

## **The Missing Slums of Ha Noi**

Why are slums in Ha Noi less visible than in other rapidly growing cities of transitional countries?

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## Abbreviations

EMDC	Emerging Markets and Developing Countries
GDP	Gross Domestic Product
GSO	General Statistics Office of Viet Nam
HCMC	Ho Chi Minh City
HMIC	Higher Middle Income Country
HOI	Human Opportunity Index
LMIC	Lower Middle Income Country
MDG	Millennium Development Goals
MIC	Middle Income Country
MPI	Ministry of Planning and Investment
PPP	Purchasing Power Parity
RRD	Red River Delta
SPI	Social Protection Index

*“We are not afraid of shortage, only of distributing what we have unequally.”*

*- Ho Chi Minh -*

## **1. Introduction**

Ha Noi is the oldest capital still existing in South-East Asia, recently celebrating its 1000<sup>th</sup> birthday in 2010. After losing its status temporarily through the centuries, the second largest city of Viet Nam became capital of the North Viet Nam in 1946 and ultimately the capital of the unified country in 1976. Since then, consistent with the whole country, it is undergoing a rapid and fundamental change in terms of economic activities, number of inhabitants, resource consumption, magnitude of pollution as well as spatial and traffic expansion. With tripling population figures and ongoing urbanization in the second half of the 20<sup>th</sup> century the country and its capital are not at least challenged to govern domestic migration to the urban hubs while complying with the socialist self-conception to maintain an equal society.

Astonishingly, when walking through the city, despite all visible wealth differences of its inhabitants, it seems as if extreme forms of inequality visualized by slums or widespread homelessness as in other transitional mega cities are not that significant. This observation is in line with a World Bank assessment stating that Viet Nam has “a very low incidence of slums for a country at this stage of development” (World Bank 2011: 115). Furthermore, it appears as if the whole city is a more or less evenly distributed mixed zone of economic and residential areas wherein unemployment appears to be low. Even in the dense tourist area of the old quarter begging is no observable phenomenon and its busy streets become empty once the shops and restaurants are closed. It seems that only the enduring heat of the summer months causes people to sleep outside to cool down.

Considering the miserable condition of the country a few decades ago: underdeveloped, politically isolated and with a huge post war burden on people, institutions and the environment, the rise of the country and Ha Noi appears to be a remarkable success story beneficial to the majority of its people at the first place.

Consequently the purpose of this short investigation is to give a more accurate and classified picture on the extent of slums in Viet Nam as the most tangible form of economic inequality in the urban context, crosscheck them with the shallow personal impression of a moderate slum prevalence and search for specific drivers expediting those trends.

Finally, those drivers can reveal implications for the configuration and priorities of aid programs in Viet Nam that are more and more configured as economic development cooperation through national institutions and less by traditional development projects (SECO 2013).

## **2. Slums – A Failure of Urban Development**

If someone has ever visited a slum like the “Smokey Mountains” in Manila during the rainy season, when the waste formed ground area is dissolving, where a constant tang of industrial and human waste is in the air and fragile human shelters collapse predictably into the nearby river while the skyline of Makati shines from only few kilometers afar, it is hard to imagine how society can tolerate this disgrace of human livelihood. But slums like this are widespread in the world and a visible manifestation of the unequal configuration of our world.

There are multiple definitions on how a slum is characterized and measured. However, because most of the data presented later on has been derived from publications of the United Nations Human Settlements Programme (UN HABITAT), a related definition is used. Here, a “slum, at its simplest, is a heavily populated urban area characterized by substandard housing and squalor” (UN HABITAT 2003: 8) and therefore is encapsulating spatial (high density), physical (structure and services) and social deficits imposed on the people living there. Regardless of the social dimension, common operational definitions cover only physical and legal characteristics of the settlement as those parameters are easier to measure and compare. In this case the definition comprehends “inadequate access to safe water, sanitation and other infrastructure; poor structural quality of housing; overcrowding and an insecure residential status” (UN HABITAT 2003: 12).

Slums, according to the definition above, are not a phenomenon of our generation. They have been present in cities ever since urbanization started and the characteristic and perception on them are diverse. In some cases slums considerably influence the overall economic development of the city by providing cheap and informal labor forces and services needed. As a docking station for migrants, they can serve as basic temporary shelter until people managed to improve living standards on their own. Being a dense space of human interactions, slums might even stimulate unique social and cultural movements (UN HABITAT 2003). However, for the majority of its permanent dwellers, slums are more a place of desperation than of opportunities and host a notorious disadvantaged group in a city. A problem that is deepening.

With increasing population figures and massive urbanization in the 20<sup>th</sup> century and a global economy where jobs and goods can be relocated easily across the world, the dimension of slums and the extent of disparity for its inhabitants with regard to non-slum residents of a city is tremendously increasing. Cities of the developing world have difficulties to adapt to those challenges because of the magnitude and velocity of this fundamental change in the characteristics of human settlements. A few figures illustrate this shift inevitably: not only has the population of the world doubled within less than the last 50 years, but also the global urbanization rate. A phenomenon mainly caused by the transformation of the developing world.

Today, the number of people facing those miserable living conditions in the world is declining in relative figures but growing in absolute numbers. From an estimated 46.2 % of the urban population in the developing regions (650 million) in 1990, the share and the numbers have changed to 32.7 % (862 million) in 2012 (UN- HABITAT 2013).

In 2012, the highest rate (61 %) and highest number of people (213 million) in slums are reported in Sub-Saharan Africa, overtaking East (including China) and South Asia (including India) with both around 200 million. In South- East Asia, the ratio of urban people living in slums is declining from 49.5 % (1990) to 31.5 % (2012). Nevertheless, due to the ongoing population growth of many countries, the absolute figures continue to be worrying (68 million to 79 million).

Being aware of all this, the challenge to “ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums” by 2030 has been formulated and ratified in the United Nations Sustainable Development Goal 11.1.

Proceeding towards this goal is not only a moral mandate but a rational necessity if a city wants to develop to its full potential. Permanent, widespread informal settlements with all their deficits imply numerous burdens on their inhabitants: Fragile, unclarified living situations undermine long term planning and investment by posing a constant threat on the tenants. An area abandoned by basic public services such as water, sanitation and electricity supply stresses mental and physical health of the people and blocks their potential, leading not only to inequality in the present but also to an inequality of opportunities and agony in the future.

