

A GUIDE: IMPROVED COMMUNITIES, BETTER CITIES FOR VIETNAM.

A Quick Understanding of Upgrading Poor Neighborhoods

In this guide are steps to take...

Why a guide?

Find the answers to:
What difficulties do cities face?
What can cities offer?

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...TO IMPROVED COMMUNITIES
AND BETTER CITIES

Improved Communities, Better Cities for Vietnam

Why a guide?

The Government of Vietnam is looking for ways to make Vietnam's cities better places in which poor and vulnerable families can live and work. Therefore some important questions need answers:

"What can be done to improve the living conditions in Vietnam's cities? What are the special difficulties of helping the poor and vulnerable groups? How can cities be improved? How can this be accomplished and how much will it cost?"

To help find the answers four consultant teams worked from November 2001 to June 2002 to conduct major studies of urban policies, of cities, and of poverty in cities. The goal was to understand the problems and discover far-reaching responses: a nation-wide program of actions to alleviate urban poverty.

The Four Studies are: *Enhancing Access To Basic Infrastructure Services For The Urban Poor And Vulnerable Groups In The Cities Of Vietnam* and they give a detailed picture of:

1. Housing and Infrastructure - Constraints Faced by the Urban Poor, by Nguyen Thi Hien with Nguyen Quy Thanh, Hoang Thi Thanh Van, Thai Thi Ngoc Du and Pham Gia Tran, explains how the poor live in Vietnamese cities and the problems they have in accessing housing and basic services like water, sanitation, etc.

2. Review of Recent and On-Going Urban Upgrading Programs, by Chris Banes, Banes Dawes Associates, looks at the possibilities of solving housing problems of the poor in cities, with examples of upgrading from Vietnam and other countries.

3. Development of a National Strategy on Scaling up Programs and Providing Better Housing and Services for the Urban Poor, by Culpin Associates, describes policies for dealing with these problems to be resolved.

4. Development of a Detailed Action Plan for a Selected City - Can Tho, by Michael Slingsby and Dr. Do Xuan Thuy, is a sample plan of action for *Can Tho City* to prepare an upgrading program.



This Guide

-is based on the studies and other sources, so that the most important information and key topics can be **easily used**.

-helps give a quick understanding of the problems of cities and the difficulties their poor and vulnerable residents have in obtaining housing, city services and better living conditions.

-shows the way through the process and options and **sets out principles for key decisions about what agenda of actions will best meet the needs of the urban poor in Vietnam**.

1. Find the Problems and Opportunities

What difficulties do cities face? What can cities offer?

The starting point is to understand what cities have and don't have. Why do the poor have problems and why do cities have such problems with the poor? Cities that work well are good for the economy. The poor can be good for cities' economies.



Vietnam, like other countries of Asia and the world, is finding that cities present great opportunities, while at the same time create serious problems. Cities are more and more important to the growing economy. As cities and towns mobilize the economy they create jobs. Cities also generate many opportunities and benefits such as schools, health care, information, entertainment, culture, etc. These are what draw people to urban areas. The poor are particularly attracted to having them. Worldwide efforts to stop rural to urban migration have failed. This is now a global fact based on widespread experience. This urbanization phenomenon makes Vietnam's cities both important to its future economy and hard to manage. One of the main resulting problems is harsh living conditions for city dwellers. The reason conditions are so bad is mainly because cities have not been able to keep up with the basic infrastructure and services needed by the growing population. There has been no forward planning. The infrastructure and services are not only needed for residents, but they are essential for economic activities and the efficient operation of cities.

Vietnam's Cities

A global phenomenon: cities attract people because they hold the power of opportunities. The poor want these more than anyone.

Factors shaping the conditions of cities and the urban poor:

- Vietnam's population of 76 million grows about 1.5% per year.
- The current urban growth rate exceeds 2.5 %.
- Vietnam has 12 cities with more than 150,000 inhabitants.
- Of these some 80% live in Ho Chi Minh City (about 6 million), Hanoi (about 3 million) and Haiphong (about 0.6 million)



- Vietnam is one of the poorest countries in Asia (per capita GDP of US\$ 320).
- Monthly earnings in Ho Chi Minh City are less than US\$ 100 per month and in other urban areas, about half of this.
- About 40% of Ho Chi Minh City's population live in "temporary" housing in poor, largely unplanned settlements with degraded infrastructure, services and hazardous environmental conditions.

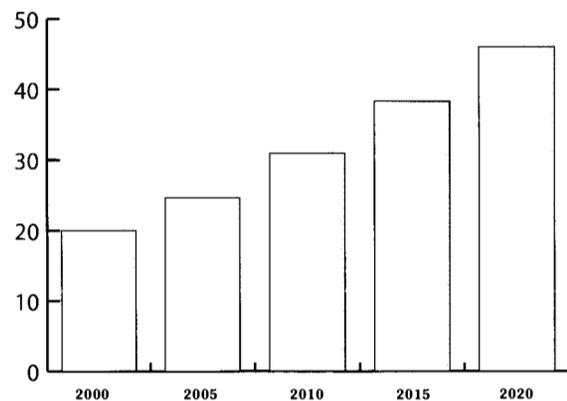


Another result of the rapid growth of the economy and of Vietnam's urban centers is an increasing gap in the housing conditions and access to infrastructure of the better off and the poor. These are relatively new problems that need speedy and affordable solutions. New answers must also look to a future that is certain to bring many more urban dwellers.



