

THE CITIES ALLIANCE

VIETNAM

**ENHANCING ACCESS OF THE URBAN POOR
AND VULNERABLE GROUPS IN VIETNAM
TO BASIC INFRASTRUCTURE AND SERVICES**

TASK 4

**DEVELOPMENT OF A DETAILED ACTION PLAN
FOR A SELECTED CITY (CAN THO)**

SUMMARY DOCUMENT

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1. CAN THO CITY POPULATION HOUSING AND INFRASTRUCTURE

1.1 Population

Can Tho City had a 1999 Census population of 332,035 in 15 Phuongs and 7 Communes. It is estimated that by 2010, the population will increase to 550,000 people and that there will be 183,000 households.

1.2 Poor, Nearly Poor and Vulnerable Households

Using the official definition of urban poor households, it was estimated that there were 1,703 poor households (2.37% of the total), although this figure may not take into account unregistered households. A 2001 survey of low income communities identified 2,332 households living in low income areas. However, in 2000, 27% of the housing stock was described as "temporary" and an additional 17% of houses had thatched roofs. It is likely that a substantial number of households living in these houses were "nearly poor" or "vulnerable". Therefore about 44% of the households fall into this category.

More recent surveys have estimated that there are about 16,400 households living in 11 Phuongs in the city poor or nearly poor and are in areas that are lacking in basic infrastructure.

1.3 Existing Access to Services and Infrastructure

From surveys based on 25 low income communities and a selection of 5 Phuongs the following information was obtained on a household or alley basis:-

- 30% did not have their own metered water supply
- 30% did not have had their own toilets
- 27% did not have electricity connections
- 40% of the alleys did not have street lights
- 19% of the alleys were not paved
- 21% of the alleys were subject to regular flooding
- 60% of the households were not connected to a drainage system
- In the 25 low income communities 57% of the households did not have garbage collection

1.4 Housing Production

Accurate figures were not available due to the fact that many people did not apply for Construction Permits. It is estimated that about 1,200 houses were build each year that should have had official permission, but this excludes Grade 4 and Temporary houses.

1.5 Housing Ownership

Official figures are not available, but it is estimated that 70% of houses are owned by private individuals, 20% are owned by the government and 10% are rented.

2. URBAN POVERTY IN CAN THO CITY

2.1 Difficulties Faced by the Urban Poor

A summary of difficulties faced by the urban poor is as follows:-

- Insufficient income to meet daily needs
- Unstable occupations, temporary employment and therefore low and fluctuating incomes
- Houses that do not provide adequate protection from the elements, allow the penetration of rain water and are subject to flooding
- Only being able to occupy rental housing due to insufficient financial resources to purchase land use rights and obtain official building occupancy certificates
- Not enough money to pay for medical treatment
- Not enough money to pay for school fees
- Borrowing money for emergencies as well as for daily needs and being unable to pay back loans
- Poor health, contributed to by insanitary living and poor environmental conditions
- Inadequate food and clothing

The opinions of city managers and cadres at the phuong and commune level were similar but in addition they identified the following problems:

- Narrow lanes made of earth or rubble
- Lack of sanitation facilities
- Low skill levels
- Children from poor families having to work
- Difficulties of obtaining loans from banks due to complicated procedures
- Lack of money to pay for water and electricity connections

2.2 Constraints Related to Housing and Infrastructure

In terms of constraints specifically related to housing and infrastructure, priorities were to develop economic activities that would enable households to build up savings and take out small loans which would enable them to undertake incremental house improvements. Importance was placed on improvements to the basic structure and to the roof and walls, improvements in the quality of flooring and raising floor levels to prevent flooding. The construction of a toilet and the purchase of water and electricity connections were also high priorities as well as access to drainage systems. Most households were also aware of the environmental and health problems created by a lack of garbage collection.

Lack of building occupancy and land use registration certificates, household registration and birth registration were major constraints especially in terms of accessing basic services, sending children to school, accessing public health facilities and obtaining loans from official sources.

