

VIETNAM URBAN UPGRADING PROJECT

FOR MORE INFORMATION, VISIT:
[HTTP://WWW.WORLDBANK.ORG/VN](http://www.worldbank.org/vn)



LIVES TRANSFORMED: THE STORY OF THE URBAN POOR IN VIETNAM

About 7.5 million residents in four big cities in Vietnam have directly and indirectly benefited from improved infrastructure and living conditions

SYNOPSIS

Implemented in four large cities namely Nam Dinh, Hai Phong, Ho Chi Minh city and Can Tho, the Vietnam Urban Upgrading Project aims to alleviate poverty by improving infrastructure (such as access roads, water, drainage, sewerage, and street lights, school, kindergartens, health and community centers) and providing microcredit loans to the urban poor living in low-income areas. The project uses participatory methods as a key design principle and aims to influence planning processes to become more inclusive and pro-poor.

CHALLENGES

In the early 2000's, despite achievements in poverty reduction in Vietnam since DoiMoi, urban poverty was emerging, especially among unregistered migrants who are often among the poorest residents in cities. This intra-urban inequality was particularly evident in access to basic infrastructure services (safe water, sanitation, drainage, lighting, garbage collection, etc.) and welfare status (housing, land tenure, etc.). Challenges that low-income areas faced included high population densities but low quality housing without direct water supply connections and no sewerage connection, frequent flooding due to inadequate drainage, and poor sanitation causing serious health and environmental risks.

In many previous urban projects, poor households in low-income areas were resettled in areas far from their original homes, which severely affected the communities' social capital and entrepreneurial spirits. Initial efforts were made to decentralize the issuance of building ownership and land use certificates to local governments, but the capacity there was weak, and the rate of issuance was therefore extremely low. Meanwhile, credit to the poor was lacking to support any upgrading initiative by the households.

SOLUTIONS

The project took a multi-sectoral approach to urban upgrading by providing a package of tertiary infrastructure improvements in more than 200 selected low-income areas that combined water supply, drainage, paved access, electricity, sanitation services and solid waste management, depending on the demand of the communities. This in-situ upgrading approach to low income areas (instead of clearing them) proved less costly and preserved social assets in these communities. During project preparation, a poverty mapping exercise was carried out to identify these highly-concentrated poor areas with at least 40% households under the poverty threshold. These communities represent about 50-70% of the bottom forty-percent income of the respective cities.

The project introduced an integrative methodology to working with the urban poor through strong community participation with strong collaboration between the project management units (PMUs) and residents in identifying, implementing and evaluating project components. Communities have actively participated in project design and implementation. They have attended numerous meetings and supervised infrastructure upgrading work in their neighborhoods. They also contributed their time, efforts and volunteered land to improve access in the upgraded areas. Total contribution in land and cash from the communities reached \$30 million.

The project also addressed the issue of tenure security by building capacity for relevant local government agencies to ensure all households in the upgraded areas receive a certificate of tenure or land use certificates.

A microcredit program, implemented by the local Women's Union, also supported low-income households in

the bottom 40% of the cities (not only in the project areas) with home improvement or income generation loans to alleviate the pressure due to lack of credit.

RESULTS

The project has had a transformational impact on the lives of the urban poor, who tend to concentrate in specific areas of big cities, and has succeeded in integrating previously blighted areas into the cityscape and turning them into vibrant attractive communities.

To date, more than 200 low-income neighborhoods have been upgraded, which benefited over 2.5 million poor urban residents. Improvements in primary and secondary infrastructure will benefit additional 5 million residents.

About 500 km of tertiary drains and 580 km of tertiary roads have been constructed or upgraded, improving access, reducing flooding, and improving the environmental conditions in poor neighborhoods.

Direct water connections for about 30,000 households and direct sewer/drainage connections for about 550,000 households have been provided in these areas.

Over 51,000 micro loans have been made to poor households for housing improvement and 44,000 micro loans to support beneficiaries find jobs and generate incomes. These loans directly targeted households whose incomes are in the bottom 40% of the whole city, not limited to the project-covered districts. The repayments rate is almost 100%.

Under this project, a National Urban Upgrading Program was developed and approved by the Vietnamese Prime Minister in 2009.

“OUR ALLEY USED TO BE SO SMALL AND DIRTY, BUT THANKS TO THE PROJECT'S SUPPORT TO WIDEN THE ALLEY, FIRE TRUCKS AND AMBULANCES CAN REACH OUR DOORS. NOW THIS AREA IS ALSO VERY CLEAN. SINCE THE UPGRADE, OUR FAMILY IS NO LONGER WORRIED ABOUT THE NEIGHBORHOOD AND WE ARE MOTIVATED TO MAKE A LIVING AND TAKE CARE OF THE FAMILY. EVERYONE IS VERY HAPPY”

Mr. Nguyễn Văn Tư

Ward 4, District 6, Ho Chi Minh City

CONTRIBUTIONS

The World Bank contributed to this project through US\$ 382 million funding from the International Development Association, the concessional lending arm for the poorest countries. The Japanese Policy and Human Resources Development (PHRD) Trust Fund also provided a grant of US\$ 4.84 million for capacity building activities.

The Government of Vietnam invested US\$140 million in the project.

Local residents contributed the total amount of US\$30 million in voluntary land and cash contribution.

MOVING FORWARD

The success of VUUP encouraged the Government to consider scaling it up by designing a National Urban Upgrading Program (NUUP) approved by the Prime Minister in 2009. Under the NUUP, the Bank has approved a second Urban Upgrading Project for the Mekong Delta Region, implementation of which started in August 2012. Another Results-based National Urban Development Program in the Northern Mountains was also approved in June 2014, adopting the NUUP principles for upgrading of low-income areas in seven mountainous cities.