, democratic, open principle, fulfilling the duties and rights of its as specified by the financial sector; independently financing, having legal entity, bank account and office.

5.7. Along with water services WUOs can provide other services as specified by the law.

#### 6. The scope and form of WUOs

6.1. WUO manages a system independent irrigation schemes

A system of schemes built within an area of a village, inter-village, a commune or inter-commune (not relating to the organization, operation

and management of a system under the state management and operation) may be formed an organization to run it in form of an appropriate WUO.

The establishing of a WUO of the system of schemes built within an area of a village, inter-village is decided and signed the formulation by the chairman of Commune people Committee (CPC), its rules and regulations are also recognized and approved after they are agreed upon by the conference of its members.

The establishing of a WUO of the system of schemes built within an area of a commune or inter-commune is decided and signed by the chairman of the DPC, recognizing its rules and regulations after they are agreed upon by the conference of its members and representatives of the members.

In case where a WUO is a group or team of a farming cooperative, its organization, functions, tasks and operation rules are regulated by the cooperative's rules as it is provided by the Cooperative law.

6.2. A WUO manages a system of irrigation schemes under the state-owned enterprise' management and exploitation (IMC)

+ A system of small-scale, less technically complicated irrigation schemes and relating to IMC's irrigation system and water not big areas may provide the decentralization of management to WUOs depending to specific conditions of the locality.

+ The scope of services, the form of organization of WUO types are stipulated as follows:

- A system of schemes, canals watering the area of a village or inter-village a village- and inter-village- based WUO is formed (that is by the administrative boundary) or a group or team within a FC.

- A system of canals or schemes watering the area of more than 2 communes a WUO can be formulated by commune-based canal (not by administrative boundary). The most relevant WUO is water use cooperative (WUC), a specialized association of water users (WUA).

The chairman of DPC decides the recognition and approves the rules and regulations of this organization after it is approved by the members' or representatives of members conference.

## 7. Management machinery

The executive agency (the management board) is elected by the members of the WUO at the membership conference or its periodical meetings.

The scope and the form of its determine the management organization as follows:

- For a village- commune and inter-commune – based WUO the management consists of a chairman (head of team, association), one or two vice chairmen (deputy-heads of team, group); there may be teams, groups such as economic team (consisting of a cashier, an accountant), a technical team to operate, repair, water distribute), an inspection team or a person to be in charge.

- For a small-scale (village-based) WUO, it may have a head of team, association working part-time.

- For a WUO belong to other organization such as a farming cooperative, an irrigation team and group can be formed to locally specific conditions. It may work under general management or regulation of the FC and is in charge of providing water services and it may have a part-time working head.

## 8. Assets and finance of WUO

### *a. Assets*

The asset of a WUO consists of that under its management and the assets given or assigned to it by the State or a collective organization for management.

- + The asset assigned to a WUO is valued in money term at the time it is assigned but it belongs to the State (as the asset form by the state sources) or of the collective nature (as it is created by the collective force, contributed by individuals, given by donors in form of grants, donation, etc.) and is owned by the collective.

- + WUO is responsible before the State and community for the preservation of and effective use of assigned to it asset and for losing, damaging it or ineffectively using it.

### *b. Finance*

- + Income sources of a WUO comprises of irrigation fee revenues collected from water users by water use contracts and it is agreed by the members at the membership (or membership representative) conference, from the support from the state budget as it is provided by the law and from providing other services.

+ Spending of a WUO is mainly for expenditure on O&M, operation of schemes. This item must not be less than 80% of the total spending and it should be agreed and approved by the members or members' representatives at the conference and follows existing financing provisions.

## **II. The Content and Steps in the Establishing of a WUA**

### ***Stage 1***

#### ***Step 1: Preparation work:***

- Mastering all state's related regulations.
- Understanding the contents, requirements of the establishing WUAs of the locality (of the project)
- Preparing the contents, programs of working with DARDs (IMCs if concerned), district people committees (DPCs), commune people committees (CPCs) and other related agencies by a meeting (it is necessary to disseminate policies and plans on WUA formulation).