3. KEY POLICY ISSUES

3.1 The key policy issues identified in Task 3, which are related to Can Tho City are as follows:-

- If infrastructure and service provision standards are linked to community choice and affordability, more people will have better access to improved environmental conditions more quickly - infrastructure standards in low-income areas need to be improved to appropriate levels
- If the needs of poor communities are understood as part of the process of Master Plan and Detailed Area Plan preparation and implementation, strategies for pro-poor service provision will become fully integrated into city development strategies
- If poor urban communities are given a voice in identifying, planning and implementing projects to improve their living environment, the projects will more effectively meet the needs of the communities.
- Resettlement of poor urban households is a frequently used technique for “area upgrading” but a pro-poor urban development strategy would avoid relocation as far as possible
- Sustainable improvements can be achieved through effective Operation and Maintenance mechanisms
- Giving some form of security of tenure to the poor is the best way to stimulate the urban poor into investing in their own shelter and services
- If infrastructure and services are to be improved in poor urban areas it is essential that links to primary and secondary infrastructure are identified to ensure the effectiveness of the improvements
- Housing finance arrangements to ensure a private sector supply of adequate and affordable housing must be facilitated
- Human Resource Capacity needs to be enhanced in specific areas

3.2 The potential benefits of adopting these policies are:-

- The health and quality of life of the urban poor can be significantly improved at a much lower cost
- Such an approach would enable the poor to improve their living and environmental conditions by recognising their entitlement to land and other productive resources.
- Upgrading preserves past investments made by the urban poor and enhances their social capital.
- Shelter and infrastructure construction has a high multiplier effect in terms of job creation and expanding economic activities. Communities would be able to capture these benefits if an upgrading is community-based.
- Income disparity is a major problem in many growing cities. Urban upgrading, helps to address this issue by enabling the poor to retain the value of their investment on land and by enlarging their physical assets.
- Incremental development of GOV service standards enables a greater number to have improved standards more quickly. (Longer-term achievement of preferred standards is not jeopardized by short-term application of lower standards).

4. HOUSING FINANCE AND LEGAL ISSUES

4.1 Sources and Cost of Housing Finance

Availability of finance for new house construction and housing improvements is a major constraint, with most households depending on inheritance, money from relatives, group credit "games" and in emergencies, money lenders. Availability of formal housing finance in minimal and requires levels of documentation not normally available to poor people.

4.2 Land Use Rights, House Occupancy Certificates and Construction Permits.

These official documents are very important to poor households, especially, the first two, but they find it difficult to obtain the range of documents officially required. However, the process of obtaining the documents is complex and lacking in transparency. Construction permits require minimum plot sizes and standards of construction that are often beyond the means of poor households.

5. COMMUNITY BASED PROGRAMMES

Many of the on-going community level, small scale improvement works, such as improvements to alleys and drains, involve community participation, but this is more in terms of the communities making financial contributions to programmes decided by local government officials rather than local government participating in projects that are the priorities of poor communities and that are initiated and managed by the communities themselves. One of the few examples, although on a small scale, are the projects implemented under the UNDP/UNCHS programme.

The matrices on the role of the communities in the delivery of housing and infrastructure, show a complex set of inter related roles that require high levels of coordination and approval systems.

6. HOUSING, LAND AND INFRASTRUCTURE COSTS

6.1 Cost of Land Use Rights

The cost of land is decided by the City's People's Committee based on the grade of street and four locational criteria. The taxes to be paid at the time of acquisition of land use rights are a percentage of the official value of the land. Poor people face problems of producing adequate documentation, especially "proof of ownership" and there would appear to be uncertainty about the percentage of tax that has to be paid.

6.2 Cost of House Construction

Most low income families use small private contractors or direct labour for house construction and repairs. Costs of construction vary from about 1,500,000 VND per square metre for grade 1 and 2 housing to around 300,000 VND per square metre for simple houses with brick columns, metal sheet roof and tiled floors.

6.3 Cost of Developing Relocation Sites

Analysis of a number of relocation sites was undertaken, including the land price, land filling and infrastructure costs. The cost of land available for housing varied according to the location of the site and therefore the price of land, but a figure of 350,000 to 450,000 VND per square metre of housing land was an average figure. The cost of developing infrastructure varied from 350,000 to 450,000 VND per square metre.

