TOWARD NATIONAL URBAN DEVELOPMENT STRATEGY IN VIETNAM WITH GREEN AND SMART INITIATIVES

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Content

1. Overview of urbanization in Vietnam
2. Vietnam’s national urban policy
3. Urban policy reform with Smart and Green Initiatives: Vietnam’s NUDS
Country Overview

- A Lower Middle Income Country (LMIC)
- 2015: per capita income grow by 2,300 USD (MPI)
- Total land area of 331,698 km2
- Population: 90.73 million (WB, 2014)
- Undergo the transitional period after 1986
  - Transition from the central planning toward the market economy with a socialist orientation
  - Global and regional integration
  - Transition from agricultural production based to urban based production.
Urbanization in Vietnam

- Urban population in 2015: 35.2% (Ministry of Construction)
- Growth rate of the urban population 1999-2009: 3.4% - 3.7% per annum
- Urban sector contribute 70% for national outputs & an overall reduction in poverty rates
- Challenges: trap in the middle income trap, environmental pressure, economic inequality, uncontrolled urbanization and migration, economic instability
- Demographic bonus (low dependence ratio) BUT growing old before growing rich
- Large number of migrants moving to cities, one third of urban growth but official figure have not reflected the situation

Informal economy: a dynamic and important part of urban economy, however household registration constrain their access to service

Urban poverty figures do not reflect the reality

Fast urbanization putting pressure in the demand for housing and infrastructure.

<table>
<thead>
<tr>
<th>Table 12. Non-agricultural formal and informal employment 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Trade</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Services</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Cling et al, 2011: 42.
PRESSURES ON URBAN SECTOR

HOUSING
- Serious housing shortage
- Uncontrollable self-built activities
- Sub-standard and temporary housing
- Widespread of speculation practices
- Low-income households cannot access to affordable housing

POVERTY
- Higher poverty density
- Emerge of low-income pockets in residential areas in all cities (30% area population)
- Urban social problems increase
- Farmers lose their land

WATER & SANITATION
- Poor access to clean water in district towns
- Serious lack of wastewater collection and treatment, drainage system
- No sewerage or drainage surcharges
- Environmental degradation
- Flooding and pollution are most severe in largest cities

TRANSPORT
- Congestion
- Air pollution
- Serious accidents
- Insufficient inner city roads
- Little attention to parking areas
- Lack of land for transportation

SOLID WASTE
- Disqualified landfills
- Conflict between service quality and subsidized budget
- Challenges to maintain and upgrade or expand the services properly

INSTITUTIONAL CHALLENGES

CLIMATE CHANGE IMPACT

PRESSURES ON URBAN SECTOR
A dualism in urban housing production (formal and informal) exists

Urban housing production in 1999-2009

• 273,425 housing units/year in average (contentious figure)
• Housing demands in urban areas by 2049 is about 370,000 units/year

AND

Large proportion of People’s housing is informal and/or indecent housing
High number of inadequate housing (slums)

High % of slums, but they mainly requires the improvement only 1-2 components of slum

Note: (a) Computed from country household data using the four components of slum (improved water, improved sanitation, durable housing and sufficient living area).
Urbanization in Vietnam

• While still at a mid-phase of urbanization nationally, Vietnam has nonetheless undertaken many improvements in access to basic services.

Table 22. Access to basic services by the urban and rural population (1990-2012)

<table>
<thead>
<tr>
<th></th>
<th>1990*</th>
<th>2000*</th>
<th>2010*</th>
<th>2015**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>% of the population with access to an improved water source</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>89.9</td>
<td>93.3</td>
<td>97.4</td>
<td>99</td>
</tr>
<tr>
<td>Rural</td>
<td>54.4</td>
<td>72.2</td>
<td>90.0</td>
<td>97</td>
</tr>
<tr>
<td><strong>% of the population with access to improved sanitation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>64.1</td>
<td>77.3</td>
<td>90.5</td>
<td>94</td>
</tr>
<tr>
<td>Rural</td>
<td>30.6</td>
<td>47.0</td>
<td>63.3</td>
<td>70</td>
</tr>
</tbody>
</table>