#### ***Meeting 1:***

***Participant composition:*** Defining participants to the requirement, scope of WUA to be formulated to decide the possible participants and with the representatives from DARD, IMC, DPC, CPCs, concerned social organizations, farmers' where a WUA is to be established.

***The contents of the meeting are:*** delivering some of general and specific policies, mechanisms, the objectives and requirements of WUA formulation in the district and communes.

WUA formulation planning in the locality

The content and plan of a survey to assess the situation of functioning schemes and their management.

Discussing in order to agree upon the policy and planning.

#### ***Creating a task force/work team:***

Task force/Work Team (some one calls it "advising assistance team") represents a representing organization of local people to assist the advising team and participate in the establishing process of a WUC, provides a tool of new approach to ensure conditions for people participation in the entire process, linking the role of local authority, social organizations and people from the right beginning and to make sure that a WUA is well established and operates in an effective and sustainable way. The team is also there to support the work of consultants at work. The members of the team are

selected to the criteria and work part-time, be responsible for the contents of support in solving problems relating to the formalities of the establishing and operation of the WUA.

The Work Team is created by the decision of the DPC if it is a scheme located within a commune and PPC if it is an inter-commune scheme located in several districts.

***The inclusion of the commitment and its implementation:***

For legal entity and self-financial position of a WUA, it requires the role of related agencies, especially local authorities at different levels, to coordinate decisions.

Practical experience shows that it requires obligation to ensure the consistence and legislation for the establishing of PIM models of concerned parties through their commitment.

The conference discusses and agrees upon action that is committed in the form of a document confirming the role and responsibility of every party in the effective, sustainable establishing of and operation of WUA in both short- and long-run. This commitment is informed widely to ensure the obligation of all related parties to promote the successful establishing of WUA.

***Meeting 2 of the people:***

The participants comprise of agencies directly relating to the establishing a WUA to be established, including people committees, hamlet heads, representatives of farmers and local social organizations.

- To discuss and talk about policies, mechanisms on PIM;
- To inform of the plan on the establishing of the WUA and collect comments from the people.
- To discuss measures to improve the effectiveness and sustainability of irrigation scheme located in the locality and the need for formulation of a WUA.
- To agree upon the content, indicators for doing a survey, assessment of an irrigation scheme and timing and personnel to do the survey and assessment.
- To introduce the members of WUA foundation team or it is so-called “preparatory commission”.
- The founders should be responsible ones in the village, knowledgeable about policies, living situation in the community.

- Formulating a survey, assessment team consisting of members (who are directly involved in) selected from: a work force and members of foundation team.

***Step 2: Conducting an investigation of water system (scheme and its management):***

This is an important activity that decides if the management model relevant.

*It requires the investigation and assessment to confirm:*

- If an old model meets criteria of PIM (if it is effective, efficient, sustainable, legal, participatory, self-financial; any dissolved problems and suggestion for a new model: replacing it, consolidating or developing it)

- Establishing a new WUA (in case of no old one) by PIM criteria.

*Investigation and assessment indicators should be based on decided, agreed indicators, including:*

+ Indicators of assessing schemes (belonging to a group of criteria on physical premises - inputs and a group of criteria of effectiveness - outputs)

+ Indicators of assessing the management (A groups of criteria on the organization of activities of a WUC and participation)

Suggestion on the establishing a new model based on the outputs of the assessment.

*The meeting of the survey, assessment Team:*

To agree upon the content of the report, the results of the investigation, assessment and suggestion on a new model of WUA

To agree upon the content of further action program, work and responsibility division among the members involved in the formulation of a new WUA.

***Step 3: Meeting 3 of the people:***

*The meeting composition:*

Depending on the scope, scale of WUC to decide the possible participants representing villages, inter-village, individuals (farmers), etc.