7. INFRASTRUCTURE SERVICES COSTS

Costed matrices for various levels of infrastructure were prepared and an analysis of costs per hectare and costs per person were made, assuming densities of 400, 500 and 600 persons per hectare. Per capita costs of a basic set of infrastructure varies from US\$ 78 to 99 per capita, at the intermediate level from US\$ 98 to 123 per capita and at the highest level, US\$ 128 to 156 per capita.

8. EXISTING AND PROPOSED TRUNK INFRASTRUCTURE

As far as water supply is concerned, there are proposals to upgrade two water treatment plants and to upgrade various parts of the water supply network. There is a sewerage treatment project linked to an interceptor network and the existing power supply network is also being upgraded.

At the household level the cost and documents required for official water supply and electricity connects are a constraint for poor households.

9. ACTION PLAN COMPONENTS

The action plan will cover low income communities in 11 Phuongs in Can Tho City, covered by the low income community mapping exercise. It is estimated that there are about 16,400 existing poor or nearly poor households in these areas lacking access to basic infrastructure or living in inadequate housing. This figure does not include unregistered households, who may make up a further 10% and it does not allow for the natural increase in population during the project implementation period.

The Action Plan for Urban Upgrading in Can Tho City is made up of five main components:-

- (a) Upgrading of existing identified low income areas
- (b) Improvements to city level primary and secondary infrastructure
- (c) Support for essential relocation, the provision of serviced land and housing to meet the demands of the growing population and improvements to existing housing
- (d) Improvements in security of tenure
- (e) Capacity building at both community and local government levels.

Details of the activities under each of these main components are as follows:-

(a) Upgrading of existing identified low income areas:-

- (i) Community Upgrading Plans

The basis for upgrading of existing low income areas is the preparation of community upgrading plans (CUPs). For this purpose it is recommended that Phuong level Ad Hoc Committees are established with representatives from the communities, mass organisations, Phuong and City level officials, as well as representatives from utility companies and the Transportation and Public Works Board. External

consultants will also work with the communities to assist them in the preparation of the community upgrading plans.

The CUPs will include, amongst other things:-

- Description of the existing situation and a mapping of existing plots and houses, whether they are formally recognised or not.
- Availability and condition of public and on plot sanitation, water supply and drainage facilities.
- Existing roads and alleys and public drains.
- Open drainage streams, canals and ponds.
- Electricity supply lines, street lights and houses with electricity connections and house meters.
- Identification of house plots, alleys and roads that are subject to regular flooding.
- Areas where the community feels that there are social problems.
- Existing housing conditions, including those that do not have building occupancy and land use certificates.
- Houses that are near or over existing drainage channels and those that are in dangerous areas or on very small or otherwise unsuitable plots.

Based on the costed services matrix, per capita or household cost ceilings and the communities ability to contribute to the improvements, a community upgrading plan is then prepared. This will identify priorities and a time frame for implementation. The costing exercise will also take into account operation and maintenance costs and the community's ability to pay for or participate in operation and maintenance. The community upgrading plan will include the identification of houses for relocation within the low income community area, or where there is no alternative, relocation outside.

(ii) Physical improvements within the low income areas may include:-

- **Drainage, Road and Alley Improvements**
 - Road and alley improvements, including re-alignment
 - Drainage schemes in conjunction with roads and alleys
 - Rehabilitation of existing roads, alleys and drains that have fallen into disrepair
 - Rehabilitation of, and where cost effective extension of existing drainage system
- **Water Supply**
 - Water supply distribution system to cover un-served areas, including provision for house connections
 - Provision of new common water points where house connections are unaffordable
 - Replacement of undersized or leaking water supply lines
 - Provision bore wells where extension of supply network is not feasible
- **Electricity**
 - Improvements to existing network especially street security lighting and where affordable, metered house connections
- **Sanitation**
 - Support for households to install on plot sanitation with septic tanks according to local practice
 - Provision of shared sanitation facilities where space does not permit individual facilities
 - Rehabilitation of existing shared facilities where necessary
 - Provision of community level sewerage networks where off site connections are available
- **Solid Waste Management**
 - Introduction of community collection schemes on the principle of "socialisation" that link into city level solid waste management programme
 - Separation of solid waste at source
- **Public buildings**
 - There is a demand for public buildings suitable for use a pre-schools, clinics and community halls. These could be in the form of multi-purpose buildings, shared between smaller communities.