Reminder: Urban growth will continue. If the challenge for cities to improve living conditions for so many seems a huge task today, the problem will only be more difficult each year that goes by because cities will, and should, continue to grow. This makes it even more important to find good, large-scale solutions to these problems now.

Vietnam's urban population reached 20 million in the year 2000. That is almost a fourth of the country's population. The government estimates that urban areas will grow at a future rate of 4.5% per year, which means that about 46 million people will live in cities by 2020. Even if only 25% of these are the poor, it means that cities would have to expand their infrastructure and services four times to provide the same service levels, which are already inadequate, as today. **Therefore, it is essential to immediately find the best ways to plan for and provide infrastructure, services and housing for the poor now, and even more urgently for the future.**



Vietnam's Growing Urban Population

Careful planning for the inevitable growth of cities must be part of today's actions.

The poor and vulnerable in Vietnam's Cities

Reducing **rural** poverty and improving the lives of rural communities is extremely important. The dramatic growth of Vietnam's cities means that **urban** poverty is **also** becoming a major problem that needs urgent attention. Who, and how many urban poor there are in Vietnam is not immediately evident. Government statistics, based on measuring income, may not represent reality because it is difficult to know how much of peoples' income derives from formal activities as opposed to informal activities carried out in the parallel economy. Elsewhere housing and infrastructure conditions help define poverty, but

they are not used in Vietnam. Another difficulty is that there are many uncounted **unregistered migrants**.^{*} Cities and towns also have many households vulnerable to crises because they do not have steady jobs. They easily fall below the poverty line if natural disasters, or the death or illness of a family member strike.

**** The difficult reality of the Unregistered.** The unclear status of unregistered migrants is a major factor for improving the lives of the poor. It is made more difficult because in most settlements, the registered and unregistered live side by side. A big problem is that more and more poor families move from rural to urban areas and city to city. Urbanization and migration are processes that result from industrialization and economic growth. Migrants include those of working age and children. Presently they cannot get permanent registration, and so they cannot get stable jobs, thus their income is erratic. They have very limited access to social services. Public utility companies are usually not required to provide services to the unregistered. This results in the poor buying their basic services from vendors for up to five times more than they would have to pay the utility companies, or making illegal, and often dangerous, connections to city utility systems. This policy also adversely affects the utility companies, which are in the process of becoming more commercially oriented. They have invested in supply networks to serve the poorer areas but are not allowed to expand their customer base and generate needed revenue. The policy of preventing unregistered migrants access to service connections is a losing situation for both the poor and the utility companies alike. Granting regular status to these residents would have a significant positive effect on the economic, housing and environmental conditions of the poor.*

How the poor live in Cities

Where to live is important

The choice of where to live in a city is very limited for the poor. So they tend to settle in isolated spots or in centrally located old, dilapidated housing in areas that have deteriorating services and infrastructure. Many live in state-owned housing, either in high-rise blocks or in one-story row houses. State-owned housing units are in very poor structural condition. Apartments often have more than one family per room. On the edge of cities and along remote alleys, makeshift private accommodations made of discarded materials abound in unauthorized, haphazard “settlements” popularly called *nhũ æ chuét*, literally “rats’ nests.” Many of the poorest families encroach on land around lakes, canals and natural waterways, which disrupts drainage and causes severe pollution. Children play in the polluted waters that are also used for bathing, creating chronic health problems.

When a sense of security and stability is missing, local governments also lose.

The urban poor generally have little or no security of tenure. Their legal status, rights and even obligations are vague and uncertain. A lack of legal documents creates problems because people, in principle, cannot register their residency, have utilities installed, or have access to credit. In addition, they will receive little or no compensation if relocated. Private houses are often built on illegal sites and are routinely bought and sold without the property being registered with the local government. In state-owned housing, rental contracts are violated from both sides: the state fails to fulfill its obligations to make timely repairs, and tenants, on the other hand, illegally transfer, or make changes to the property. This condition of insecurity makes residents hesitant to make even the smallest investment to improve their houses or their neighborhoods.



The urban poor say that they can improve their existing houses slowly on a step-by-step basis, whenever money is available. This can take many years. The poor have very limited income (for example, the monthly earnings in Ho Chi Minh City are less than US\$100) so they can borrow only small amounts to make house improvements, particularly to have essentials such as water, electricity, and septic tanks installed, or

What the poor want

Surveys of poor residents signal the main concern is the shortage of clean water. Others include: a lack of utilities that are too expensive, faulty drainage causing flooding, their low and unreliable incomes. They cite other serious problems: insecurity because they do not have legal status nor ownership, and the lack of sanitary facilities, public playgrounds, parks, and garbage collection.

How the poor want to live

Residents of low-income communities say that their priority is a house of their own on land to which they have a right to live. Also they:

- prefer to improve their houses gradually when they have the money to do so
- do not like high-rise apartment blocks which cut them off from economic opportunities and social interaction
- find problems in the ways apartments and infrastructure are managed
- find that approval procedures and inconsistent regulations make building houses or getting services too complicated and time consuming to be worthwhile

to make urgent repairs. Another problem is that the poor do not have many ways of getting loans on affordable terms. Many also say that they would first borrow money to invest in economic activities, because an understandable priority for poor families is more income. Bigger demand for home improvements will come only when their employment opportunities and incomes improve.

The Difficulties and Possibilities of Housing the Urban Poor

Why are there sub-standard living areas and housing problems?