*The contents of the meeting:*

+ To report the results of the investigation, assessment outputs and suggestion on WUA model.

+ To discuss and agree upon the investigation, assessment outputs and the establishing of WUA (its scope and name, etc.), collect remarks, comments to report to the responsible agencies in order to agree the direction and leadership over the implementation.

***Step 4: The Foundation Team's (Preparatory Commission) preparation work includes:***

- To provide the advocacy on the voluntary participation by the people after the definition of the WUA's activity scope.
- To set up WUA's revenue and expenditure levels.
- To develop draft of WUA's rules and regulations.
- To discuss the criteria of selecting people to be elected as members of the management (estimating the number of members, criteria to be approved by the conference).
- To decide the time, participant composition and guests.
- To report the preparation work, the content of the conference to the local authority for further direction and leadership.

***Meeting 4:*** (the meeting of villagers or inter-village meeting, similar to irrigation teams, groups)

- To agree upon the scope of activities and organizational model of WUC
- To commend and make addition to the contents of the rules and Regulations (draft)
- To inform of and agree upon the qualifications of representatives to attend the conference and candidates to the management board of the WUC.
- To elect people to participate in the establishing conference of the WUC.
- To nominates candidates to the WUC management board.
- To inform the people of the time, venue, contents of the conference.

***Step 5: Formulating a WUA***

***Meeting 5*** (the meeting of the "foundation team" - the preparatory team with the presence of the local authority representative)

- To sum up and report the outputs of meeting 4 to the local authority for more directions.

- To officially approve the participants, time and content of the WUC conference.

- To complete the formalities of the invitation to the conference.

***Meeting 6*** (Establishing conference)

- To hold the conference to approve the establishing of the WUA (to determine its scope, the management composition, the rule of election of the management board and name).

- To proceed the formalities of introduction of candidates and electing the management board.

- To discuss and approve functions and tasks, the content of the draft of the rules and regulation of the WUA.

- To discuss and approve the action plan to the functions, tasks and activities of the WUA in order to develop WUA's specific production and financial plans.

- To approve the list of the WUA's management board members (elected by the people).

***Step 6: The management Board that is elected by the Conference***

The Conference appoints a member to fulfill necessary formalities to gain the legal entity for the WUA.

***Stage 2: Technical support***

Providing training, and guidelines to improve farmers' knowledge and skills:

- Criteria for water use, especially for production purpose.

- Planning water use and allocation.

- Irrigation techniques and planning production development.

- Operational and, maintaining techniques and skills for irrigation schemes.

- Financial management (revenue and spending planning, financial indicators, irrigation fees, water use payment).

- Monitoring indicators, methodology of WUA's operation and irrigation scheme management effectiveness assessment methods.

- Some policies and mechanisms for monitoring and assessment.

***Stage 3: Assessing WUA's operation (after its establishing)***

As it has been established and started operation and after at least one crop a primary assessment must be done and after 2 crops (one year) a comprehensive assessment need to be implemented to make adjustments.

***What to assess?***

- Assessing the irrigation work in form of degrees of water provided (stable or not), water is saved or wasted, the watered areas, productivity and output.

- Assessing the situation of irrigation schemes, degrees of stoppage, repairing and reasons (if it is because of irrelevant management, without people participation).

- Assessing financial state: state of revenues and spending.

- Assessing the implementation of operating rules.

- Assessing the role of the people in the participation in different kinds of activities.

- Assessing the role of local authority with its state management and intervention functions.

- Assessing major dissolved problems of the organization, policies, rights and responsibilities of the involved people.

- The results of the assessment must be publicized for people participation and approved at the meeting of the members (or representatives) of the WUA.

- Meeting room must be full of light, equipment and furniture (board, tables, chairs, paper sheet, etc.).

- Participant composition is determined to the content of the meeting.

- Suggesting specific plan, chairman/chairwoman, secretary so that the participants can nominate and approve.