Table 3.13: Proportion of households with various household amenities, by grade of urban area, 2009

<table>
<thead>
<tr>
<th>Amenity</th>
<th>Urban grade</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Special grade</td>
<td>Grade I</td>
<td>Grade II</td>
<td>Grade III</td>
<td>Grade IV &amp; V</td>
<td>Total urban</td>
<td>Total rural</td>
</tr>
<tr>
<td>1. No electricity</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
<td>0.9</td>
<td>0.4</td>
<td>4.3</td>
</tr>
<tr>
<td>2. Source of drinking water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Piped from water treatment plant</td>
<td>73.3</td>
<td>81.5</td>
<td>75.7</td>
<td>66.0</td>
<td>36.7</td>
<td>63.5</td>
<td>8.6</td>
</tr>
<tr>
<td>Rain water</td>
<td>0.2</td>
<td>1.8</td>
<td>0.3</td>
<td>2.2</td>
<td>6.1</td>
<td>2.4</td>
<td>16.1</td>
</tr>
<tr>
<td>Other clean water source</td>
<td>26.0</td>
<td>11.5</td>
<td>21.7</td>
<td>29.0</td>
<td>51.2</td>
<td>31.0</td>
<td>61.9</td>
</tr>
<tr>
<td>Other source</td>
<td>0.5</td>
<td>5.1</td>
<td>2.3</td>
<td>2.8</td>
<td>6.0</td>
<td>3.2</td>
<td>13.4</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>3. Type of toilet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indoor flush toilet</td>
<td>93.5</td>
<td>76.9</td>
<td>76.7</td>
<td>65.9</td>
<td>44.6</td>
<td>71.4</td>
<td>18.0</td>
</tr>
<tr>
<td>Outdoor flush toilet</td>
<td>5.8</td>
<td>14.7</td>
<td>17.0</td>
<td>21.3</td>
<td>25.9</td>
<td>16.3</td>
<td>21.0</td>
</tr>
<tr>
<td>Simple toilet</td>
<td>0.5</td>
<td>7.2</td>
<td>4.0</td>
<td>10.7</td>
<td>24.4</td>
<td>10.0</td>
<td>50.8</td>
</tr>
<tr>
<td>No toilet</td>
<td>0.3</td>
<td>1.1</td>
<td>2.3</td>
<td>2.2</td>
<td>5.1</td>
<td>2.3</td>
<td>10.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Unit: Percent
Land use and Housing

- **Rapid land use change from agricultural to urban use**
  - The encroachment in agricultural land and unregulated housing development led to the extension of urban sprawls
  - Increasing informality

- **Ineffective urban land market**

- **Challenge of land clearance and resettlement linked with livelihoods**

  Phu Dien - Increased density of peri-urban village development (8 kilometres west of Hanoi city centre)

  Informal housing development in Binh Hung Hoa
  (12 kilometres north of the centre of HCMC)
Climate change exacerbating urbanization problems

Table 26. Scenarios for sea-level rise relative to period of 1980-1999 (cm)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
<th>2060</th>
<th>2070</th>
<th>2080</th>
<th>2090</th>
<th>2100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low emission</td>
<td>11</td>
<td>17</td>
<td>23</td>
<td>28</td>
<td>35</td>
<td>42</td>
<td>50</td>
<td>57</td>
<td>65</td>
</tr>
<tr>
<td>Medium emission</td>
<td>12</td>
<td>17</td>
<td>23</td>
<td>30</td>
<td>37</td>
<td>46</td>
<td>54</td>
<td>64</td>
<td>75</td>
</tr>
<tr>
<td>High emission</td>
<td>12</td>
<td>17</td>
<td>24</td>
<td>33</td>
<td>44</td>
<td>57</td>
<td>71</td>
<td>86</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: MoNRE, 2009: 15.
National urban and housing policies