All developing countries' cities have these types of problems. The reasons are also similar. As in other countries, Vietnam has a rural/agricultural tradition. The transition of the economy involves the expansion of an urban work force in cities, towns, and even villages, which takes on critical roles in processing, production and commerce. **The rapid growth of cities is a product of a globalized economy.** However cities and towns are not equipped to deal with the new functions and the growing population. Policies have limited national and local spending on cities and towns. City administrators have not had the money, staff, or experience to handle the growth, and particularly the needs of the poor. On top of that, the numbers of the poor keep growing. These are families that cannot afford the high cost of urban land, houses or services. The poor have few alternatives to where and how they live.

Note: National and local governments have not found effective, affordable ways to improve the living conditions of the poor in cities because:

- urban policies need to be revised to concentrate on the problem of cities and the urban poor
- city regulations, planning and technical standards, are too high and too expensive
- land controls and land markets do not work in favor of housing for the poor
- financial systems do not meet the needs for housing the poor
- little official attention has been paid to finding new ways to help cities and the poor
- the status of unregistered migrants often remains unclear

In Vietnam, places where the poor live are generally seen as ugly and blighted. Until recently, government response to these settlements has been similar to what has been the case in other countries: they are sub-standard and should not exist, and are considered temporary, to be eliminated in the future. This attitude makes it difficult to carry out improvement programs. Experience has been that when the government had funds, it proceeded with clearance activities that removed residents and resettled them in apartment buildings, often far from their

original homes. By tearing down houses, social networks are destroyed. These social links help people to cope with a difficult situation, and offer a sense of identity and belonging. Moreover, from an economic standpoint, experience shows that new development (for example a mid-rise apartment) can cost between **10-15 times more than improving the infrastructure in the community** and fixing up the existing houses. The studies show that most poor families who are given these apartments move out within a few months because they cannot afford the monthly

Question: But aren't apartment buildings more efficient? High- and mid-rise buildings are often proposed in order to house more people on less land. However, studies show that the residential density of a high-rise development is not much greater than that of typical low-income settlements. In addition high-rise developments do not provide much ground-level space for low-income families to operate small businesses which these families need to supplement their incomes.



payments and utility charges. They also do not like living in high-rise apartments. When they move out of the apartments they sometimes go back to other canals or marginal land, and the problem for the city grows. Then the question is why demolish houses when there is a huge shortage of shelter? Resettlement increases the problem and makes things worse. The better choice is to work with communities to improve their existing houses and basic infrastructure. Adopting this strategy enables the lives of far more people to be improved in a much shorter time.

Government's Urban Policies and Practices

What is being done now?

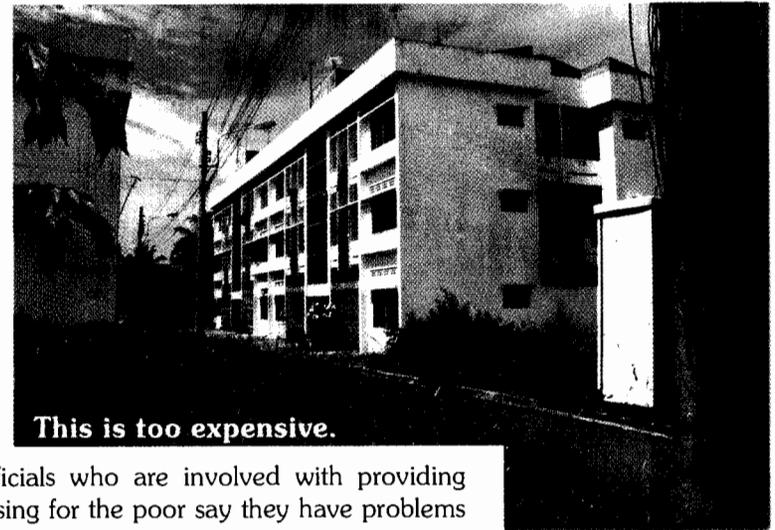
Existing practices for dealing with the urban poor consist of:

- free housing for certain categories of very disadvantaged people
- eradication of poor communities built along canals and resettlement of residents into new areas
- development of low-income housing blocks
- efforts by the state to issue land use certificates and ownership rights
- sale of state-owned housing to the tenants
- attempts by local authorities to improve roads, drainage and sanitation
- efforts to bring the cost of utilities within reach of poor urban residents, while at the same time ensuring a sustainable service
- providing credit to households to install septic tanks or make other housing improvements

Up until the 1990s, housing was provided by central government for state employees. There was little emphasis on integrating housing needs and future growth in city plans. The 1991 Housing Ordinance recognized private ownership of housing. A housing boom resulted that created a larger gap between the houses of the poor and the better off. At the same time, cities' infrastructure has not kept up with growth and the need for housing.



This doesn't work.



This is too expensive.

Local government officials who are involved with providing infrastructure and housing for the poor say they have problems because:

- there are no clear policies about housing and low-income areas
- they do not have detailed planning manuals to guide them in delivering services
- it is difficult to get things done through lower level authorities

Importantly, the stage is set for new approaches: **New Policies**

Several national policies are in place that will help find original approaches to help alleviate urban poverty throughout Vietnam:

- The Comprehensive Poverty Reduction and Growth Strategy (CPRGS) is government's strategy to alleviate poverty. It articulates the problems and challenges of the urban poor and commits government to confronting urban poverty.
- Government is drafting a National Policy on Housing for the Poor, which would put upgrading on the agenda as a way to deal with existing problems and is likely to include policy to prevent the problems from getting worse.

New government policy encourages official agencies and residents affected by a project to work together. The policy is that projects must be presented to, discussed with, and controlled by the residents. Community meetings are held and projects and their financing are discussed. However, there is no policy that covers urban upgrading. The fairly rigid structure of local city administrations makes it very difficult for such upgrading to become accepted and applied. This is also why the many useful lessons learned from several small-scale pilot projects carried out to date have not so far been used to design larger scale upgrading programs.