- The content and program must be carefully prepared, presented by topic, instructing discussions must be done on democratic and open base.

- The meeting must be minuted with the opening and closing conclusions.

- After every meeting, experience and lesson drawing should be done on the organization, the way of running, summarizing comments, remarks, finalizing hand-outs to report to responsible agencies and talk about the plan of implementing what has been agreed at the meeting.

**Meeting 7** (the meeting of the people - determining the participant composition to the needs)

To report the results of the assessment of the activities of WUO

Some issues needing more attention in the organization of meetings and discussion methods to be used at meetings.

+ The meeting halls must be bright, with enough light, equipment to serve the meeting (including board, paper sheets, etc.).

+ Determining the participants to the actual needs;

+ Working out tentative work programs, person to chair it, persons to take notes, nominating candidates to be voted by the participants.

+ The meeting program and contents should be well prepared beforehand and by topic, facilitating discussion to ensure democracy;

+ There should be minutes taken, conclusions;

+ After every meeting there should be experience drawn on the organization, way of chairing, summing up all comments, finalizing the materials to report to jurisdiction agencies and discussing plans in the future on the implementation of what has been agreed upon at the meeting.

+ The number of participants should not be too big (less than 20 is advisory). If it is numerous, it should be divided into small groups and every of them should be of an instructor or facilitator. This requires more instructors.

+ Methods:

1) Dividing participants into small groups for discussion purpose (by raised questions or problems; results must be written down on paper sheets and presented at the plenary meeting or discussion).

2) Forming small groups of 2-3 persons each to discuss questions raised and their comments must be written down in small paper sheets and stick on the board. Summarizing the results of all small groups to make general ones of the whole group to be presented at the plenary discussion.

+ Instructors or facilitators must master the content of the meeting and the methods of discussion to facilitate, be able to generalize and summarize comments and opinions of speakers, promote group members to speak out their ideas;

They must also be patient, knowing how to listen to people, use right, simple, understandable words, phrases and trying to use outside

information and experience to illustrate their presentation to enrich it and convince the participants. For this it requires also knowledge.

### **C. ACTIVITIES TO BE DONE AT EVERY STEP OF INSTRUCTION**

This is the content of instructing the establishing and operating a WUA.

#### ***1. Preparation work***

For better preparation, instructors/facilitators must know well about the present situation, qualifications of irrigation system, production in the region, the levels of education and knowledge of local people and dissolved problems in the operation and management of the system. In addition, they must also understand well policies, mechanisms of both national government and local authorities as ground for convincing at guiding, preparing the contents and reporting to local authorities for support and direction. It is necessary to gain the assistance from local social organizations at the preparation stage.

#### ***2. Meetings of the people***

##### *Prepared work contents:*

- To know exact number of people to attend the meeting in order to prepare the meeting room and grouping them for discussion.
- Meeting time should be relevant to the working time of farmers so that they all can be present, especially women; deciding time in the accordance with that of the majority of participants.
- The meeting venue should be in the center and easy to reach.

##### *Implementation methods*

+ In cases where there are not enough support items such as markers, paper sheets, board, etc. that are required by participatory method the tradition method (participants speak out from their seats) is advised to use.

This method is advised to use with a meeting where the number of participants is not too big (fewer than 20 people), noteworthy, mixture of men and women are arranged so that they encourage each other to speak out during the meeting.

In cases of big group and traditional method is used it is advised to set up informal groups of 2-3 persons and encourage them to speak out in turn.

+ Running the meeting

- Local officials present the objective and content of the meeting and ask to elect the chairman and secretary.

- The elected chairman chairs the meeting and introduces facilitators.

- Facilitators start their work to the meeting content and program that are prepared before and gets the approval from the participants. Therefore they must know well the objective and content of the meeting and how to run a meeting.

+ Farmers' conference on the establishing of a WUA:

After the meeting to agree on the objective and content, the farmers' conference on the establishing of a WUA is conducted. At this meeting the facilitator present the methodology of the discussion by raising questions.

