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Housing and Urban Poverty in Viet Nam

by André Lachance



**Hanoi's old colonial architecture
has intrinsic heritage and tourism value**

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When nations go from a planned to a market economy, the transformation may provide immediate benefits to some social classes, but often at the expense of the poorest groups in society, both in rural and urban areas. In Viet Nam, the living conditions of millions of government pensioners and public enterprise employees have declined since 1986, due to economic restructuring, cuts in social services, and the privatization of public enterprises that accompanied the country's *doi moi* policy, which opened doors to foreign capital.

"The issue for us wasn't how to identify the poor in Viet Nam, but those who were most rapidly becoming poorer," says [René Parenteau](#), a professor at the [University of Montreal's](#) Institute of Urban Planning who, in cooperation with four Vietnamese institutions, has just completed a comprehensive study on housing and urban poverty in Hanoi and Ho Chi Minh City. Their study is the basis for *La pauvreté urbaine au Viet Nam*, a new publication scheduled for release in August 1997 by the International Development

Research Centre (IDRC) and Karthala, a French publishing house. An English version of the book will be available later.

Touring Asian cities

With help from IDRC and the University of Montreal, specialists from the Hanoi and Ho Chi Minh City Schools of Architecture, Viet Nam's Rural and Urban Planning Institute, and the National Social Sciences Centre visited some of Asia's major cities: Manila, Singapore, Djakarta and Bangkok. "First they wanted to understand what was going on outside their own country," explains Dr. Parenteau, who has visited Viet Nam 40 times. "They toured various urban sites and discussed public housing with experienced NGO and government officials."

Back in Viet Nam, the first challenge was to determine the true nature of the urban environment they intended to improve — a task made all the more difficult by a lack of field data. The team began by identifying nine representative sites in Hanoi and Ho Chi Minh City. The results surprised even the Vietnamese specialists, who discovered that the total population of the 1,158 households interviewed was 20,844 — an average of 18 individuals per household.

Overcrowded living space

In Hanoi, data were gathered in the old downtown quarters, where buildings were converted into multifamily dwellings in the 1950s. The researchers found that living space in the overpopulated units is only two square metres per person — one of the lowest in the world — and is organized with groups, not individuals, in mind. "Sometimes you have to cut through two rooms, each inhabited by a different family, to get to the communal kitchen," says Dr. Parenteau, who believes it is possible to rearrange the living spaces to give each individual more room.

Another problem was the lack of indoor toilets. So the architects and urban planners suggested adding communal facilities behind the buildings to contain all the necessary plumbing without damaging the bearing walls. This would preserve the architectural character of the old colonial structures, which have intrinsic heritage and tourism value.

Shantytown conditions

In Ho Chi Minh City, the researchers collected a variety of data on shantytown living conditions and evaluated municipal rehabilitation policies for these areas, which are largely inhabited by illegal residents, who arrive from rural areas without authorization. The usual approach is to evict these people and relocate them in the countryside — since 1975, two million illegals have been evicted. However, the team recommended that municipal authorities allow illegal residents to remain where they are. "We noticed that all of the relocated populations have suffered major negative impacts such as job losses and a breakdown in their social fabric. These people participate in the city's economy: they're an asset, not a burden," says Dr. Parenteau.

Researchers from the Rural and Urban Planning Institute also conducted an in-depth analysis of Viet Nam's proposed Urban Development Act and a review of existing housing policies. Their recommendations highlight the problems faced by the most disadvantaged segments of the population. These groups include widows and war casualties; illegal residents (in Hanoi alone, 300,000 rural youth arrive annually to look for work); former civil servants and other public employees (who have lost the right to live in multifamily housing); single mothers; and returnees from Eastern Europe who had been paying off the Viet Nam government's war debt to the "fellow peoples" of the former Soviet Union.

Recommendations

As a result of this research, the Vietnamese participants have recommended that the Ministry of

Construction amend the Housing Act, says Dr. Parenteau. "For example, they suggest providing support to NGOs working in the field, a bank for the urban poor, and a number of projects targeting the poorest of the poor, including accommodation for young transients."