Beyond the individual burden and in line with assessments on the consequences of severe economic inequality, those extreme imbalances in a society can foster social erosion, political instability, violence, diseases, human capital misallocations, massive environmental damage and not at least economic blockades (Dabla-Norris et al 2015).

Due to this, aid interventions that manage to reduce the prevalence of slums can catalyze multi-dimensional externalities for the beneficiaries. Especially in emerging countries, where more and more of the marginalized people are found in urban areas, successful programs can help to break the vicious circle of poverty and inequality in opportunities.

### 3. Slum Patterns in Viet Nam

In Viet Nam, despite population growth, the portion of people living in slums, has been decreased from 60 % of the urban population in 1990 to 35 % in 2009 and has reached now an average number amongst developing countries. Because of the tremendous overall population growth, in absolute terms the number of people living in slums has increased by more than one million in the same period of time (UN HABITAT 2013). Surprisingly, more recent data from the United Nations Statistic Divisions is showing a more encouraging picture with falling absolute numbers and the share of the total population beyond 2005. It is remarkable, that even at the peak of the financial crisis of 2008/ 2009 and

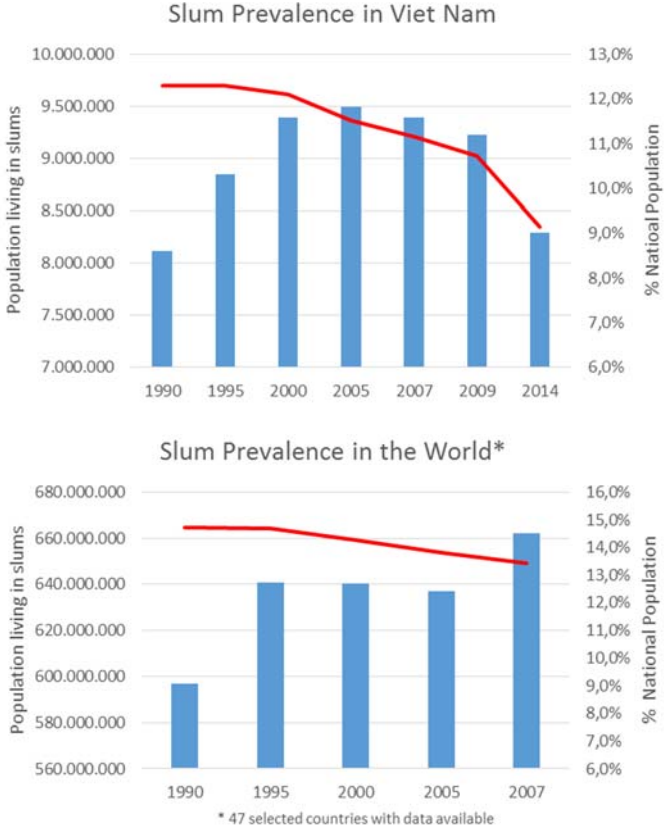


Figure 3-1: Slum Prevalence in the World & Viet Nam

its aftermath the positive trend in Viet Nam continues, while the global average has been showing a different pattern from 2007 (Figure 3-1).

Even though no equivalent data for each Vietnamese city can be found, there are indications that Ha Noi is performing better than the national average and Ho Chi Minh City (HCMC), the biggest city of Viet Nam. As an example, a survey of the statistic offices of Ha Noi and HCMC states that Ha Noi residents have significant better (e.g. type of roof, tap water access, national electric grid) and larger (e.g. qm per person) housings as well as more rights (ownership of housings) and social protection (e.g. health insurances) than residents of HCMC (Ha Noi, HCMC Statistics Office 2010).

### 4. Reasons for Slum Formation

In this essay, reasons for slum formation and incapacities to reduce existing slums shall be classified by risk factors leading to an increase of the problem and absorptive capacities extenuating the breadth of slums. Similar to the terminology used in communicable diseases, and the perception of slums being a health burden of a city, the slum **prevalence** of a city at a given time can be determine by the previous prevalence, the **incidence** (new slum dwellers in a certain timeframe and area) and the healing rate hereafter called **absorptive capacity** of this region in the same period of time.

The **risk factors** shaping the incidence are mostly composed by physical aspects, such as the general available urban space, the available housing stock in a city and the number of new impecunious people coming to that area in a certain time frame. This population dynamic can be split up further into natural population growth in the given area and large scale net migration<sup>1</sup> from other regions. Accordingly, in Asian cities, the highest correlation to slum prevalence is supposed to be urban population growth, meaning that an increase of 1 % in the overall population is linked to an increase of 3.5 % in the population living in slums (Arimah 2010). Besides the “classical” explanation of rapid urban population expansion that is causing slum formation in many case studies documented (UN HABITAT 2003: 195) other potential influences can be tested positively against the prevalence of slums.

Those **absorptive capacities** of a city are driven by the general economic situation, e.g. access to jobs and income, infrastructural changes and effective policies to increase the affordable housing stock and the connection between existing settlements. Additionally, the potential to provide individual opportunities in terms of access to health and education, as well as social and legal protection for slum dwellers determines the likelihood of a permanent life in a slum beyond one generation. Achievements in those fields will mitigate the growth of slums even under a high pressure and significant risk factors by giving the affected people perspectives to improve their situation by personal efforts.

Within those drivers, the main healing factor in Asia is supposed to be economic growth as there is a strong linkage between the GDP per capita, the overall economic inequality and the prevalence in slums (Arimah 2010). A common explanation for increased economic inequality emphasizes the role of various aspects of globalization. Inequality can increase when more high skilled jobs are required in an economy, investment are not balanced and the access to achieve new and relevant skills is not given equally. This is naturally happening if technological transfer, trade and financial liberalization as often inherent in the process of globalization are not accompanied by suitable policies measures to first redistribute the increasing assets and second to provide homogenous opportunities for everybody to upgrade necessary skills (ADB 2012, IMF 2015, OECD 2011). Then, the rapid change of the economy in a globalized market is sharpening the gaps in living conditions that have been existing a priori.

