



WORLD BANK GROUP

Urban, Disaster Risk Management, Resilience & Land

IMPROVING LIVING CONDITIONS OF LOW-INCOME NEIGHBORHOODS IN THE MEKONG DELTA REGION

MEKONG DELTA REGION URBAN UPGRADING PROJECT

PARTNERS: SIX CITIES (CAN THO, MY THO, CAO LANH, CA MAU, RACH GIA, AND TRA VINH) AND THE MINISTRY OF CONSTRUCTION

DURATION: 2012-2018

FINANCE: US\$292 MILLION^[1]

AT A GLANCE

Country: Vietnam

Total population: 95.5 million (2018)

Urban population (% of total population): 36

Urban population growth (annual %): 3.0

Population living in informal settlements: Between 15% and 30% living in low-income neighborhoods in the Mekong Delta region

1. CONTEXT: A GROWING URBAN POPULATION IN CLIMATE-EXPOSED LOWLANDS

Vietnam has a low level of urbanization compared with most countries in the East Asia and Pacific region: only 36% of Vietnam's 96 million people lives in cities.[2] That is less than the estimated 59% average in the region.[3] However, urban population growth in Vietnam is accelerating at a rate of 3% per year and is on track to reach a 50% share of the total population by 2025, according to the national Urban System Development Plan.

The Mekong Delta region (MDR) has one of the fastest-growing urban populations in the country. The southwestern region covers about 12% of the country's total area and is densely populated, with roughly 20% of its population living in urban areas that are expanding.[4] This is driving up demand for infrastructure and public services. The delta is also one of the world's most vulnerable regions to climate change given that its average elevation is less than three meters above sea level.[5] Flooding is already frequent in the region.

The targeted cities in the delta have the typical characteristics of small and midsize cities in Vietnam. Can Tho is the largest in the MDR, with a population exceeding 1.1 million. It is a regional center for education, trade, and industry. The other five cities are smaller provincial capitals and economic hubs for trade, services, and industry. The economies of all the targeted cities grew by an annual average of 13% to 20% between 2006 and 2010.[6] In the six cities, between 15% and 30% of the population lived in low-income areas with low-quality housing and a dearth of necessary infrastructure.[7] The water supply and drainage systems were dismal. There were no wastewater management systems other than individual septic tanks, exposing the region to potential flooding. All these factors contributed to the low living standards and quality of life in the most impoverished areas.

[1] The borrower co-financed US\$106 million of the US\$398 million total cost of the project.

[2] 2017 numbers.

[3] United Nations Population Division. World Urbanization Prospects: 2018 Revision.

[4] 2012 numbers.

[5] Various models forecast that that sea level will rise between 30 cm and 70 cm by 2050.

[6] Ministry of Construction–Socio Economic Profiles of MDR-UUP Cities and Summary Report for MDR-UUP, January 2012.

[7] *ibid*

The MK-UUP built on the success of its predecessor, the Vietnam Urban Upgrading Project (VUUP), which benefited over 700,000 people in four cities: Ho Chi Minh City, Hai Phong, Can Tho, and Nam Dinh. The project was being scaled up to seven cities in the MDR under the ongoing Scaling Up Urban Upgrading Project (SUUP).

2. THE MEKONG DELTA REGION URBAN UPGRADING PROJECT

The project's [8] main objective is to improve infrastructure services in low-income areas in six cities in the Mekong Delta region. [9] The project supported 114 low-income areas in six cities—Can Tho, My Tho, Cao Lanh, Ca Mau, Rach Gia, and Tra Vinh—with primary, secondary, and tertiary infrastructure using participatory planning. The beneficiaries in the six cities amounted to 625,000 people.

The MK-UUP also provided technical assistance to Vietnam's Ministry of Construction to develop implementation mechanisms for the National Urban Upgrading Program (NUUP), which was approved by the national government during the implementation of the VUUP, MK-UUP's predecessor project. The project included the development of an operational framework for the national urban upgrading program, the designing of a national urban database for key urban indicators, and the creation of climate change adaptation strategies for coastal cities, mainly in the Mekong Delta region.



Photo: Before and After: Alley in Tra Vinh

[8] Project Task Team Leader: Hoa Thi Hoang

[9] <http://documents.worldbank.org/curated/en/145511542078037348/pdf/project-appraisal-document-pad-P162901-20181017-10232018-636776568298453523.pdf>

A. SPATIAL INCLUSION: BUILDING WHAT IS NEEDED FOR THE COMMUNITIES

The project's physical interventions in the targeted area included primary, secondary, and tertiary infrastructure, as well as social and economic infrastructure.