André Lachance is a writer based in Montréal.

Resource Persons:

Dang To Tuan, Université d'architecture d'Hanoi, Nguyen Trai, Tran Xuan, Hanoi, Viet Nam; Tel: 844-854-1616

Tran Khang, Université d'architecture de Ho Chi Minh-Ville, 196 rue Pasteur, District #3, Ho Chi Minh City, Vietnam; Tel: 844-822-2748

René Parenteau, Institut d'urbanisme, Université de Montréal, C.P. 6128, Succursale Centre-Ville, Montréal, Quebec, H3C 3J7; Tel: (514) 434-6495; Fax: (514) 343-2338; E-mail: <mailto:%20parenteau@ere.umontreal.ca>

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HOUSING SOLUTIONS: FOR VIETNAM'S CITIES

by Daniel Girard

In the slum areas crowding the canals of Ho Chi Minh City, Vietnam, a powerful smell is the first unavoidable sensation. The odour of rotting garbage and untreated sewage confronts the visitor even before the rows of wooden huts come into view.

A closer examination reveals dwellings with galvanized steel or timber roofs, chainlink or straw mat walls covered with cardboard or thin wood and a bare wood or dirt floor. Heavy rains and wind easily push their way into the simple homes, which are literally a roof over the head for tens of thousands of people. In the dark brown canal waters flowing outside, plastic containers and tin cans mingle with human and other wastes dumped from the huts.

Although it may seem an unlikely place to call home, that is exactly what an increasing number of Vietnamese are doing. Driven by the hope of jobs and a better standard of living, more and more people are leaving the countryside for the cities. But with about one-quarter of the current population unemployed, newcomers are unable to find work, surviving on part-time jobs and swelling the slum population.

The number of people coming to the city is increasing and we are unable to stop it, said Prof. Hong Dao, deputy director of the Architecture University in Ho Chi Minh City (formerly Saigon). Dao said he could not estimate how much the city's poor population has swelled in recent years. But up-to-date data collected as part of an IDRC-funded project to improve the shelter and environment of the country's urban poor show that about 320,000 people, or some eight percent of the city's four million inhabitants, live in slums.

The definition of a slum area is one where the homes are made of temporary materials such as galvanized steel roofs, straw or thin timber walls, wood or dirt floors and have no plumbing or electricity, he said. In Ho Chi Minh City, there are 24,000 such dwellings on canals alone. The government and local authorities are trying to start their clean-up efforts along these canals, Dao added in an interview through an interpreter.

In addition to the Ho Chi Minh City Architecture University, three other Vietnamese institutions are participating in the project: the Hanoi Architecture Institute, the National Institute of Urban and Rural Planning, and the Institute of Sociology. There is coordination and consultation among the institutions but each carries out its own research and works independently, Dao said.

Pressures of urban migration

Vietnam's communist government decided in 1986 to pursue a market-oriented economy, paving the way for foreign investment under a policy called *doi moi* or openness. That has meant the government has

pulled out of many aspects of urban development at a time when the pressure from urban migration has greatly increased. The quality of shelter and basic services for the poor is increasingly of concern to officials.

In Ho Chi Minh City, the living conditions of the poor represent more than just a housing problem, Dao said. At low tide, the untreated sewage originating in the slums flows down the canals, into the Saigon River and is carried out toward the South China Sea. But at high tide it flows back up the river and canals. The water is not the city's main supply but it is used by those inhabiting the slums. The canal areas are producing terrible pollution for the whole city and it's one of our priority problems, Dao said.

Unfortunately, the many years of Vietnam's international isolation mean the country faces a knowledge gap in trying to find solutions to housing and environmental problems such as those in its urban slums. The first step in recovering the missing information was to begin collecting data in 1993 to define the slum areas and determine in greater detail the living conditions of the people there, Dao said. Among their findings, the researchers discovered that the average monthly salary of slum workers is between us\$15 to us\$20. Typically, the slum dwellers can only find casual work as artisans, labourers or cyclo-taxi drivers, he said.