- To conduct a survey and assessment of irrigation schemes, the facilitator explains briefly the methodology to ensure that farmers understand how to do it.

- To discuss difficulties and dissolved problems of the present irrigation system and its management.

- To discuss about what need to do to overcome dissolved problems.

The facilitator analyzes thoroughly questions raised and opinions orienting to the objective of WUA establishing.

- Further methods include:

a) Electing the preparatory commission to get things ready for the establishing of a WUA with at least a half of the number of committee members are representatives of farmers and one third are females.

After the introduction of the list of candidates (offered oneself and nominated) and voting and counting votes.

b) Nominating a team of surveyors to undertake assessment of the systems.

*Announcing the result of the meeting on the work of assessing team:*

• The contents of system assessment

- Planning management (arranging schemes and planting trees)

- System management (main systems, canals, works located in the designed canals, the quality, quantity, management).

- Water management (water quantity, the situation of water use, etc.)

- Financial management (revenue, level of revenue, spending, etc.)
  - Depending on the scale of services and schemes grouping for assessment work.
  - Guiding the assessment work.
  - Developing the report:

Based on the assessment report, to develop a financial plan for repairing, maintaining works and reporting before the meeting in order to work out specific plans of determining irrigation fee levels.

Facilitators must know well computation indicators and how to compute the repair quantity, finance needed and irrigation fees.

### **Contents needing discussion to present at the meeting of the farmers**

#### ***Finance***

- + The objective is to realize the demand of “the people know, discuss and do (make contribution), improving their understanding about the finance and then they monitor it.
- + The contents the people are to discuss and agree at the meeting:
  - Spending on the management, exploitation and protection of irrigation schemes.
  - Defining money needed to spend on every item.
  - Agreeing upon every kind of the people’s contribution (in-kind and in cash, labor, etc.)
- + Preparation for discussion:
  - The survey and assessment team prepares the report on the output they compute on the need for repairing, improving and maintenance of schemes.
  - Depending on the number of households, defining the number of households to be invited to the meeting. If the WUA is of bigger scale the number of households may ranks from 40-50, that it is not necessary to invite all the member-households, but the representatives of theirs from different water areas, but they should be some of 30% of the total number of farm-households.
  - The facilitators must know well the composition of expenditure spent on WUA’s activities, instruct the preparatory committee to tabulate cost and expenditure items to be presented before the people.

+ The procedure and method of the discussion are similar to other meetings. But, as this meeting is an important one, covering issues of contribution of water use households. It requires thorough discussion and agree the levels of their contribution. Therefore, the people have to discuss details of and agree all levels of their contribution.

#### *Rules of WUA's Operation*

The objective: Operation rules of a WUA must be discussed and agreed upon by the member-people as the legal basis for the management board to run it. The contents of rules must be in accordance with relevant provisions of the State in the combination with the rules and regulations of the people in the regions (like village convention) to ensure its feasibility.

+ The contents of the rules:

Based on articles 17, 18 of the Ordinance on the exploitation and protection of irrigation systems the Preparatory Committee studies them and presents before the people and raises other issues for their discussion such as the organizational structure, tasks, rights of the committee's and management board's members, including fee collection, conflict solving, meeting, reward, fine mechanisms and regimes, etc. and duties and rights of farm-household beneficiaries.

For cooperatives, there is standardized rules and regulations provided by the Cooperative Law. According to the law, if the newly developed rules do not cover the contents and requirements of the cooperative, there should be regulations.

+ Preparation for the discussion:

- The preparatory committee prepares some ideas (suggestions) to provide a sort of framework as the basis for one-by-one discussion or prepares a draft of the rules after studying the specific condition of the WUA and ask the people to discuss it with the agreement of theirs.