What can the government do?

Defining the opportunities.

Learn from the past and from others. There are options available and principles to follow. There are lessons from past experience to build upon. Much is being done to confirm the viability of improving existing settlements where the poor live. The poor have a great capacity to build for themselves and they build what they can afford. This capacity is a valuable **asset** for the poor and for the cities. **The challenge is to help the poor do better what they already are doing.** If government provides the conditions and infrastructure needed, the poor will quickly build better, permanent houses - at a much lower cost to the city.



There is much international experience over the past 30 years dealing with sub-standard housing and improving conditions for the poor in cities. Many of the most successful examples come from Asian countries. By far the most effective, lowest cost, and best-liked **response** to the problems of how the poor live in cities is **in-situ urban upgrading**.

What is in-situ urban upgrading?

In Vietnam the term **urban upgrading usually means the removal and replacement of informal housing with something considered superior (usually high or medium rise apartments)**. The international understanding of upgrading is different. It means the provision of basic services without moving the families in the area. It is done with the active participation of the communities' residents. Usually this does not involve actual house construction.

More specifically, the international use of the term "in-situ urban upgrading" means a minimum package of basic services, such as a clean water supply, paving of footpaths and alleys, drainage and adequate sewage disposal that improves the well-being of a low-income community without relocating the residents. Upgrading schemes typically provide these services along with others in order to improve the living conditions of **existing communities**. They might add, as needed, solid waste collection because of its positive impact on health, street lighting for security and night activity playgrounds, parks and community buildings. Upgrading projects must also include improvements to the larger (secondary and primary) infrastructure networks of the city to connect and supply the services within the upgraded settlement. Upgrading does **not**

include the construction of new houses because it is too expensive and poor families **can** improve or build their own houses gradually over time. Sometimes upgrading programs provide small loans to families for this. The objective of urban upgrading is to make basic, needed improvements to an existing area in a way that the residents can afford, and so they remain where they live. The idea is to transform the area into a permanent community integrated into the rest of the city. An important part of the objective is to minimize disruption of the good things existing in the area. That is why residents should not be resettled unless they are in the way of the construction of infrastructure or living in environmentally hazardous areas. If there is to be resettlement, it should be within the existing community to the extent possible. The much lower cost of in-situ upgrading also enables many more people to benefit than would be the case with a demolition and replacement strategy.

Upgrading programs include ways to give residents some form of security from removal or eviction, for example issuing Building Ownership and Land Use Certificates in the area to be upgraded. The importance of this is the assurance to residents that they will not be evicted gives them the confidence to invest in house improvements.

Why urban upgrading?

The advantages and benefits of urban upgrading over other ways of dealing with the urban poor are that:

- people obtain an improved, healthy and secure living environment
- they are not displaced and therefore maintain their social cohesion and support networks
- they do not lose the investments they have already made to their properties
- resettlement is a costlier alternative and is less acceptable to them
- regularization gives security of tenure, encourages investment in housing and makes a positive contribution to both the living standards of the poor, as well as to the national economy
- many more people can benefit for the same amount of investment

An example of upgrading benefits:

In upgraded areas of Guatemala, infant mortality rates fell by 90 percent and crime by 43 percent.

Question: Low-income communities are unattractive eyesores. Everyone wants a better-looking city. Government officials and city managers often ask: “**Won’t upgrading areas be unsightly also?**”

No! Over time, as residents are willing to invest in fixing their houses and environment, upgraded communities evolve into attractive places. Most of the time the upgraded communities are much more pleasing, functional and friendly than large-scale redevelopment schemes.

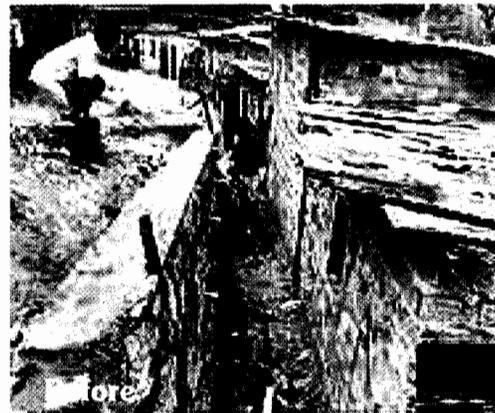


Before



After

Ghana



Before



After

Brazil

2. Look at Examples and Lessons

To find the most feasible and appropriate options for Vietnam, it helps to look at the local and international experiences and to select the elements that best fit its needs and possibilities.

Types of Urban Upgrading

There are several ways to do in-situ urban upgrading, as practiced internationally. There is no right or wrong approach or “model.” Each country, or city, with different conditions and needs, must decide on the best elements for its own project. However, there are some *basic design principles that generally apply to all schemes* and which help make the outcome best suited to the target communities and result in fewer problems over time. The review of the upgrading experience in Vietnam confirms that these principles are very appropriate to use.



Pakistan



Ghana

Advice: “Sectorial” or “Integrated” Upgrading - which one to chose?