In this initial stage of the project, researchers from the Urban Institute of the University of Montreal, led by Prof. Ren, Parenteau, helped explain what data needed to be collected and how the research should be carried out, Dao said.

This process of education and sharing of ideas are central elements of the project. In addition to improving the living conditions and environment of the residents of Vietnamese slums, another goal of the project is to immerse the country's researchers in new methodologies as a training exercise for future projects. The multi-disciplinary approach with the involvement of social scientists, architects, and urban planners will also increase the potential impact of the project.

The Vietnamese researchers have also had the opportunity to learn from international examples in the field of urban housing. Some project participants have been able to visit housing agencies, non-governmental organizations and other relevant institutions in nearby countries to see how similar problems there have been addressed. It is hoped that through such intra-regional contact for many of the Vietnamese their first opportunities to travel outside their country more international co-operation will evolve in the future.

It is also clear that this project will influence not only Vietnamese research methods, urban environment and government policies but also the future of urban planning in the country. All urban planners and architects in the country must first train at either the Hanoi Architecture Institute or the Ho Chi Minh City Architecture University. Therefore, the lessons learned through this project will have an impact on the course material for students in the years ahead.

Notwithstanding these long-term impacts, Dao said the more immediate focus of the project is on improving the housing and environment of the urban poor in Ho Chi Minh City and Hanoi. The initial focus of rehabilitation activity will be on a few of the canals in Ho Chi Minh City and in Hanoi. But Dao said the lessons learned in those places will be useful elsewhere in Vietnam. We have a lot of other cities with slums on canals so what we learn here we can use throughout the country, he said. And in addition to the canal slums there is poor housing in other cities that will likely be improved by the solutions found in this project, Dao added..

For more information contact:

Prof. Hong Dao
Deputy Director
HCMC Architecture University
196 Nguyen Thi Minh Khai,
District 3

Ho Chi Minh City, Vietnam
Tel.: (844) 8-222748; Fax: (844) 8-290500

Prof. Ren, Parenteau
University of Montreal
PO Box 6128, succursale Centre-ville
Montreal, QC, Canada H3C 3J7
Tel.: (514) 343-6495/6865; Fax: (514) 343-2183

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VIETNAM'S SHIFT TO A MARKET SYSTEM

by Jennifer Pepall

It took Dr Le Dang Doanh, a leading Vietnamese economist, a long time to become an advocate of the market economy. Something was wrong with real socialism, he says, but I hesitated. His research showed that people in Vietnam needed more motivation, responsibility, and independence in order to reach their full economic potential. A 1978 trip to Sweden ended his hesitation. After visiting Sweden, I believed it provided a real solution for Vietnam....It combined market efficiency with state services, says Doanh.

Having undergone his own conversion, Doanh now plays a key role in steering Vietnam from a command to a market economy. He is president of the Central Institute for Economic Management (ciem) in Hanoi and a member of the advisory committee on economic reform to the government. In addition to acting as an economic policy advisor, he has been instrumental in writing the country's bankruptcy and investment laws. These laws are among the 88 new laws and 10,000 by-laws that have been enacted under Vietnam's program of economic reform, called *doi moi*, initiated in 1986 in response to an economic crisis. Inflation was at 400% and the gdp was dropping, along with exports and food production. Successive reforms reversed the decline by liberalizing trade, freeing prices, adjusting exchange rates, opening the door to foreign investment, and removing restrictions on the private sector.

Doi moi's impact has been dramatic. Growth rates have surpassed five-year-plan targets; in 1994, economic growth was estimated to be 8.8% and official figures put inflation at a manageable 14%. Government spending cuts have brought the budget deficit under control and increasing exports have helped reduce the trade deficit. Much of this trade is with new partners; Vietnam now has commercial ties with about 100 countries and has normalized relations with international financial institutions such as the imf and the Asian Development Bank. It is expected to join asean later this year.

These gains at the global level are matched by those at the grassroots. The reforms have liberalized the creativeness, dynamism, and capacity of the Vietnamese people, says Doanh. A survey conducted in 1993 showed that 52% of the respondents confirmed a clear general improvement of living conditions and 30.7% noted a partial improvement since 1990. The quality of domestic goods has improved and line-ups for essential items have disappeared.