- Upgrading tertiary infrastructure including roads, drainages, public sewers, septic tanks, septic management services, residential connections to public sewers, water supply improvements, the provision of electric meters for houses, and public lighting in residential areas.
- Improving primary and secondary infrastructure to benefit targeted areas including roads, water supply lines, drains and sewers, electrical power lines, and river and canal embankments.
- Rehabilitating social and economic infrastructure facilities such as schools, markets, community halls, and green spaces.
- Preparing resettlement sites for the affected population, including the construction of primary, tertiary, and secondary infrastructure.



Parks in Cao Lanh (left) and Rach Gia (right)

B. SOCIAL INCLUSION: GETTING PEOPLE INVOLVED THROUGH A GREEN AWARENESS CAMPAIGN

The project adopted a participatory approach in investment planning, prioritization, and monitoring through:

- **The participatory preparation of community upgrading plans:** The project started with a series of community meetings and activities to provide information, with a focus on getting women involved. These efforts continued throughout the project cycle.

- **Monetary and land contributions:** These were identified as community participation based on a willingness-to-pay survey. The value of the community contribution was 3% of the construction costs of the alleys, which would serve as access roads in these low-income areas. Residents rely on these alleys to move around and connect to other areas and to many services such as water supply, drainage, and electricity. The construction costs were to be set aside for the operations and maintenance of tertiary infrastructure.[10] The voluntary donation of land was up to 10% of the land held by households living along the upgraded alleys for the expansion project, as per the approved resettlement plans.[11]
- **Environmental sanitation campaign:** The project ran a Green-Clean-Beautiful campaign to raise awareness and encourage people to change their behavior toward environmental sanitation. The campaign funded 30 demonstration projects that had been proposed by the local communities.
- **Participatory monitoring:** The project formed community supervision groups in each low-income area to monitor the construction of civil works and the overall implementation of the project.
- **Grievances redress mechanisms:** This ensured that the communities had access to a platform through which they could freely pose questions, concerns, and problems in relation to the project's implementation.

3. RESULTS[12]: BRINGING BENEFITS TO COMMUNITIES THROUGH UPGRADING

- The MDR-UUP has provided 355,227 people with access to improved infrastructure and public services in 144 low-income areas, exceeding the original target of 162,011 beneficiaries. An estimated 625,000 people have benefited from the project's primary and secondary infrastructure investments beyond the targeted low-income areas. In addition, 3,558 plots of land were equipped with adequate infrastructure for houses, of which 3,137 were dedicated to the relocated households.
- The project has supported the upgrading of public facilities including 57 schools, benefiting an additional 35,000 people. This was possible because the cities saved 25% to 30% on procurement costs by improving how they acquire goods, services, and works from external sources.
- The MDR-UUP has facilitated positive changes in people's lives including improved business opportunities, higher land values, and better access to infrastructure. It also has promoted social activities and intra-community relationships, contributing to higher living standards.
- Behavioral change at the community level: Residents participated in resolving common issues such as flooding, security, and the maintenance of street lighting. Also, the project led to greater awareness about environmental protection, solid waste management, and the preservation of public spaces.

[10] About 1 billion Vietnamese dong was collected at the completion of the construction project, which was about one-fourth of the estimated amount to be collected. Rach Gia and Tra Vinh intended not to collect the cash contribution mainly because most people in low-income areas had already contributed by donating land.

[11] At completion, around 166,941 square meters of land area were voluntarily donated by 10,292 households in low-income areas in six cities, amounting to a total value of about 170.7 billion dong (US\$7.37 million).

[12] <http://documents.worldbank.org/curated/en/403181561776111080/pdf/Vietnam-Mekong-Delta-Region-Urban-Upgrading-Project.pdf>

- Citizen engagement contributed to a greater satisfaction with the project's results: People were asked about what they needed and thought about the project, and their responses were incorporated as was possible in the design and implementation of the project. Community monitoring was used during the project's implementation, improving people's trust in the project and enhancing their capacity to participate.
- Encouraged residents to invest in housing in upgraded low-income areas: An end-of-project survey found that 41.9% of the households asked had upgraded their house in the previous six years and the proportion of temporary houses had decreased from 29.2% (based on a previous feasibility study) to 4.9%.
- Increased land values and related local revenues: The project's investments in primary infrastructure have led to a significant increase in land values. After the project, land prices increased on average by between 2.5 times and 5 times compared with before the project.[13] This increase has direct implications on land-related revenues because most taxes and fees are based on listed prices.