- Preparation of the logistics to record the people's comments and ideas

+ Proceeding the discussion:

It is similar to other meetings, but, in addition, here the Preparatory Committee and facilitators must know well the State's provisions and learning experience from other WUAs' rules and regulations.

+ After-discussion work:

- The secretary sums up ideas, suggestions, comments and remarks from the participants at the meeting to improve and finalize the draft of the rules and regulations.

- Copying the minutes of the meeting to disseminate them among a group of households or every household for feedback.

- After having the feedback, they have to finalize to have a final draft of the rules and regulations and report it to the DPC and CPC for their approval.

## **D. SOME CONTENTS ONE MUST KNOW WHILE FACILITATING THE ESTABLISHING OF WUAs**

### ***I. Concepts:***

**“Irrigation fee”** is “fee that is paid for water services by individuals and organizations using water or providing water services from irrigation systems and schemes for farming purpose and used to pay for system management, maintenance and protection” and **“irrigation fee” represents an part of input costs incurred of a product that is made up by using water from irrigation system and schemes.**

**Money paid for water** is “a price in money term written in water service contracts that is collected from individuals and organizations *using water or providing water services from irrigation systems and schemes for non-farming purpose*”.

Irrigation fee determination is to provide the ground for balancing funds for operation of a WUO and in any case (exempting or reducing fees), it must have income sources (from the state budget in case of subsidies) or from its service users. Therefore, fee levels must be computed.

Objects that are excused and level of excusing are defined at Article 1, Decree No 154/2007/NĐ-CP, dated 15/10/2007 on “Modifying and adding some articles of Decree No 143/2003/NĐ-CP, dated 28/11/2003 ”. Farmers have to pay irrigation fee within the range: “from the outlet at the beginning of canal of WUO to their field”.

### **Irrigation fee composition**

#### ***1. Capital appreciation***

Capital appreciation is defined to Decision 206/2003/QĐ-BTC, dated from December 12 2003.

According to this decision there are four “criteria and recognitions from invisible assets”. Of these four criteria, two should be noted: “utility time of over 1 year and worth over VND 10 million ”.

Calculation:

$$\text{Average appreciation rate a year of assets} = \frac{\text{Book value of assets}}{\text{Time utilized (year)}}$$

For example, a WUA bought a brand new pumping machine invoiced VND 119 million, VND 5 million discount, VND 3 million transportation cost and VND 3 million costs of installation and operation trial. The entire life time of the equipment is 12 years and estimated utility time is 10 years. Then, the appreciation rate is as follows:

Book value = 119 million – 5 million + 3 million + 3 million = 120 million.

$$\text{Yearly appreciate rate} = \frac{120 \text{ (million)}}{10 \text{ (year)}} = 12 \text{ (million)}$$

$$\text{Monthly appreciate rate} = \frac{(12 \text{ million})}{(12 \text{ month})} = 1 \text{ (million VND/month)}$$

Thus, every year VND 12 million must be set aside as appreciation value.

Appreciation costs of fixed assets is included in business costs as re-investment for replacing the equipment (with a new one) when it becomes old and can not be used any longer. For irrigation schemes, it is not deducted for earth and concrete structured schemes and pumping machines of over 7.000 m<sup>3</sup>/h, and this is considered as a sort of support from the State to farmers.

## ***2. Energy costs (for irrigation shames using pumping stations)***

There are a number of ways to determine the quantity of electricity used for pumping water. Basing on the electricity used (kW/h) and the presently functioning price of its one can compute the costs of electricity as equal to the used electricity multiply by its price (VND/Kw/h).

Determining used electricity to concrete situations to ensure the following conditions:

- The quantity of power used in practice as it is shown in the meter.
- Norm of used power (kWh/ha/crop or year) that is approved by responsible agencies (used for estimating, planning and monitoring purposes).

- Used power computed by using practical indicators.

$$E = a.H.m \text{ (kWh).}$$

‘a’ represents the parameter of used power (measured by kWh/1m/1m<sup>3</sup>) to pump a cubic meter of water up to 1 meter high (this parameter depends on the feature of a pumping machine).