(b) Improvements to city level primary and secondary infrastructure

There are currently proposals to improve the drainage system and treatment of waste water being developed by the City with the support of KfW. According to the preliminary low income community mapping exercise many of the areas fall within the central area drainage basin and are likely to be able to benefit from the drainage scheme. A study, including a preliminary assessment and cost estimate of critical primary and secondary infrastructure needed to serve low income communities is being prepared.

Connection to secondary networks will need to be made to ensure that low income communities gain maximum benefit from improvements in the city level drainage networks.

The Can Tho Water Supply Company only covers 65% of the population. Surveys of low income areas have also indicated that about 30% of the households do not have a metered supply. There are a number of proposals for extension of the existing network under consideration. Extension of the secondary network and connecting the un-served low income areas may be part of the off site improvements works programme.

Can Tho City has a number of ponds and open canals that form a part of its natural drainage network. The rehabilitation of these natural drainage canals and ponds, including the reduction of pollution and structures obstructing the flow of water will need to be considered as complimentary improvements in the city's primary and secondary infrastructure networks.

(c) Support for essential relocation, the provision of serviced land and housing to meet the demands of the growing population and improvements to existing housing.

This will cover (i) resettlement of those affected by the project, (ii) micro finance for housing improvements for low income families living in the upgraded areas, and (iii) sites and services programme for the poor (open to all households in the city)

(i) Relocation.

Relocation will be only used as a last resort for households that are living in dangerous conditions, such as areas subject to frequent flooding and where flood prevention methods are not cost effective. Accurate estimates of the number of houses that are likely to fall in the category of essential relocation will only be available after detailed surveys of the low income areas and the preparation of the community upgrading plans. At this stage it is assumed that 20% of the households will fall into this category and will require plots and/or housing on relocation sites.

Wherever possible households will be encourage to build their own houses, but where this is not affordable a limited amount of rental housing may need to be constructed. The action plan will include the costs for the development of infrastructure and housing construction, but not land acquisition and compensation. Families who are going to be relocated should be involved in the planning and design of the resettlement schemes.

(ii) Housing improvements

Incremental improvements are seen as a priority for households both in terms of quality of construction and space available. Raising plots and house floor above flood levels and upgrading roofing materials are priorities. Small, short term loans of US\$ 300-700 would be suitable for this purpose.

(iii) Sites and services programmes for poor urban households

A strategy to provide access to serviced plots of land, in suitable locations in terms of employment opportunities and at affordable costs is essential to address the longer term problem of poor households in the city. It is estimated that the population of Can Tho City will by about 210,000 over the next ten years. This is likely to result in about 5,500 households being formed each year. At current levels of 40% of the households being considered poor or nearly poor, there would be a demand for 2,200 low cost serviced plots of land per year for the next ten years. Assuming densities of 500 persons per hectare, about 40 hectares of land would therefore need to developed every year.

(d) Security of Tenure and Legal Issues

Some form of security of tenure is essential to encourage households to make on plot investments and to contribute to the common improvements. The issue of Building Occupancy and Land Use Certificates (BOLUCS) to households, whether or not they have formal residential status will need to be supported so that the estimated 60% of households who currently do not have these certificates in urban Phuongs are able to obtain BOLUCS.

(e) Capacity Building

The successful implementation of the Action Plan, both in terms of new and improved physical works and operation and maintenance will depend on the formation of new partnerships between communities, mass organisations, local level officials and city and provincial departments, service providers and executing agencies. It is recommended that support for capacity building at all levels to participate in the process is included in the action plans.

10. ACTION PLAN COSTS

(a) Upgrading of existing identified low income areas

Cost estimates have been based on a total of 16,390 households occupying an estimated 1,078 hectares. The figures are used for the highest standards in the service options and cost matrix.