In the context of cities those gaps can become more visible through the miserable living conditions the affected groups are living in. As described earlier this again is lowering opportunities of its inhabitant creating a vicious circle of economic inequality and slum

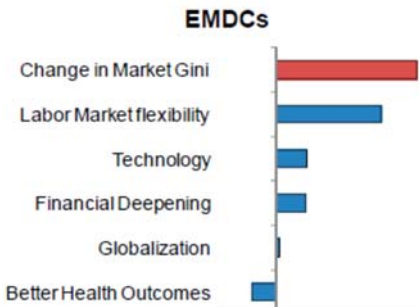


Figure 4-1: Decomposition of the Change in Income Inequality (Dabla-Norris et al: 27)

<sup>1</sup> Net migration rate: difference between number of immigrants and emigrants divided by 1000.



prevalence. Hence, it seems justified to further investigate factors that contribute to that inequality.

The IMF for instance states that in Emerging Markets and Developing Countries (EMDC) a change in the GINI can be decomposed as shown in Figure 4-1 with the decisive influence to reduce inequality by creating better health outcomes for the people.

Besides the ones mentioned above, additional drivers contributing to the formation and proliferation of slums can be detected: for instance, significant correlations to the prevalence of slums are identified with variables such as Debt Services, Regulatory Framework for Registration and Investment in Infrastructure (Arimah 2010).

However, in the framework of the essay out of all those factors, only population dynamics, the economic situation, infrastructural development and individual opportunities in health and education as well as special policies related to them shall be considered.

4.1. Findings on Country Level

Based on the risk factors and absorptive capacities listed above, this chapter carves out drivers for and against a high slum prevalence in Vietnamese cities against the overall context of Viet Nam.

4.1.1. Population Dynamics

In line with the global trend and despite multiple severe inner state wars Viet Nams population increased constantly in the 20<sup>th</sup> century and beyond. From 34 million in 1960 the population almost tripled and is exceeding 90 million, ranking it 14<sup>th</sup> in the world. What is worth mentioning is the fact that population growth is already slowing down for decades (now lower than the world’s average) leading to a more or less constant growth in absolute numbers (one million per year) and a more significant reduction than visible in the population patterns of other emerging countries at comparable stages.

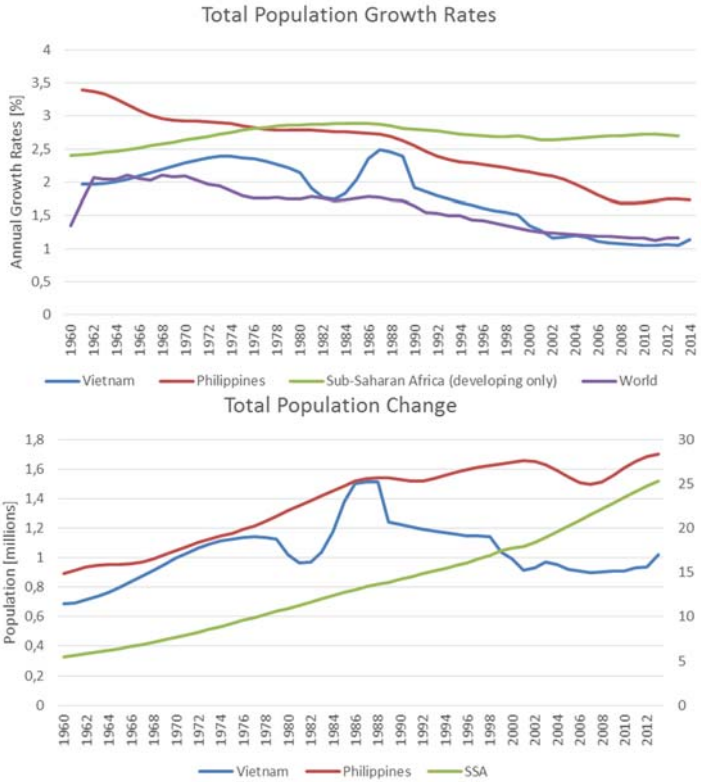


Figure 4-2: Annual Population Change – Total & Growth Rates

With a current fertility rate (1.8) below the reproduction rate this trend is expected to continue even further. Figure 4-2 shows the population growth rate and the total change in population per year of Vietnam against corresponding data from the Philippines, Sub-Saharan Africa and the world's average. This development in Viet Nam might not at least be explained by draconic population policies, including a partly formal on and off two-child policy<sup>2</sup> in place in North Viet Nam already since 50 years.

As in other countries, the second part of the transition of Viet Nam is the shift in the population distribution. From a more or less constant percentage of 20 % of inhabitants living in cities in the 1980s, the number increased continuously until 33 % in 2014<sup>3</sup>. A comparison with China reveals, that the shift in Viet Nam is not as tremendous as in the northern neighbor where the urbanization rate increased from 20 % to 55 % in the same period of time. Additionally, the current number in Viet Nam is astonishingly small in the global context and similar to highly rurally formed countries like Mozambique.

To which extent this urbanization is dimensioned by natural growth or migration is hard to determine. Growth rates of urban and rural areas are diverging for years and the urbanization is expected to continue (Cu Chi Loi 2005). However, numbers from the General Statistical Office (GSO 2016) indicate that at least the net migration rates in rural and urban areas are not rising. Between 2005 and 2013 they varied between 0.4 and 3.9 with a recent number of 1.6 in 2013.

Astonishingly, there are even regions that have higher population growth rates in the last years than the "special cities<sup>4</sup>" of Ha Noi and HCMC. This indicates that the ongoing general urbanization is not narrowed to the mega cities. Instead, in terms of urban population growth the Northern Midlands (3.9 %/a) experienced the highest rates between 1999 and 2009 and smaller cities (classified as class two cities) have similar growth rates as the biggest cities of Ha Noi and HCMC in the same period (World Bank 2011). Figure 4-3 gives an overview on annual growth rate of multiple cities and regions in Viet Nam.

It seems as if the constant natural population growth, the relatively homogenous increase of all regions of Viet Nam and the modest migration rate towards the cities create only moderate risk factors for Ha Noi to form more slums.