Upgrading in a community can be for one (single) service improvement, called a “sectorial approach.” For example, addressing only water supply or only drainage to prevent flooding. Many contain several service improvements provided at once in the form of a multi-sectoral “package.” The sectorial option, sometimes may be less complicated and less disruptive while being built, yet experience worldwide has shown that the package of several service improvements (sometimes called the “integrated approach” or “multi-sector”) is generally worth the extra effort because it:

- resolves several, often related, problems for the community at once
- balances several needed basic services
- avoids the disruption of adding improvement to infrastructure over time
- allows different pieces of the area’s infrastructure network (water, sanitation, drainage, paving, lighting, etc.) to be installed together, simplifying construction management
- makes a bigger impact on the living conditions of the community
- overall it has a lower cost because of the economies of scale

Country examples:

Indonesia

The **Kampung Improvement Program (KIP)** is the oldest, largest, and best-known urban upgrading initiative in the world. It is considered to be one of the best urban poverty alleviation programs because of its low investment cost per person (ranging from US\$118 in Jakarta to US\$23 in smaller cities), and because it benefited 15 million persons. Some interesting features are: easy and rapid to do because of simple appropriate technology, people remain on-site (in the settlement); flexibility, enabling future incremental improvements; and positive impact at low investment costs and high economic return.



Indonesia



Pakistan

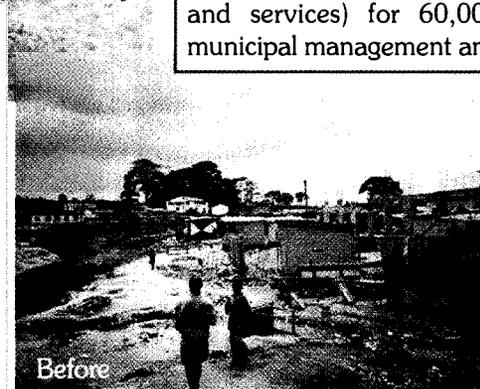


Pakistan

Pakistan has had a series of upgrading initiatives over the past 20 years. One of the most successful NGO sanitation provision projects, the **Orangi Pilot Project**, is a community-owned, community-managed infrastructure upgrading program that has helped over one million people to improve sanitation. The NGO, the government and the community formed a partnership to devise low cost latrines to deal with the huge health problems of the community, and to provide low-cost sanitation and housing, sewer lines, basic health and credit for small family enterprises. The **Lahore Urban Development Project** provided: water, sewerage, drainage, local roads, footpaths and streets to 250,000 residents as well as land development (sites and services) for 60,000, house construction loans, and municipal management and maintenance programs

Ghana

Ghana has generated a sequence of projects over 15 years that has produced many interesting approaches to upgrading. It is a good example of how a national program can evolve from a simple project to an integrated, far-reaching endeavor. The **Accra District Rehabilitation Project** tested the integrated multi-service approach for 19,000 people at a cost of approximately US\$ 80 per capita or approximately US\$ 47,500 per hectare. An interesting feature of the Community Infrastructure Upgrading Project was that it embraced community participation and long-term maintenance arrangements. An innovation was the local governments' contribution of 10% of the capital costs.



Ghana



What, then, is the best type of upgrading for Vietnam's cities?

The design of urban upgrading in Vietnam can benefit greatly from past and current experiences. Vietnam has a number of examples of in-situ improvements. However these have been small-scale pilots to test and demonstrate the viability of upgrading in Vietnam. Vietnam does have a tradition of alley improvement schemes, which are in-situ upgrading focusing on improving alleys in low-income communities. They have been locally financed with residents contributing cash, materials and/or labor. They are collaborations of districts, wards, and resident groups. The residents often agree to move back the front of their property so that the alley can be widened and paved, improving the access for emergency vehicles and making it easier to bring water and drainage to the area. So the concept of upgrading is already known and practiced to some extent in Vietnam.

Other, more comprehensive, multi-service upgrading schemes have also been carried out on a pilot basis supported by international development agencies, including the:

- Ward 11, District 6 pilot project in Ho Chi Minh City funded by Belgian Technical Cooperation
- Pilot upgrading supported by ENDA/*Villes en Transition*.
- Nam Dinh Urban Development Project funded by Swiss Development Cooperation.
- The proposed Urban Upgrading Project presently being designed in Can Tho, Haiphong, Ho Chi Minh City and Nam Dinh for support by the World Bank.

These are proving that key principles and worldwide experience can be used successfully in Vietnam.

Learn From The Experiences

International practice confirms that getting basic services to the poor can be done at reasonable costs if done properly. *In-situ* upgrading can be done at a very large scale, as in Indonesia, for instance, if the costs are kept low. Technically and financially such programs are feasible. What makes programs effective and successfully sustained over time is that they have **political commitment** - at all levels. **This is a key principle and condition of upgrading at a large scale.**

Brazil

Before



Reminder: a worldwide lesson of what experience has shown that has *not* worked and should be avoided:

- Slum demolition, forced evictions, mass relocations
- High-rise public housing blocks, public rental housing
- Government provided housing

Start with ten proven *principles* for upgrading:

1. Make sure there is **political will, leadership and commitment** for the program.
2. Design for **local needs and conditions** -- there are many ways to do upgrading, so do not expect to have a standard "model."
3. Apply the principle of **subsidiarity** - in which roles and responsibilities are best assigned to and performed at the lowest effective level.
4. Provide **security of tenure**.
5. Address the issues of **regularization, land development and land legislation**.
6. Recognize upgrading to be an **incremental process** that takes time.
7. Go from simple to comprehensive, starting with **the basic infrastructure and services** (little else can happen if there is unsafe water, open sewers, or no safe places for children to play).
8. **Reinforce local governments** so they are equipped, well managed and financially sound to participate.
9. **Include communities** in the decision-making and implementing processes.
10. Find measures to help **prevent the formation** of new informal settlements like land development, that complements upgrading efforts.