Kindergarten in Tra Vinh (left) and Elementary school in My Tho (right)

[13] A more detailed land market assessment conducted in March 2018 in Can Tho and Tra Vinh revealed that the increases in the project areas were higher than those in out-of-project areas. Market prices increased from 5 to even 11 times for residential and non-agricultural land in project areas. These increases in reference areas were 2 to 3 times higher. Market price increases were even higher for agricultural land that could be converted into either residential or non-agricultural land (24 times in the 19-5 Extension Road, Tra Vinh). Agricultural land in reference areas also increased sharply, from 3 (Lo Hot, Tra Vinh) to 14 times (Dau Sau Bridge, Nguyen Van Cu Road, Can Tho). Land prices also increased from 2.2 to 4.3 times in low-income areas between 2012 and 2017, a rate consistently higher than those in out-of-project areas. Government listed prices also increased in most of the targeted areas, and the highest increases were along the primary infrastructure in the project areas (3 times in Tra Vinh, 5 times in Can Tho). The project areas also experienced higher increases in the number of transactions and the average registered prices than other areas, further implying an increase in land-related revenue for local authorities.

4. CHALLENGES AND LESSONS LEARNED: GETTING THE COMMUNITIES TO MONITOR THE UPGRADES

1. Upgrading infrastructure in low-income areas often requires households to upgrade their houses to fit in with the new infrastructure, such as elevated alleys and drainage pipes. However, some poor households found it financially challenging to improve their homes. The access to government loans was not sufficient for these households, meaning that other types of subsidized loans should be considered for house upgrading.
2. The scope of the MDR-UUP, like any official development assistance project, did not include all low-income areas in the targeted cities, leaving them for future plans. Because of constraints in the state budget, innovative solutions that mobilize different sources of funding should be considered, such as land readjustment.[14]
3. Community participation and monitoring are critical for a project's success and sustainability. However, people in low-income areas often lack the capacity to do this. This means the project should emphasize capacity building and communication campaigns, such as explaining how to use and maintain public infrastructure. It is also important to train the communities on monitoring the infrastructure and reporting concerns.

What the beneficiaries say about the project:

"Travel is now much more convenient. In the past, when the rain came, going to school was very miserable for parents and students because of the flooded and dirty road. After the new road was constructed, there was no need to take a detour like before for parents to send their children to school, and the travel time saves about five minutes." (Household interview in Vinh Lac Ward, Rach Gia)

"The monitoring team is composed of representatives from the households and the leader. Surveillance in the alley is done well. Once the monitoring team found that the quality of the stones used by the contractor was not as good as those used initially, they requested a replacement of the material from the contractor. That is one of the reasons why the road of Alley 51 is of good quality. The participation structure remains after the project." (Focus group discussion with households in Alley 51, Ward Xuan Khanh, Can Tho)

"Drugs and theft occurred in Alley 51 in the past. People and police contributed money to install security cameras after the alley was upgraded and better illuminated. Now theft and drugs in the alley have disappeared." (Focus group discussion with HHs in Alley 51, Xuan Khanh Ward, Can Tho)

[14] Land readjustment refers to a land redevelopment technique in which multiple property owners within a specific geographic area pool their properties together in order to enable spatial reconfiguration intended to increase the overall market value for the combined properties.

"At school, the phenomenon of picking a flower and breaking branches is almost gone; many students voluntarily pick up garbage and water plants without being requested by teachers." (Interview with a teacher participating in the campaign)

"If there was no new road, people's lives would have been very hard. The environment is not healthy, especially since there were so many mosquitoes that carried disease. Previously, this alley lied next to a ditch; people planted many trees where mosquitoes and snakes lived. Some households raised pigs and threw pig manure directly into the ditch. Now those bad practices no longer exist." (Household interview in Alley 42, Tran Viet Chau Road, Can Tho)

"I have nine rooms for rent. Before the alley was upgraded, it was challenging to attract tenants because they were afraid of the flooding and the unsafe situation of the alley. Before the project, I had to offer low prices, but I still didn't get enough tenants. Now I can rent out all nine rooms, so the revenue is higher and much more stable." (Interview with a homeowner in Alley 42, Tran Viet Chau Road, Can Tho)

The case note is prepared by Urban Poverty and Housing GSG and Urban Poverty and Slum Upgrading KSB. The team comprised of: Phoram Shah, Waad Tamaa, Reyna Alorro, Rodica Tomescu-Olariu, Mansha Chen, Judy Baker and Dean Cira. Project Task Team Leader, Hoa Thi Hoang provided substantive inputs. Charles Newbery provided editing support.

Please visit GSG website for additional information (<https://worldbankgroup.sharepoint.com/sites/gsg/uphgs/Pages/index.aspx>).

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