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<sup>2</sup> [https://en.wikipedia.org/wiki/Two-child\\_policy](https://en.wikipedia.org/wiki/Two-child_policy)

<sup>3</sup> source: data.worldbank.org

<sup>4</sup> Ha Noi and HCMC have a "special city" status in the official administrative categorization in Viet Nam

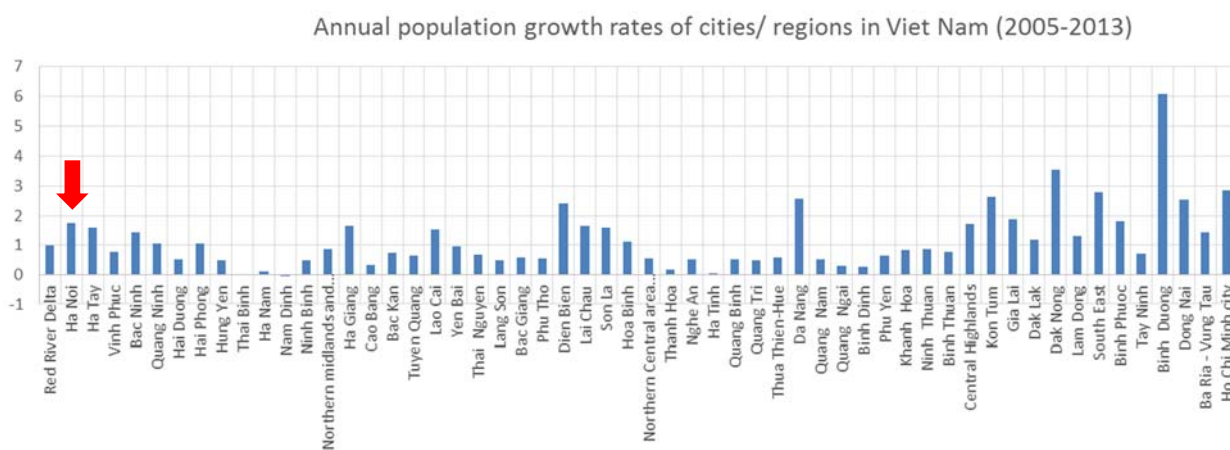


Figure 4-3: Annual Population Growth Rates in various region

#### 4.1.2. General Economic Development

The economic development of Viet Nam is widely seen as a remarkable success story not at least through the fact that is one of the leading countries achieving the MDGs (Berliner et al 2013). Since decisive liberal macroeconomic reforms have been established in the 1980s, the speed of the country's development is breathtaking. In less than a quarter of a century and despite significant changes in the geopolitical context with the fall of the Soviet Union and recent global and Asian financial crises in 1997, the country has lifted millions of people out of extreme poverty. In only 25 years the GDP per capita increased from 1500 USD PPP in 1990 to 5370 USD in 2015<sup>5</sup>.

The evaluation if this economic growth is or will be accompanied by an increase in inequality seems to be rather unclear. Depending on the point in time of the evaluation and the indicator used the prediction towards the inclusiveness of growth is either encouraging (Berliner et al 2013, IMF 2015), worrying (GSO 2010) or undecided (ADB 2012). However, even though Viet Nam is more and more integrated into the global economy with all the accompanied risks, economic inequality measured by the GINI coefficient so far is not rising and it has been acknowledged that on a larger time scale Viet Nam has a special record of inclusive growth and converging welfare between its regions (World Bank 2011). This is not at least demonstrated by the extent of "shared prosperity" measured by the income increase of the poorest 40 % of the population which is among the highest in the world (World Bank 2014). Consistency of this evaluation is demonstrated by the GINI coefficients of the 22 most populated countries within the World Bank's classification of LMIC and HMIC. If investigated, the economic rise of Viet Nam appears again to be relatively inclusive. Especially in contrary to China's development and despite a significant lower social spending ratio of only 0.52 % of GDP compared to 0.7% in China and an average of 1.6 % in all MICs (World Bank 2015) the country has been able to maintain its modest inequality over the ongoing transition.

<sup>5</sup> source: data.worldbank.org

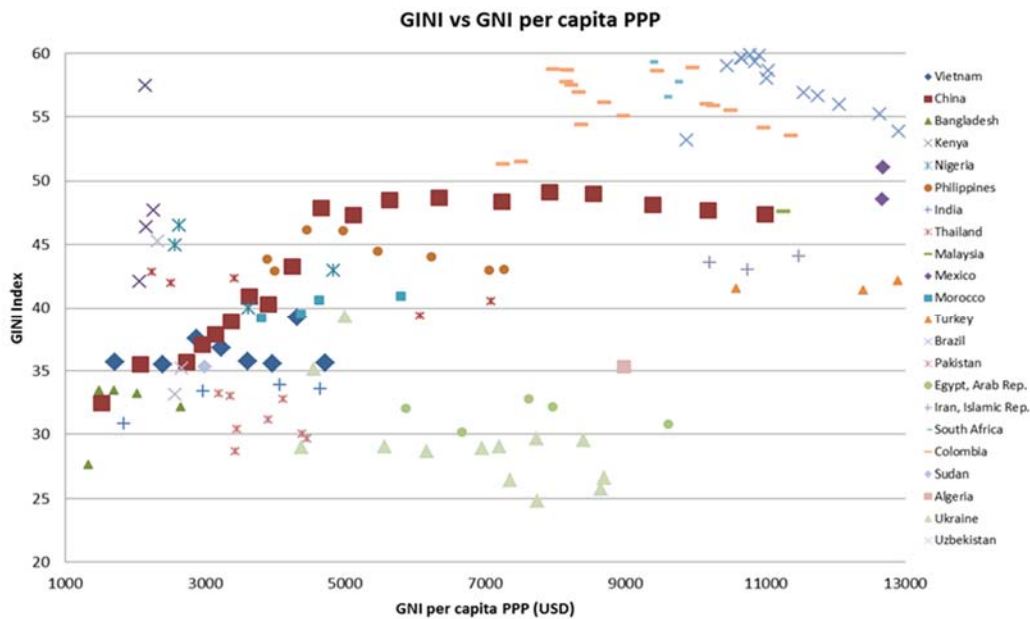


Figure 4-4: GINI coefficient vs GNI per capita of LMIC and HMIC

Besides the international classification, this chapter aims to itemize general economic patterns within the country. Minot et al emphasized that there is a strong linkage between average income and poverty in Viet Nam (Minot et al 2006: 32) and therefore trends on average income might serve as a valid measurement for poverty prevalence. Corresponding data presented in the Viet Nam Household Living Standards Survey 2012 reveal that all regions in the country experience similar growth rates (17-21 %/a) of income between 2002 and 2012 indicating that there are mechanism in place fruitful for a balanced development of the country.