Advice: Keep these ten in mind when planning for and detailing a strategy and national program of upgrading.

Also consider the lessons of Vietnam and other countries:

- A good way to start upgrading is to do simple, focused improvements like the **alley improvement** schemes in Vietnam, which are collaborations between the residents and local governments. These small initiatives, with the proper conditions, can evolve into large-scale programs like the KIP in Indonesia, or the series of projects in Ghana.
- **Alley upgrading schemes are popular and effective** but cover only "legal" residents (they exclude the unregistered migrants that live among their regularized neighbours). This limits the effectiveness of upgrading, creates inequities and cost increases. They also do not cover complementary improvements to primary and secondary infrastructure.
- Alley upgrading shows that "**re-blocking**" (residents agreeing to move their property lines) **can be used** to adjust layouts and improve access. It also shows that communities are willing to contribute (on average 30%) to the cost of their improved living conditions.
- Alley upgrading that only includes access and drainage misses the opportunity to have an even greater impact, by not including other basic services such as water supply, electricity, sewers, etc. and incorporating the necessary links to primary and secondary infrastructure.
- Improvements using **appropriate** engineering standards quickly

produce major impacts and benefits for communities at a low cost, as in Pakistan and Indonesia.

- *In-situ* upgrading has a major impact on public health.
- When security from relocation is assured, upgrading generates enthusiastic communities that are motivated to invest in their houses, and make their communities neat and better looking.
- Pilots can evolve into very large national programs (KIP in Indonesia evolved from a small local government experiment to a program benefiting 15 million).
- At least some of the upgrading costs should be recovered from the residents. The poor can and will pay for services if they are what they need and want. A combination of central government subsidies, some contribution from local governments and payments by the residents is the best model. Subsidies should be minimized.
- Providing secure tenure can take many forms. Some countries (Peru and Brazil) have moved through legislative reforms to quickly transform the legal status of unauthorized settlements; others have an incremental plan, as in Ghana. In other places, a simple right of occupancy document encourages residents to invest in their houses and small businesses.

. Mechanisms for coordination between all the interested and responsible parties are important for the project's effective functioning and completion.

· If included in a project, loan or credit programs should be made by using financial institutions, or mass organizations/NGOs willing to lend relatively small amounts with simplified application and processing procedures.

· Upgrading can be done with unconventional institutional and implementing arrangements, such as the Pakistan *Orangi Program*, an NGO-led, community-owned example.

These principles and lessons illustrate that, of the many ways to do upgrading, some principles and approaches are fundamental to obtain the best results. All the examples, including the existing in-country pilot projects have elements that can be adapted for Vietnam. It is also important to stress that it is up to the local leaders and technical officials, consulting with all parties involved (particularly the communities to be upgraded) to decide what is most appropriate, what to begin with, and what to include in the long term.



Example: Regularization of land tenure resulted in significant private investment in upgrading communities - US\$7 private investment for every US\$1 of public funds. Source: *Upgrading Communities, a Resource for Practitioners*.

3. Design a Program

What needs to be done? A checklist of what to do, and a few important things to remember.

How much would upgrading cost?

Designing city-wide and/or national upgrading programs takes a great deal of planning and careful preparation. The study produced an Action Plan for Can Tho, which is a good example of what is needed to design a large upgrading program. The Action Plan looked at the existing situation, the policies influencing what can be done, and the things that should be included in a comprehensive upgrading program for the city.

See Can Tho City Action Plan on page 18.

A Summary simplified **checklist of ten steps** to do in designing a large-scale program:

1. **State the program's goals and strategies** in the short-, medium- and long-term.
2. **Identify and understand the problems** to be solved (look at the data).
3. **Review the policy framework** to see what needs to be adjusted or added, and put in place policies to carry out the program.
4. **Check how the program fits** with existing plans - and define a start-up plan.
5. **Study experiences** and, if possible, build upon local examples of what has worked.
6. **Define the elements** the program will contain.
7. **Involve communities** to be upgraded in all stages of the design and implementing processes.
8. **Chose affordable infrastructure** designed with appropriate functional standards affordable to the communities and city alike.
9. **Determine who needs to be involved** and clearly state roles and responsibilities.
10. **Produce a program proposal** (description) and operating manual (implementation plan).

How to do it:

Start with a strategy;

An urban development strategy which improves basic infrastructure and services and housing (for example through *in-situ* upgrading rather than wholesale clearance and resettlement, and that is community-based rather than government-determined) is advisable. Experience has shown that clearance and resettlement destroys the social assets and entrepreneurial spirit of poor communities, as well as being too expensive. The goal would be that all urban households, including the poor and vulnerable, will have improved access to local planning and decision-making processes, and more fulfilling and secure livelihoods. Their vulnerability would be reduced and they would have better access to urban services and improved local environments and housing.

That sample strategy (as in the Can Tho City model) would include three basic policy ingredients:

- The use of participatory (involving the communities) planning for services, housing and infrastructure
- Extending infrastructure networks to low-income as the main way of improving living conditions of the poor
- Improving access to housing finance by poor households



Do things in new ways:

Upgrading calls for a “**new way of doing business,**” a need to “think differently.” It is not just adapting existing practice, it demands creating new methods, new procedures, new technologies, new laws, new engineering standards. That means revising policies and creating new guiding principles. For example, the Government’s **Orientation for Urban Development to 2020** should be revised to include policies on *in-situ* upgrading. It is important to keep in mind that large scale calls for all levels of government and all other groups involved to **find new ways of working.** For example:

- **Decentralize responsibility.** Upgrading is successful when local agencies, which are more familiar with the specific problems of the residents and the city itself, work with the communities to plan, design and carry out the projects. This decentralized approach works well when central government encourages, supports and finances the local initiatives. Vietnam has moved to decentralize and give autonomy to local governments, but more may be needed. Large-scale upgrading programs need to operate under **an approved policy** that gives local levels decision-making capability and efficient operations.