‘H’ represents the height (measured by meter).

‘m’ represents the quantity of water to be pumped (in m<sup>3</sup>).

### **3. Expenditure for Current Repairing (maintenance)**

Current repairing is a kind of repairing a fail of a work but it is not serious enough to destroy the work and does not make it enable to work or affect the safety of the work. It includes both minor and periodically repairing.

While there is no addition or change, minor repairing is done to the provision of Decision 211/1998/QĐ-BNN-QLN, dated from December 19 1998 and the finance for it is determined as follows (on the determined value of assets):

For irrigation system using electric pumping machine: 0,7 ÷ 1,3%.

For irrigation system using gravity: 0,65 ÷ 1,25%.

These rates are decided to concrete situation and circumstances.

Small-scale and simple scheme WUAs decide the amount of work to be repaired (to the present value) by the amount determined by their investigation, including breaking of canals, jammed, blocked by grass, replacing minor broken-down parts of pumping machines, drains, culverts, etc. parts of concrete works.

**4. Capital repairing** (upgrading and improving works) includes big breakings-down that may cause deformation, stoppage and unsafe of works not in the time of the year. It often cost huge money. Therefore, every year one must set aside an amount of fund for capital repairing.

The rate of fund set aside for capital repairing is defined to the norms and procedure of stated capital construction. But, for schemes that are operated by WUAs, less technically complicate, minor depreciation, capital repairing is very important and decisive for their sustainability.

Irrigation fee levels stipulated by the presently functioning regulations do not take the consideration of capital repairing. As a result, this kind of cost is mentioned when calculating water prices.

### ***5. Management costs***

These costs include costs of undertaking management work such as using technical staffs, activities of WUA like its meetings, stationeries. They often account for a small rate to the total costs. These costs are determined to decide irrigation fees by practical experience and learning from other WUAs and it often shares less than 5 percent of the total coats.

### ***6. Payments to irrigation workers management staffs***

The number of irrigation workers and member of the management payments to them are decided by WUA management board to its specific conditions and schemes and rank from 12 ÷ 25 hectares a person and they payments often share not over 10% of the total costs. In many cases payments to operation workers and management staffs come from the same item and line.

### ***7. Reserved funds***

This money is usually used to spend on recovery of unanticipated cases and there is no resources to mobilize. These funds are also decided by WUA conference.

### ***8. Training costs***

Training and education events are in the forms of meetings, training workshops and expenditure used to support staff and workers for their attending training workshops as decided by the conference of the WUA yearly.

All money spent on the above items are decided by WUA conference, including in-kind contribution to provide additional employment for farmers in order to reduce farmers' cash contribution. This way of contributing is to solve their difficulties and, at the same time, help them to improve their knowledge and participate in the operation and management of irrigation schemes.

## **II. Rules and Regulations**

### ***1. Concepts***

Cooperative teams/groups (as provided in Article 120, The Civil Law):

Cooperative teams created basing on cooperation contracts and being certified by the commune/ward/town people committees and involving 3 and over individual-members, pooling funds, assets, labor to perform certain tasks, mutually benefiting and being responsible as personal entities in civil relations.

Cooperation contracts retaining the following contents:

- a) The objective(s), time of the contract
- b) The names and family names, addresses of the team heads and members
- c) The amount of asset contribution (if any), the method of profit, dividend sharing among the members
- d) The rights, duties and obligations of the team head and the members
- e) The terms of new membership admission and rejection
- f) The terms of team termination
- g) Other agreements.

(Detailed regulation is showed in the Decree 151/2007/ND-CP dated 10/10/2007)

### **Rules**

Established social and economic organizations must operate to the rules and having rules also provides a condition for the foundation of these organizations.

**Rules represent** “a document stipulating the objective(s), basic principles of the organization and operation of an organization”.