Furthermore, findings suggest that “more than three-quarters of the inequality is within provinces rather than between provinces.” (Minot et al 2006: 52) supporting the hypothesis that the regions themselves develop relatively similar. In Figure 4-5 it can be seen that income inequality is lowest in regions in the big river deltas around Ha Noi and HCMC and along the coast.

Besides the even economic growth of the regions, it is even more astonishing that between 2002 and 2012, in relative terms, rural incomes increased by 19 %/a which is 2 %/a more than the urban income level (GSO 2012). Apparently this indicates that the existing income gap is slowly but constantly closing.

This economic prosperity of the country, currently without a major increase in inequality, is considered to be a significant absorptive capacity as it is reducing incentives of intercountry migration and consequently the probability of slum expansion in the urban context.

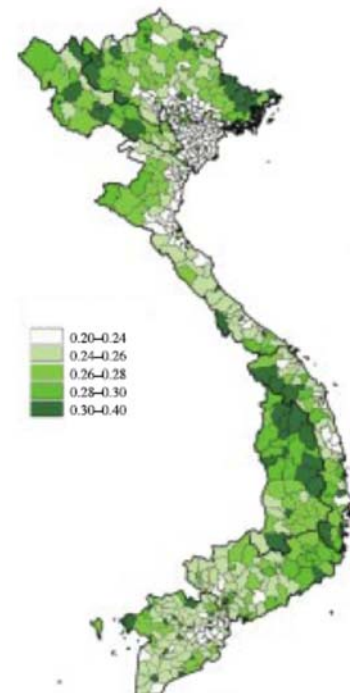


Figure 4-5: GINI coefficient in Viet Nam (Minot et al 2006, 39)

### 4.1.3. Housing Stock

To accommodate the increasing number of people, new space of living needs to be generated on a large scale. A deficit in the ability to create new formal housings is a second missing absorptive capacity that increases the probability of slum formation. In Viet Nam however, the Ministry of Planning and Investment (MPI 2015)

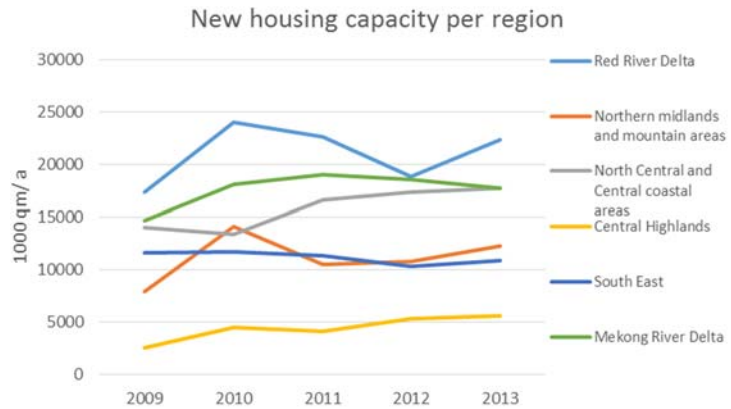


Figure 4-6: Housing capacity in Viet Nam

calculated that the number of square meters available by new houses or apartments per year rose up to 86.6 Million in 2013 from 68.2 in 2009. If kept in mind that the increase of people is more or less constant per year (one million), the infrastructure to accommodate them is catching up. A closer look on the regions reveal that this new housing stock is not distributed evenly in the country. As anticipated, Figure 4-6 shows that the main economic region in the

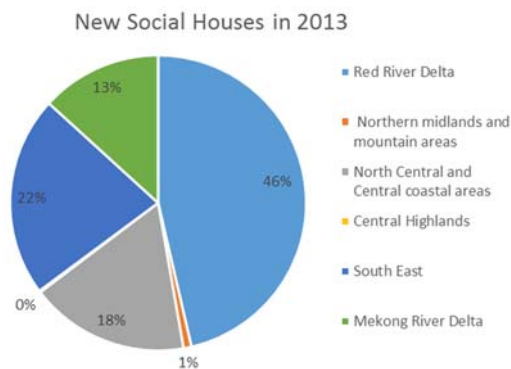


Figure 4-7: New Social Houses in Viet Nam

north and southern river deltas are leading. If the distribution of new social houses is considered, the imbalance is even more significant. Here, the Red River Delta (RRD) around the capital Ha Noi is dominating with 46 % (MPI 2015) of the total number: a strong indication that chances are higher in Ha Noi to manage the challenge of rapid urbanization.

### 4.1.4. Opportunities in Health and Education

Besides the absorptive capacity of a city shaped by collective measures to avoid or reduce the formation of slums physically, the opportunities for individuals to improve their standard of living personally and eventually leave the slums play a major role as well.

Assessing the full disparities in terms of access and effectiveness of health services would be the content of a separate study. Here only a few observation shall be noted: despite population growth the public spending on health services per capita increased from 73 USD PPP in 1993 to more than 300 USD PPP in 2013<sup>6</sup>. This might indicate that first the financial resources and second the policy priorities to provide more and equal health services have been improved. Certainly, this figure is not giving any indication on how this higher average spending is leading

<sup>6</sup> source: data.worldbank.org

to equal health outcomes amongst all citizens but at least numbers of the coverage of health insurances for the poorest households are promising (World Bank 2010). Additionally a publication of Do and Ngo (2013) illustrates the elasticity between income and health expenditures in Viet Nam. Therefore, chances are high that an increase of income is leading to an increase in health status.

If this health status of slum dwellers in Viet Nam is assessed, the impression is created that in respect to basic services the special burden carried by slum dwellers is not as significant as expected. For instance, the child mortality rate of children in slums between 1995 and 2003 was 21 (out of 1000) compared to 16 on the urban average and 36 in rural areas. Similar trends can be elaborated from the number of births attended by professional health personnel (UN HABITAT 2007).