- **Apply simplified procedures.** Large, long-term upgrading programs must have simple procedures and speedy approvals put in place so that the program will function smoothly and on the accepted timetable. The procedures must be understood and accepted by all participants, for example, the utility agencies, community groups, mass organisations, NGOs, etc.

- **Use Master Plans, Detailed Area Plans and Community Upgrading Plans realistically.** Master plans and local detailed area plans give an idealised picture and long-term vision of a city’s development. These are useful starting points for planning and designing upgrading programs. Because upgrading is an incremental (step-by-step) process that calls for flexibility and innovative cost-lowering solutions, it cannot be constrained by the rigid adherence to Master Plans. Remember, **there is no quick fix:** upgrading is a process that transforms the community and city in incremental and affordable steps.

- **Minimize Relocation and/or Resettlement.** This is a fundamental principle of upgrading projects. Resettlement is justified only for safety reasons or when it is needed to install critical infrastructure improvements. Innovative and flexible ways to keep households in place will substantially reduce costs (including social costs) and disruption to families. Funds saved by reducing compensation payments makes more funds available for *in-situ* improvements. In order to reduce the economic impact of unavoidable resettlement, affected households should be relocated as close as possible to where they were they live.

What else is needed to make nation-wide upgrading work?

The most important element for upgrading success is the commitment to the task by all those to be involved: central authorities, city officials, the communities, and the low-income households. A sense of partnership must be developed among them. And secondly, upgrading must meet a real need - people must want it and understand the value. To implement the program effectively the institutional arrangements must be well established, everyone must be informed and coordinated.

Some important things to restate:

- Upgrading of slums and settlements is a **viable and effective** way to help the urban poor solve their need for shelter and a clean, safe, healthy, and more attractive living environment.
- Upgrading is **worthwhile** because it produces benefits and is good for equally the poor and good for all city residents (i.e.: improves health, security, etc. for the whole city).
- An upgraded community improves the living conditions of **all families** in the project area, **regardless of their registration status**.
- **Community participation** is a must because:
 - upgrading involves existing neighborhoods
 - long-term maintenance of the infrastructure will depend on the residents
 - participation builds a community better able to assimilate within the city
- **Local participation is critical.** Projects should be designed from the bottom up working with communities and municipalities so that the communities decide what levels of service they receive.
- Upgrading programs are most effective when **led by the municipal authority** and implemented at the community level through a broad set of intermediaries including community based organizations, NGOs, etc.

Reminder -- the fundamentals for designing a national upgrading program:

- Political will, central government commitment and vigorous action.
- Reversing slum eradication and "urban renewal" policies.
- Introducing policies that make in-situ upgrading possible.
- Strengthened local governments operating with clear policies, assigned roles, and coordination.
- Active participation of residents and communities in all stages of preparation, design and implementation.

Also remember: Things that must be part of the design process:

- **involve** the residents in the planning, design and construction
- **use appropriate** and affordable infrastructure engineering **standards and levels of service**
- **make arrangements for operation and maintenance** of the infrastructure improvements
- **supply trunk infrastructure** as needed
- provide an affordable and needed **package of basic infrastructure and services**
- **minimize relocation**

How much does upgrading cost?

Reference: the Can Tho example is indicative

Several factors determine the cost of upgrading: how much new or rehabilitated infrastructure will be included, what degree (level) of supply will there be - for example, one stand pipe for every 20 families, or individual water connections to each house. Obviously the costs vary depending on the extent of infrastructure and level of service provided. The other major factor is the residential density (how many people live on one hectare of land in the community).

The more people or households per hectare, the lower the cost of upgrading per person, because the cost of the improvements are shared by more people. Other factors such as the topography and location (how far the upgrading settlement is from the main infrastructure lines) will affect the cost of upgrading per person or per hectare. The cost per hectare gives planners a good basis for determining how well designed a program is.

Rough estimates are that in Vietnam upgrading in-situ would cost between US\$75 and US\$160 per person.

The studies produced an upgrading action plan for Can Tho City, that includes preliminary cost estimates. These illustrate the general costs of upgrading in Vietnam. The table below is for "multiple-service" upgrading packages (i.e., it includes basic services such as water supply, sanitation, drainage, access and street lighting at a minimum). The table shows the estimated costs of upgrading in Can Tho City.

Cost per hectare in US\$

Population density	Basic Service Level	Intermediate Service Level	Full Service Level
400 persons /ha	\$39,538	\$49,216	\$62,557
500 pers/ha	\$43,077	\$54,037	\$69,478
600 pers/ha	\$46,823	\$59,065	\$76,540

Cost per Capita in US\$

Population density	Basic Service Level	Intermediate Service Level	Full Service Level
400 pers/ha	\$99	\$123	\$156
500 pers/ha	\$86	\$108	\$139
600 pers/ha	\$78	\$98	\$128

These costs are in the same range as most current multi-service upgrading projects around the world.

