



From Spatial Urban Planning to Comprehensive Socioeconomic Development in Viet Nam: Thanh Hoa City Case Study

The purpose of the Central Region Urban Environmental Improvement Project (CRUEIP), which targets several of Viet Nam's secondary cities, is to strengthen the capacity of local government institutions in improving urban infrastructure. The CRUEIP aims to increase awareness of health and environmental issues, and to reduce health and environmental hazards. The CRUEIP supports the Government's Socioeconomic Development Plan (SEDP) 2006–2010. One of SEDP's key objectives is sustained urban development, in support of the official national urban development policy, as articulated by the Orientation Master Plan for Urban Development to 2020. This master plan establishes population targets for cities and addresses population growth in—as well as migration to—Ha Noi and Ho Chi Minh City by promoting development of small and medium-sized cities.

Thanh Hoa City—a case in point

The Provincial Town of Thanh Hoa City (THC), capital of Thanh Hoa Province, was selected as an initial case study under the CRUEIP, which is being supplemented by an additional integrated urban development project which at this writing remains under preparation. The THC case-study project is to directly benefit about 75,000 people living in urban and peri-urban areas through improved access roads and provision of basic urban infrastructure services; it will likewise indirectly benefit all 200,000 THC residents.

Why THC?

The criteria for selecting THC as a case study included rates of urban population growth, urban and rural poverty levels, economic development potential, and infrastructure requirements. THC is both the capital and the only major urban center in Thanh Hoa Province, which is the country's third largest, second poorest, and second most populated province. With a population of 200,000, THC accounts for only about 5% of the province's total population



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Peri-urban roads have been improved and about 200,000 residents are benefiting from the change.

of 3.7 million. Currently, the province's gross domestic product is only about half the national average. The city's economy is quite weak in all sectors, as evidenced by its industrial and social indexes that register levels well below corresponding national averages. Meeting THC's ever-growing demand for urban services is one of the most important factors in reversing out-migration from both the city and the province which, for the most part, is likely to end up in Ha Noi or Ho Chi Minh City.

The THC case-study project was restructured in 2007 following a rise in Viet Nam's inflation and construction price indexes, which seriously impacted tendering of the initial construction contracts. Following restructuring, the total cost of the project amounted to \$96.0 million, the financing plan for which



included the following: a concessional Asian Development Bank loan of \$44.0 million equivalent to cover 46% of the project's total cost; cofinancing from Agence Française de Développement (AFD, the French development aid agency) comprising two loans: a conventional loan of \$26.5 million equivalent for physical investments, and a concessional loan of \$5.3 million equivalent for capacity building; and counterpart funding from the provincial government sufficient to cover 21% of the project's total cost.

Infrastructure improvement through community participation

Works under the project comprise construction and rehabilitation of urban infrastructure, including urban roads, water supply, drainage, and wastewater treatment facilities; upgrading of transport links between the city center and peri-urban areas for unlocking the latter's economic development potential; capacity building in urban infrastructure management and provision of urban infrastructure services; and measures for reducing out-migration from Thanh Hoa Province that include upgrading of labor force skills through education and training. A special feature of the project is its emphasis on community participation in project design, with particularly intensive inputs by women and the urban poor.

Lessons learned

One key lesson learned from project implementation to date is that when the project was formulated, the time frames set out for establishing project management units (PMUs), selecting consultants, awarding contracts, acquiring land, and resettling persons negatively impacted by the project were overly ambitious. Thus, in retrospect, the project has the following requirements: greater delegation of authority to lower-level government agencies for implementation, with central government ministries acting as facilitators; intensive assistance to the executing agency in project planning and management, particularly during the early stages of project implementation; more generous time frames for recruiting consultants; and timely preparation of land acquisition and resettlement activities. Another key lesson is that PMUs must allocate sufficient funds for, and time public awareness programs in a way that maximize the level of participation by local community residents.

Social assessment of the project demonstrates that although poverty incidence has decreased over the project implementation period, THC must ensure that development initiatives under the project target the poor in peri-urban areas and vulnerable groups when implementing investments in urban infrastructure, human resources, and urban management. Social assessment of the project also highlighted the need for private sector investment of a type that creates employment opportunities.