Besides better health outcomes, another parameter to evaluate the opportunity divide imposed by slums is to reveal discrepancies among the people in and outside slums in terms of access to education and jobs. The school enrollment in Viet Nam is neither divided between gender, people living in rural or urban areas, or even people living in or outside slums: all values are above 95 % (UN HABITAT 2010). Of course this number does not include any information about the quality of education that is received: e.g. it was stated in 2005 (Mekong Economics 2005) that Viet Nam showed the “highest degree of inequality between schools” in a study of 35 countries. However, if only the literacy rate is considered, most of the cities and provinces in Vietnam show a remarkable number of more than 90 % (GSO 2016).

If the focus is set on a simple employed vs unemployed assessment, observations indicate also no major gap between slum dwellers and other urban residents. For example already in 2002 non-employed females between 15 and 24 years only summed up to 12 % if living in slums. This figure was even lower than the urban average of 16.7 % and in the international context it is one of the lowest to find (UN HABITAT 2010); showing the high participation of slum dwellers in the economy. Unfortunately a corresponding figure for male workers was not available in the same report, but since the Statistics Offices of Ha Noi and HCMC indicate that men are generally more likely to work in modern Viet Nam (64.6 % to 56.5 %) it can be assumed that the number for men will be comparable. However, it needs to be considered that those employments tend to be highly informal with all accompanied chances and risks. Flexible, informal work with a low administrative burden can generate an initial income and can have a decisive impact on poor people’s life to regain sovereignty especially for woman. By this, it can contribute to a lower economic inequality at the first place (OECD 2011). However, a persistent high number of informal and volatile jobs is not considered helpful for a long term sustainable development of an inclusive economy because of their characteristics like low wages, instability and limitations in career progression (OECD, 2011).

In addition to the patterns listed before, in Viet Nam, the “educational attainment of the household head” was not that much contributing to the income inequality as in other countries (ADB 2012: 65). Until now it seems as if the economic engine of the country has been able to create opportunities for people of all kinds of skill levels. Clearly it can be doubted whether this can be maintained in the future or if Viet Nam will fall into the middle income trap<sup>7</sup>. However, so far it has not eventuated (Berliner et al 2013) that growth is slowing down accordingly.

If the situation on the national level is summarized, it seems as if not only the pressure created by population dynamics on the cities in Viet Nam is moderate but also the absorptive capacity to handle this population pressure in the cities in general is intact.

4.2. The Case of Ha Noi

Ha Noi holds a unique position in Viet Nam. Its manifold appearance of ancient and modern Asian, French and Soviet influences reflects the vibrant history and diverse ideologies it has been shaped by over the centuries. In the following chapter, all the pertinent influences that have been detected on national level to increase the probability and the extent of slum formation is broken down for Ha Noi.

4.2.1. Population Dynamics

In line with the national transition, Ha Noi is undergoing fundamental change with a population growth of 140 % in the last 15 years alone, leading to a population of above 7 million<sup>8</sup> in 2014. In recent years, between 2000 and 2015, the annual growth rate (4.6%) of Ha Noi has been the highest of Viet Nam’s large cities, and comparable with other fast growing cities in the world, not far from leading cities as Dhaka or Lagos both with around 6% (UN HABITAT 2012).

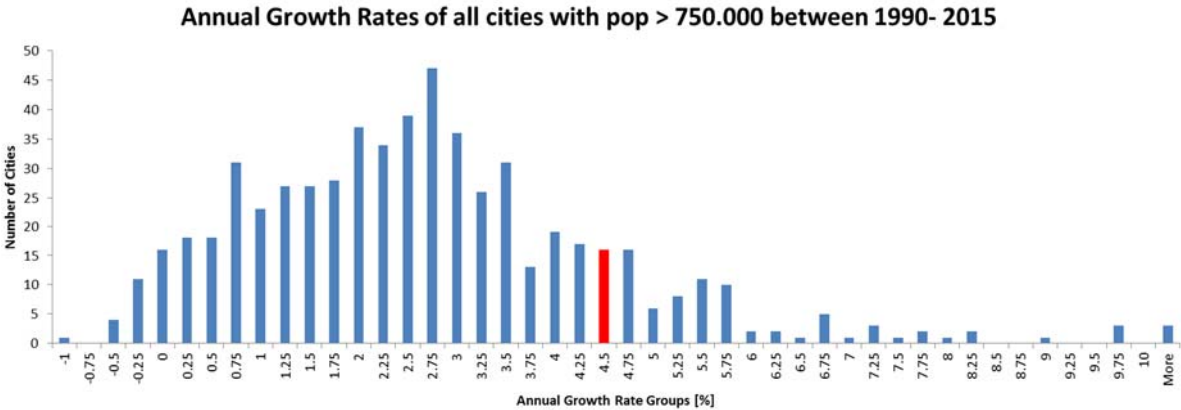


Figure 4-8: Annual growth rates of cities in the world between 1990- 2015

In terms of density, it hosts by far the country’s most dense area with 2134 ps/km<sup>2</sup><sup>9</sup> (GSO 2016). Still, the value of the surrounding region is significantly lower than in the southeast and

<sup>7</sup> Countries are said to fall into the middle income trap when they have exhausted labor intensive growth.  
<sup>8</sup> With Ha Tay province included from 2008  
<sup>9</sup> There are other numbers published, depending on the method applied to evaluate the population density.

if one believes the numbers of 2009 the density in the cities of the RRD has even been decreasing (Worldbank 2011).

There is evidence that the high population growth in Ha Noi is more explained by natural growth and less by migration. Compared to HCMC the net migration rate in the city is significantly lower since years (Ha Noi / HCMC Statistics Office 2010, GSO 2016). Furthermore, if migration is taking place it appears to be mainly within the region. In the RRD (with Ha Noi) for example the net migration rate is already low since years with sometimes even negative values, meaning that more people left the area than migrated to it (GSO 2016). Recent figures in Table 4-1 illustrates those trends for HCMC, Ha Noi and the RRD.

Table 4-1: Net Migration Rates in RRD, Ha Noi and HCMC (GSO 2016)

	Net-migration rate								
	2005	2007	2008	2009	2010	2011	2012	2013	Prel. 2014
Red River Delta	-0.6	-0.4	-0.6	-0.5	0.5	0.9	0.2	-0.3	-0.5
Ha Noi	8.7	4.3	3.9	9.9	5.9	4.7	2.7	0.3	-0.4
Ho Chi Minh City	14.0	22.2	14.6	27.1	18.3	11.5	7.6	6.2	5.5

This is an important finding as population pressure created by natural population growth is considered to be less severe than by migration. Migrants do not have existing social networks and docking points in the city as residents have. Accordingly the risk to create new information settlements is more likely to happen.

