World Academy of Science, Engineering and Technology
International Journal of Agricultural and Biosystems Engineering
Vol:8, No:12, 2014

The Effects of Subsidised Irrigation Service Fees on Irrigation Performance in Vietnam

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Abstract : Approximately 70% of the Vietnamese population lives in rural areas where the main livelihood is farming. For many years, the Vietnamese Government has been working towards improving farmers' quality of life. In 2008, the Government issued the decree 115/2008/ND-CP to subsidize farmers' water fees. The subsidy covers operation and management costs of major water infrastructure. Water users have only to pay for the operation and management of minor or tertiary canal systems. But the "subsidized water fee" has become contentious; there are two opposing schools of thought. One view is that the subsidy lessens the burden on farmers in terms of reducing their production costs, at the same time generating a sufficient budget for Irrigation Management Companies (IMCs) and Water User Association (WUAs). The alternate point of view is that the subsidy negatively effects irrigation performance, especially in tertiary canals. The aim of this study was to gain clear awareness of the perceptions of farmers, WUA members, and IMC staffs in regard to irrigation performance and management since the introduction of subsidies and local water fees. In order to find out how the government intervention has affected local farming communities, a series of questionnaires and interviews were administered in 2013. Four case studies were chosen which represent four different agricultural areas and four different irrigation systems in Vietnam. Interviews were conducted with IMC staffs and WUA members and questionnaires were used to gather information from farmers. The study compares the difference in operation and management costs across the four case studies both before and after the implementation of the decree. The results disclose factors behind the subsidized water fee that either allow or hinder improved irrigation performance and better irrigation management.

Keywords : water fee, irrigation performance, local farming, tertiary canal systems
Conference Title : ICAEE 2014 : International Conference on Agricultural and Environmental Engineering
Conference Location : Sydney, Australia
Conference Dates : December 15-16, 2014