With such positive economic and social indicators, can Vietnam be seen as an emerging Asian tiger? Many foreign investors think so in 1994, foreign companies committed us\$3.7 billion in new investments.

Doanh stresses, however, that the economy is still in a transitional stage of reform. Many problems remain acute and need to be solved. Some pillars of the market economy are missing. Vietnam lacks a civil code, a commercial code, a competition law, a consumer protection law, and laws governing state-owned enterprises, cooperatives, and public markets. Banking and public finance are both in need of reform and capital markets must be established. IDRC is helping Vietnam to tap new capital resources by funding among other initiatives a ciem project that lays the groundwork for the creation of shareholding

companies.

Several of the problems are rooted in the sequence and pace of reform. Initially, the reforms unfolded logically, starting in rural areas when farmers began to grow food outside the centrally planned system. Production rose and the food supply increased. These successes exposed problems in existing regulations on pricing, markets, and land ownership. The government, acknowledging these restraints, gradually introduced some measures of reform in the early 1980s that were the precursors of doi moi. Microeconomic reforms prepared the economic and psychological preconditions for the macroeconomic reforms leading to market mechanisms, says Doanh.

Once the government officially adopted doi moi, however, reform was neither gradual nor systematic. Doanh compares the early days of reform to shock therapy that was necessary to create basic market mechanisms.

The therapy has also created some confusion. Company and private business laws were enacted before a commercial code was drafted. Laws governing foreign trade and taxation have changed rapidly, leading to complaints from the Vietnamese business community. A gap exists between enactment and implementation; laws are often missing the teeth needed to enforce them. The laws outline general criteria dealing with basic problems. There is less regulation of details, says Doanh. The banking statute, for example, permits the operation of foreign banks but is unclear on lending rules. Laws that can be enforced are often applied inconsistently, varying from one ministry and province to the next.

Doanh believes the government can overcome these problems by drawing up a roadmap for reform and by creating a central agency to coordinate the implementation of reforms in different ministries and provinces. A similar roadmap is needed to modernize public administration, argues Doanh. Such a plan would see the emergence of a competent civil service, efficient state agencies, better cooperation between central and local governments, and the elimination of bureaucratic red tape. Corruption and smuggling, termed national disasters, would also be reduced. Economic reform, however, is not the remedy for all of Vietnam's ills. Doi moi has helped solve many problems but it has also contributed to others. Drug abuse, prostitution, and crime have increased, as has the gap between rich and poor. Changes in society have turned some people into winners, others into losers. Income equality is getting to be an object of public concern, says Doanh. The commercialization of education and health care is creating a two-tier system services have improved for people who can afford them and have declined for those who cannot.

The role of the state has become especially important in dulling the sharp edges of reform. For example, the government has developed a poverty fighting program that provides vocational training and credit to the poor at preferential interest rates. The invisible hand of Adam Smith works only in the textbook. In practical life, it is somewhat different. The state at least needs to build a clean state, a healthy state, and to provide services, says Doanh. He lists health care, education, social welfare, and unemployment as critical areas requiring government action.

The amount of work remaining to overhaul the economy is a reminder that despite its recent progress, Vietnam is still a very poor country. Its per capita income is currently us\$275 per year, placing it among the lowest in the world. Its goal is to double this figure by the year 2000. To do this, the economy will need us\$48 to us\$50 billion of investments.

For Doanh, the way to this goal is clear a well-functioning market economy coupled with an effective state administration. Others in Vietnam, however, do not share his beliefs. They stand to profit from the old system or they object to the changes on ideological grounds. There are people who simply don't like change, says Doanh. Some will die and take their own theory and conviction to the grave.

For more information contact:

Dr Le Dang Doanh Central Institute for Economic Management (ciem)
68 Phan Dinh phung

Hanoi, Vietnam

Tel.: (84 4) 258-261, ext. 4497; Fax: (88 4) 256-795

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