4.2.2. Urban Inequality

Urban income inequality in Viet Nam appears to be higher (above 0.41 in Viet Nam 2002, UN HABITAT 2011) than at national scale and according to UN HABITAT (2011: 70) “in urban Viet Nam, income inequalities increased by 17 % between 1993 and 2002 against a background of rapid economic growth”.

Despite this worrying trend, the current figure for Ha Noi is still relatively low: if compared to the southern economic hub of Ho-Chi-Minh-City Ha Noi’s urban inequality measured by the GINI coefficient has been ranked considerably lower (0.39 vs 0.53, 2002) and remains below the international alert line of 0.4.

Additionally, the *City’s Prosperity Index*<sup>10</sup> for Ha Noi is quite high and comparable to cities who had more time to adjust to a fundamentally changing economic background and are also ranked in the category: *Cities with solid prosperity factors* (UN HABITAT 2013). The chart below shows the values for Ha Noi and multiple other megacities.

<sup>10</sup> CPI: see UN HABITAT 2013 for details



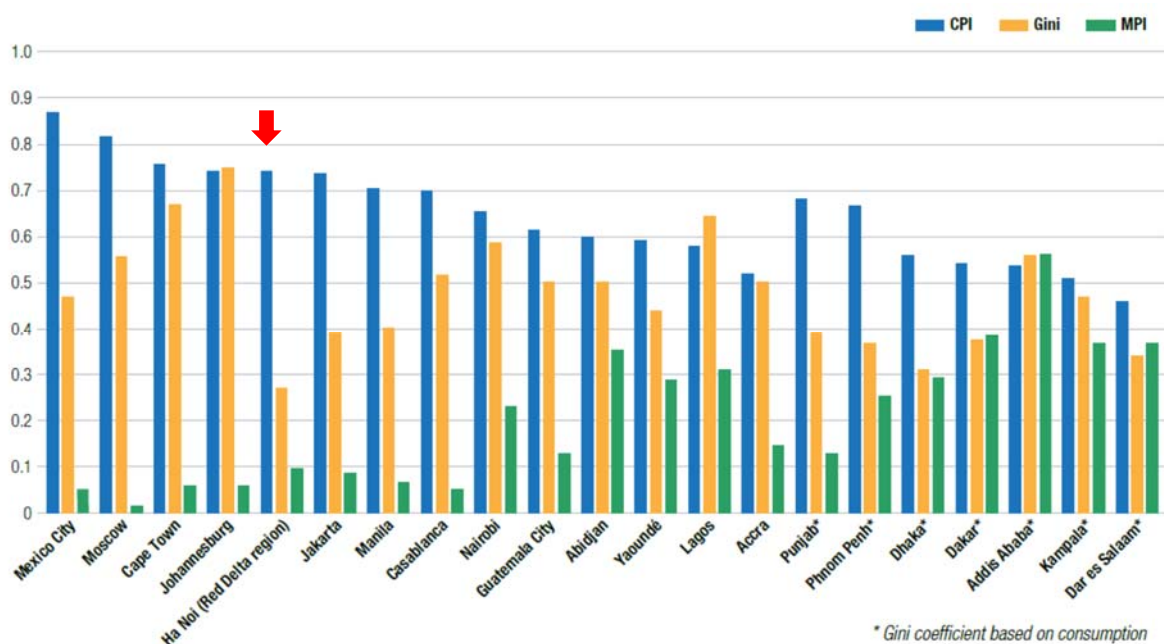


Figure 4-9: City Prosperity Index of selected cities (UN HABITAT 2013: 69)

Furthermore, supporting the hypothesis of Ha Noi special situation, Minot et al state that inequality is lowest in the Red River Delta which is in line with the highest ranking of the Human Opportunity Index (HOI) for the same region (World Bank 2014: 40).

#### 4.2.3. Infrastructure & Housing Patterns

Viet Nam has been able to improve its housing infrastructure rapidly reaching an astonishingly high level. This is visible in the access to improved water sources, sanitations and electricity which is constantly increasing on national scale since 1990. In most indicators Ha Noi and the RRD are performing better than the national average<sup>11</sup>. However if it comes to improved sanitation the percentage is only 81.7 % and lower than the average value<sup>12</sup>. The following table is showing more recent trends in specific categories. It is interesting to see that the lowest income quintile highly participates in the housing upgrade even with non-basic characteristics like private tap water or flush toilets. Moreover, the coverage of permanent houses in the RRD and Ha Noi is remarkably high.

Table 4-2: Housing Characteristics: Changes between 1999 and 2012 (MPI 2015)

Coverage [%] (change [%])	Private Tap Water	Flush toilet	Electricity	Permanent Houses
Viet Nam	30.0 (+17.3)	60.0 (+34.5)	97.6 (+11.1)	49.6 (+32.4)
Urban	69.7 (+25.8)	86.4 (+21.0)	99.8 (+1.6)	46.0 (+14.5)
Red River Delta	31.7 (+18.8)	73.0 (+46.6)	99.9 (+0.6)	93.1 (+58.6)
Ha Noi	70.6*	N/A	100 (+0.2)	92.8 (+31.3)
1 <sup>st</sup> Income Quintile VN	8.7 (+7.4)	23.0 (+20.0)	91.7 (+19.5)	42.2 (+37.5)

\* in 2010 (Ha Noi, HCMC Statistic Office 2010)

<sup>11</sup> source: [urbandata.unhabitat.org](http://urbandata.unhabitat.org);

<sup>12</sup> source: [data.worldbank.org](http://data.worldbank.org);

This trend of a broader housing stock is compliant with the figures shown in chapter 4.1.3. A special comparison of Ha Noi and HCMC reveals additional patterns of the ownership of this housing stock.

- Poverty of migrants in Ha Noi is sized less by poor housing services if compared to residents.
- It is way more likely to live by rent in HCMC (26 %) than in Ha Noi (15%), consuming more of scarce resources and confronting tenants with a higher burdens to get access to public services than owners of land rights.
- Furthermore, in Ha Noi there are some complex and sometimes informal housing rights in place leading to a higher security of tenure: people cannot be evicted easily even if the rent is not payed anymore. (Ha Noi / Ho Chi Minh Statistics Office 2010).