1980

Doi Moi policy 1986

1986

National Orientation of Housing Development to 2020 (PM Decision 76)

1990

Draft National Housing Strategy prepared

1991

1991 Housing Ordinance: privatisation of housing

1992 Constitution: LUR transference

1992 Decision 118: abandon state housing subsidy

1992

1992 Constitution

1993 New Land Law

1993

1994 Decree 61: Housing ownership; LUR transference between private org. in construction sector

1994

1995

National Orientation of Housing Development to 2020 (PM Decision 105)

2000

2003 Land Law: withdraw land for a project

2003

2006 Housing Law on Social housing

2006

2010

2013 Constitution revision

2013

2009

National Urban Upgrading Programme 2009-2020

Series of Decisions (65, 66, 67) for housing development for workers, students and low-income people in urban areas

2007

National Orientation of Housing Finance to 2020 (PM Decision 105)

2011

National Housing Development Strategy to 2020, with a vision to 2030 (Decision 2127)

2013

Loan package of VND 30,000 billion (USD 1.4 billion) by the State Bank (Resolution 2)

Source: adapted from UN-Habitat (2014) Viet Nam Housing Profile
Current urban management and development policies

- In 1998, the **Orientation Master Plan for Urban Development**, administered by the Ministry of Construction (MoC).
- In 2000, the **Vietnam Urban Upgrading Project (VUUP)** for the duration of 2004-2014.
- In 2009, the **National Urban Upgrading Strategy and Overall Investment Plan (NUUP)** for urban upgrading to the Year 2020.
- The government’s new **Socioeconomic Development Strategy 2011-2020** aimed to promote industrialization and urbanization in parallel, concurrently with social inclusivity.
- In 2012, the **National Urban Development Programme (NUDP)** for the period 2012-2020.
- Starting from 2015, **Vietnam National Urban Development Strategy (NUDS)** for the period until 2020 with a vision to 2030 is being developed by the MoC, Cities Alliance, UN-Habitat and other partners.

- Central Government
- Local Government
- Private Sector
- Foreign Sector
- Individual Households

Economic Planning → Physical Planning

- Economic Planning
- Physical Planning
- Public Investment
- Formal Land Market
- Informal Land Market
- Non-state Investment
- Informal Investment

Built Environment
- Broken industrial and residential linkages
- Diversified self-built housing models with rising informality
- Commercial redevelopment in central area
National Urban System

The urban classification system, established in 2001 and revised in 2009, based on a hierarchical model

63 province/cities
6 urban regions

National Urban Development Program based on urban classification

<table>
<thead>
<tr>
<th>Grade</th>
<th>2010</th>
<th>2011-2015</th>
<th>2016-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Grade I</td>
<td>10</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Grade II</td>
<td>12</td>
<td>22</td>
<td>37</td>
</tr>
<tr>
<td>Grade III</td>
<td>47</td>
<td>43</td>
<td>58</td>
</tr>
<tr>
<td>Grade IV</td>
<td>50</td>
<td>131</td>
<td>204</td>
</tr>
<tr>
<td>Grade V</td>
<td>634</td>
<td>657</td>
<td>620</td>
</tr>
<tr>
<td>Tổng</td>
<td>755</td>
<td>870</td>
<td>940</td>
</tr>
</tbody>
</table>
Critical urban policy issues

- Discretionary intervention and subsidized urbanization and urban development often results in distorted and spontaneous urban patterns
- Urban finance is largely subsidized by state budget and ODA investment. Infrastructure provision lags behind urbanization process. Budget constrains and limited finance mobilization for urban development
- Planning system is not participatory and strategic and lack a enforced development control. Weak institutional coordination and governance
- Absolute state land management on land use planning, land value, land allocation and acquisition distorting the market allocation
- Discretionary state intervention in planning, investment, land use led to informal development.
- Lack of appropriate mechanism for investment project / program assessment and monitoring
Without administration framework