Service	Standards	Coverage	Estimated Costs US\$
Land Filling	1 metre deep	20% of area	4,300,000
Water	One meter per household	30% of households	347,000
Sanitation	On plot toilet and bath	30% of households	1,146,000
Access	Access 3m wide	20% of area	1,558,000
Drainage	Drainage ditches along both sidewalks Drain pipe from each household 300,000VND	60% of households	3,302,000
Refuse Collection	Household bins, Communal collector	50% of households	54,000
Street lighting	20 poles per hectare	40% of area	575,000
Electric supply	1 meter per house	30% of households	452,000
TOTAL			US\$ 11,743,000

(b) Improvements to city level primary and secondary infrastructure

It is not possible to give an estimate of the cost of this component at this stage. Local consultants are currently carrying out a preliminary assessment and preliminary cost estimate of the critical primary and secondary infrastructure needed to serve the low income communities.

(c) Support for essential relocation, the provision of serviced land and housing to meet the demands of the growing population and improvements to existing housing.

(i) Essential relocation

It is estimated that 20% of the existing poor households (3,280 households) may have to be relocated because they are living in dangerous conditions, such as over natural drainage channels or in areas where essential services may have to be provided. This estimate will need to be revised after the Community Upgrading Plans have been prepared. It is estimated the provision of basic infrastructure on a relocation site for 3,280 households is US\$ 2,125,000.

(ii) Provision of serviced plots of land for the needs of the urban poor population over a six year period, assuming that there would be a demand for 2,200 plots per year over a six year period. The estimated cost of infrastructure development is US\$ 8,552,000.

(iii) Loans for incremental house improvements for 25% of the urban poor households (4,000 households) at an average cost of US\$ 500 per household. US\$ 2,000,000.

(d) Security of Tenure and Legal Issues

Support to the improvement of the BOLUCS issuing process. Lump sum estimate of US\$ 500,000

(e) Capacity Building

Training and capacity building for communities, local level, city and provincial officials. Lump sum estimate of US\$ 300,000.

Summary of cost estimates

DESCRIPTION	ESTIMATED COSTS
(a) Upgrading of existing identified low income areas	US\$ 11,743,000
(b) Improvements to city level primary and secondary infrastructure	To be estimated
(c) Support for essential relocation, the provision of serviced land and housing to meet the demands of the growing population and improvements to existing housing.	(i) US\$2,125,000
(i) Essential relocation	(ii) US\$ 8,552,000
(ii) Provision of serviced plots of land	(iii) US\$ 2,000,000
(iii) Loans for incremental house improvements	
(d) Security of Tenure and Legal Issues	US\$ 500,000
(e) Capacity Building	US\$ 300,000
TOTAL OF ESTIMATED COSTS	US\$ 25,211,000

11. ACTION PLAN PRIORITISATION

The City of Can Tho has prioritised the Phuongs to be upgraded as follows:-

Priority	Phuong	Poor Households
1.	An Cu	1,728
2.	Xuan Khanh	1,968
3.	An Nghiep	782
4.	An Lac	1,066
5.	An Thoi	1,848
6.	An Hoi	819
7.	An Phu	1,056
8.	An Hoi	819
9.	Thoi Binh	1,265
10.	Hung Loi	1,923
11.	Cai Khe	1,912

ITEM NO	DESCRIPTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1	Capacity building for communities						
2	Support for issue of BOLUCS						
3	Preparation of detailed CUPs Phuongs 1-4						
4	Extension of secondary infrastructure networks for Phuongs 1-4						
5	Upgrading programme in:- An Cu (1728 households) Xuan Khanh (1968 households) An Nghiep (782 households) An Lac (1066 households)						
6	House improvement loans in Phuongs 1-4						
7	Relocation site infrastructure development for 1090 households						
8	Development of sites and services for 4,400 households						
9	Preparation of detailed CUPs Phuongs 5-8						
10	Extension of secondary infrastructure networks for Phuongs 5-8						
11	Upgrading programme in:- An Thoi (1848 households) An Hoi (819 households) An Phu (1056 households) An Hoa (2024 households)						
12	House improvement loans in Phuongs 5-8						
13	Relocation site infrastructure development for 1090 households						
14	Development of sites and services for 4,400 households						
15	Preparation of detailed CUPs Phuongs 9-11						
16	Extension of secondary infrastructure networks for Phuongs 9-11						
17	Upgrading programme in:- Thoi Binh (1265 households) Hung Loi (1923 households) Cai Khe (1912 households)						
18	House improvement loans in Phuongs 9-11						
19	Relocation site infrastructure development for 1090 households						
20	Development of sites and services for 4,400 households						