For an economic organization and service provision organization like a WUA, there must be an article providing “having a stamp, opening an account at a bank” is said in its establishing decision or rules.

### **Regulations**

“In general, regulations are provided for all people to follow in a range of activities”, for example, the regulations of recruiting students, the working regulations of a ministry leadership). For a WUA, operation regulations provide the mechanism of working, including the responsibilities of different specific positions in its management machinery of the cooperative, internal and external relations without specifying the details of the contents.

Provision is "made for following and implementing" (such as the provision on working regime).

Contract is “a mutual agreement between two or more than two parties providing the power, benefits and duties of these parties” in a work or business in written form.

Depending on the specific conditions, promulgating rules, regulations or a contract, including:

(1) The rules (required) (2). Regulations (if needed) (3), contract (required); or (2) and (3) combined. Water services are of specifics(PIM) and therefore, a number of local authorities give the importance to the relationship between the management team (as one directly access to) and farm-water-use households and it promulgates some provisions, commitments of its and households with the full inclusion of PIM (4) ( it is different from the contents of the rules and contract).

**What as the ground need to know about the establishing of a WUA:**

A cooperative will be awarded with business certificate if it satisfies all five conditions, including having its rules and regulations, name, symbol (if any).

A cooperative works by 4 principles as follows: 1. Being voluntary; 2. Being equal, democratic and open; 3. Being self-control, responsible and mutual benefit and; 4. Spirit of Cooperation and developing the community.

The State have got policies for cooperatives, including protecting legalized rights and benefits, not intervening in internal business and legal activities of the cooperative; providing preferential and appropriate policies for WUAs.

- The rules of a cooperative must comprise of 17 major contents as it is provided by the Cooperative Law:

1. The name of the cooperative, its logo (if any);
2. The address of the headquarter;
3. Business areas, activities;
4. Provisions on the criteria, terms and condition of the membership and withdrawal;
5. Provisions on the rights, duties and responsibilities of the members;
6. The principles and eligibility of insurance buying;
7. Rule and Regulation capital of the cooperative;
8. Minimal fund contribution, levels of fund contribution, time and terms of fund withdrawal;
9. Jurisdiction and methods of fund raising;
10. Principles of payment, dealing with losses, profit sharing to contributed capital, by labor contribution on the members and degrees of cooperative's service using, fund formulation and using these funds;

11. Form management, use, preservation and dealing with general assets, accumulated assets of the cooperative when it is functioning and when the cooperative is closed down;

12. The management organizational structure of the cooperative, functions, rights and responsibilities of the management board, inspection board, head of inspection board and functionally supporting divisions of the cooperative;

13. The person who legally represents the cooperative;

14. The procedures of the assembly of the cooperative and approving the decisions of the cooperative membership assembly;

15. The procedures of making amendments to the rules and Regulations of the cooperative;

16. Other rules and provisions are decided by the cooperative assembly but to the legislation.

In cases where the Rules do not stipulate sufficient details necessary for the cooperative's activities, they should be included in its Regulations.

Rules and regulations: "in case of need for detail provisions on specific activities of the cooperative but it is not specified in the rules, the management board may provide some regulations on every of those activities and present at the members' meeting for their approval" Article 7, Decree 177/2004/NĐ-CP, dated from October 12, 2004 of the Government "providing the retails of the implementation of some articles of the Cooperative Law, 2003".

## ***2. Some other specific cases***

a) A multi-purpose cooperative including irrigation as one service), to ensure effective irrigation service (as it is often abused), there should be additional detail provisions on this service.

b) Irrigation cooperative or agriculture cooperative (has only irrigation service):

This is a form of "specialization", so rule and regulation may be combined into one, because in this case, rules can be expressed in detail.

c) For small-, village-scale cooperation team, association or irrigation teams within a bigger-scale, multi-service cooperative the relationship between WUA and its members is established via the Rules, provisions, commitments, contracts or the rules of combined rules and contracts.