**_MINISTRY OF CONSTRUCTION**

**MINISTRY/DEPARTMENTS OF PLANNING & INVESTMENT**

**OTHER MINISTRIES & LOCAL DEPARTMENTS**

**REGIONAL PLAN**

**New segments in plan formulation**

**REGional socio-economic development plan**

**Regional-sector plan**

**Provincial socio-economic development plan**

**provincial-sector plan**

**District socio-economic development plan**

**District-sector plan**

**Communal socio-economic development plan**

**General plan**

**Detailed plan**

**Urban design**

**Rural settlement plan**
Urban Policy and Responses

- Delegate more & clearer authority to local governments for urban management / planning.
- Adopt a planning system based on a bottom-up, permissive and participatory approach.
- Complete effective tools for urban development control.
- Encourage effective cross-sector coordination and community participation in preparing and implementing urban plans.
- Improve local capacity to deal with the environmental management (i.e., resilience) and financing of urban infrastructure.
Urban Policy and Responses

- Promote public-private partnership through appropriate incentives for private developers
- Increase cities’ self generated revenues by raising user charges for infrastructure
- Deepen the legal and institutional reform on the basis of respecting market principles.
- Excessive control and arbitrary interference on land use rights need to be readjusted and/or removed
- Capacity building for local authorities in mobilizing resources to be strengthened
TOWARD A NEW PLANNING SYSTEM

- National policies (e.g. sector policies)
- Strategic planning frameworks (determination of general vision and specific development objectives)
  - "old system"
  - State investment (Budget)
  - Economic tools (taxes)
  - Land Allocation
  - Social Mobilization Campaigns
  - Others
  - Construction approval
  - Licensing

PRESENTATION TITLE, Date, Incheon Metropolitan City
International Conference on National Urban Policy: Towards Smarter and Greener Cities
Innovative green solutions for urban development

Sustainable Urban Service & Infrastructure
- Competitive/ effective utilization of service and infrastructure
  - Resource & Solid Waste
  - Access & Mobility
  - Green Industrial development
  - Green Space and Construction

Natural Resource Management for Development
- Effective utilization of natural resources, cleaner production
- Enrichment of natural capital
  - Green Agriculture & Rural Dev.
  - Water Resource Management
  - Eco system based Development/Tourism

Social Development & Inclusive Growth
- Mobilization of necessary local assets and social capital
  - Health and Labor
  - Disaster and Climate Change
  - Livelihood Resilience
  - Governance for Inclusive GG

Contribution to sustainable urbanization
- Effective land use for new industrial/ residential development/ urban agriculture development
- Better disaster management with promotion of urban green space development
- Up-scaling Eco-tourism based on environmental land use planning and enhanced landscape
- High value added job & market creation (HTP) attracting biz opportunities (esp. SMEs, social enterprises)
- Economic incentives for integrated land management to relieve urbanization pressures
- Quality human resource (better public health and education) to support economic activities
- Reduced vulnerability and socio-economic loss from disaster (eps. Coastal areas and rural agricultural areas)....
• Urbanization
  o Cities as economic hubs impacting national and global economies
  o Cities facing huge challenges of growth (need for more shelter, food, energy, water etc.), poverty and gaps…

Need for smartness

• Geared towards local benefits to local communities

• Smart municipal mechanisms that enables leveraging assets, opportunities and technologies through
  o Legal and administrative frameworks
  o City income generation
  o Capacity development and accessible support systems
  o Involvement of the community
Innovative institutional approach to a smart & green urban strategy

• High political commitment and active government intervention
• Comprehensive and integrated approach the top-down and bottom-up combination
• Market orientation and incentives for the sustainability
• International cooperation and partnership
THANK YOU!