4. Make it happen

Upgrading programs are a large collaborative effort, with central government encouraging and supporting its partners at the city and provincial level. Central agencies must find the ways to make it easier for local governments to do their job. There is no substitute for the city government in upgrading. It has a key role in making things change and producing results. Similarly, city governments and their partners - like the utility companies providing services, and mass organizations and NGOs that help communities participate - can facilitate the task of those working to make the improvements. The residents of upgraded communities will do their part in making better places to live, if the other partners do not hinder their efforts. All these collaborations can yield major transformations for the poor and vulnerable in Vietnam's cities if they each find new, more effective ways of working.

In summary...

Vietnam's cities are confronted with major and growing problems. While the challenges seem difficult, cities hold great potential benefits for their residents, including the poor, and for the country's economy. Fortunately for those charged with making decisions about the future of Vietnam's cities, there are good examples and much experience that can help tap the potential. The four studies referred to in this paper contain a vast amount of information and knowledgeable suggestions for how to move forward. The work contains the fundamental analysis needed to understand the nature and impact of the problem of poverty in Vietnam's cities, and the ideas needed to put together a solid and effective response to improving the conditions of the poor. The main message that comes out of the investigations is that urban upgrading is viable and the most effective way to help the urban poor, and it provides guidelines for how to plan and launch upgrading in Vietnam.



The steps proposed in the Guide can be summarized as:

- promoting the necessary policy structure and reforms
- reaching political commitment
- filling in knowledge gaps
- providing capacity training to municipalities
- raising and allocating funds
- preparing a program with tested principles and useful lessons, and
- applying these to the physical and institutional design of the program

These should help make the decisions on how Vietnam can undertake a national urban upgrading program. The cooperation between levels of government and civil society, not only to promote upgrading but also to tackle poverty, should not be underestimated. This can be the missing element that will convince all stakeholders to try new ways of working. This will create an enabling environment for reaching the national goal of improving the conditions of the poor in cities.

An Upgrading Example: A Sample Detailed Action Plan For Can Tho City*, included in the study, illustrates what constitutes the design of a program, including policies, strategies and plans for in-situ upgrading. **It has five components:**

- **Upgrading** of existing identified low income areas
- Improvements to city primary and secondary **infrastructure**
- A strategy for **unavoidable resettlement** and house improvements
- **Improving security of tenure**
- **Capacity building** for communities and local government

The plan includes low-income communities in 11 *phungs* in Can Tho City, in which about 16,400 households (65,600 people) are without infrastructure or adequate housing. Unregistered households, make up another 10% of residents within these communities.

The situation in Can Tho City at a glance:

By 2010 the estimated Can Tho City population will be around 550,000 people, or 183,000 households. It is expected that almost 250,000 will be poor. That is about 75% of today's total population.

The surveys of low-income communities show the extent and poor quality of life in the city's low-income areas:

- 30% do not have their own metered water supply
- 30% do not have had their own toilets
- 27% do not have electricity connections
- 40% of the alleys do not have street lights
- 19% of the alleys are not paved
- 21% of the alleys are subject to regular flooding
- 60% of the households are not connected to a drainage system
- 57% of the households do not have garbage collection

The key policy changes proposed are:

Adoption of flexible **infrastructure engineering standards** for low-income areas that can reduce costs and be applied in upgrading areas.

Master Plans and Detailed Area Plans need to take into consideration the **unique needs of the residents and communities** to be upgraded.

Demolition of low income areas and wholesale resettlement would be stopped, replaced instead by upgrading programs that would **limit resettlement** to households that need to be moved because of danger or the construction of infrastructure improvements.

Specific **operation and maintenance** policies for upgraded areas to be used by maintenance agencies, and residents of the upgraded communities.

Issuing Building Ownership and Land Use Certificates (BOLUCs) that give residents of upgraded communities confidence that they will not be moved from their existing locations.

The city and utility companies are to make available the **infrastructure** needed for the upgrading areas. This calls for a review their city-wide plans to extend networks needed for the upgrading.

Affordable housing finance to be established to make available a private sector supply of appropriate and affordable housing for low- income groups.

Training for upgrading agencies agencies should be developed and provided.

Summary of Action Plan Costs: The total estimated cost is US\$ 26.9 million, not including the costs of improvements to city level primary and secondary infrastructure. It includes US\$ 13.4 million for in-situ upgrading, US\$ 2.1 million for needed relocation, US\$ 8.5 million for land development, US\$ 2.0 million for house improvement loans, US\$ 0.5 million for BOLUCs, and US\$ 0.3 million for training.

* The sample action plan was prepared in early 2002. At the time of printing in mid 2003 detailed designs for a project to be funded by the World Bank were being prepared.

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Credits

This guide draws from a study funded by the Cities Alliance in for parts:

1. *Housing and Infrastructure - Constraints Faced by the Urban Poor,*

by Nguyen Thi Hien with Nguyen Quy Thanh, Hoang Thi Thanh Van, Thai Thi Ngoc Du and Pham Gia Tran.

2. *Review of Recent and On-Going Urban Upgrading Programs,*

by Chris Banes, Banes Dawes Associates.

3. *Development of a National Strategy on Scaling up Programmes and Providing Better Housing and Services for the Urban Poor,*

by Culpin Associates.

4. *Development of a Detailed Action Plan for a Selected City - Can Tho,*

by Michael Slingsby and Dr. Do Xuan Thuy.

It also builds upon ***Upgrading Urban Communities - a resource for practitioners,***

by the World Bank and SIGUS - MIT, available at <http://web.mit.edu/urbanupgrading/>

It has been prepared by George Gattoni in consultation with Alan Coulthart and Rumana Huque, and the support of Nguyen Thi Huong GIANG, and Hoang Thanh Ha, of the World Bank. Layout designed by Heidi Mills.



Make it Happen!