A special characteristic of all Vietnamese cities is the overwhelming utilization of motorbikes. Even in the poorest quintile of the population there is still an average of 0.9 motorbikes per household (GSO 2016). These motorbikes enable Ha Noi’s residents to travel across the city on daily basis for jobs without moving and searching for new space of living. Together with the spatial constitution of the city that is composed as a more or less even zone of economic and residential areas, the necessity for people to gather around a few hot spots is mitigated.

4.2.4. Special Opportunities

Factors enhancing opportunities for the poorest inhabitants are almost invariably higher in Ha Noi than in HCMC. Figure 4-10, taken from a comparison in 2010 (Ha Noi/ HCMC Statistic Office), shows that in every aspect besides income the poverty headcount by deprivation dimension is lower in Ha Noi. Furthermore, life expectancy and literacy rate (already 98.9 % in 2010) in the city are the highest in all Viet Nam (GSO 2016).

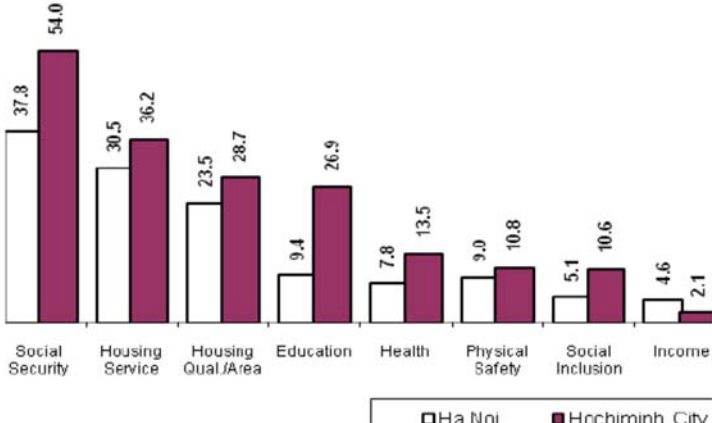


Figure 4-10: Poverty Headcount by Deprivation Dimension (Ha Noi/ HCMC SO 2010: 95)

All those characteristics of life in Ha Noi indicate that in terms of inclusive development Ha Noi holds a special and encouraging position within the overall development of the country.

## 5. Policy Measures from Viet Nam

The various information given in the chapter above present a promising picture on the urban development of Ha Noi in terms of slum prevalence. This is first explained by the moderate risk factors the city has to deal with and second by existing capacities to prevent or reduce slum prevalence. It is now intended to provide a brief summary on the policies in place in Viet Nam actively fostering an inclusive development in respect to the defined slum absorptive capacities.

### 5.1. Challenging Inequality – National Social Protection Programs

Being a post civil-war, bipolar and geographically divided country, Vietnamese policies do reflect the conviction to establish balanced policies to foster a homogenous development of the country and to minimize resentment and social tensions. A “sound system of intergovernmental transfers from richer to poorer provinces” (Rama 2008:31) has been put in place since 1998; redistributing assets (in relative terms) to a higher volume than in the European Union. Through this, the poorest regions can receive an equivalent up to half of their GDP through transfer services (Rama 2008). As a specific example for those efforts “a new geographically-targeted program for the poorest 63 Districts that was launched in 2009 as part of the stimulus package” (World Bank 2010:12). This conviction on inclusive policies might serve as one explanation why not one region alone is dominating the development of the country.

Besides those geographically targeted development and budget equalization mechanisms (a) the social protection system in Viet Nam consists of two more pillars: a social insurance system (b) with special measures for poorer individuals to access health and pension insurances, and a targeted anti-poverty and social assistance program (c) on household level (World Bank 2010). A list of the different components of the programs is provided by the following table.

Table 5-1: Summary of Social Protection Programs in Viet Nam (World Bank 2010)

a) Geographically targeted anti-poverty and development programs	b) Social insurances	c) Household-targeted and social assistance programs
<b>Components:</b> - Infrastructure - Primary education - Agricultural production - Rotation of public officials (better trained officials in remote areas) - Access to credit - Maintenance of forests - Preparation of labor export	<b>Components:</b> - Pension - Health insurance - Unemployment insurance	<b>Components:</b> - Access to credit - Legal support - Education & social service subsidies - Cash transfer (orphans, disabled, poor single parents, elderly w/o pension) - Land, Housing, Water for ethnic minorities

Despite a rapid increase in beneficiaries, e.g. from 416,000 (2005) to more than 1,000,000 (2008) in the social assistance programs, the dimension (share of state budget) and the coverage of some targeted programs for the poor is still limited and considered low in the

international context. The cash transfer coverage of the social welfare program for instance was only 1.3 % of the poorest quintile. However, effectiveness and adequacy of other national targeted programs for poverty reduction are more encouraging (World Bank 2010).

Referring to the impact of better health outcomes on the overall GINI coefficient, attention is placed on the coverage of free health insurance: here, in 2006 already 60 percent of the bottom quintile of the population have been reached by this system, considered a success noteworthy (World Bank 2010).

The overall dimension of social protection expenditures in Viet Nam was estimated to 3.7% of GDP in 2008 and even increased at the peak of the financial crisis to 4.1 % in 2009 (World Bank 2010). This value is highly dependent on the approach to summarize all the different programs. E.g. the state of social nets (World Bank 2015) set the value for Viet Nam on only 0.52 % of GDP. Despite those discrepancies in the method to collect the relevant figure, a comparison reveals that despite all the efforts the priority on social safety net spending in Viet Nam is still low in the international context (average 1.6 %, OECD: 2,92 %).

If evaluate the result on all those programs, one indicator to do so is the *Social Protection Index* (SPI) of the Asian Development Bank (ADB) to cover breadth and depth of coverage. Here, Viet Nam is ranked 13 (in 2009) from 35 Asian countries and ranked 3 in the class of Lower Middle Income Countries. In terms of the breadth of the programs Viet Nam performs extraordinary above the regression line (see Figure 5-1). Not as significant but also positively notable is the same observation on the SPI for woman (ADB 2013). From the three contributor to the overall SPI, social insurance, social assistance and labor market programs the social insurance system is evaluated highest (rank 7<sup>th</sup> of all countries) and appears to work quite good.

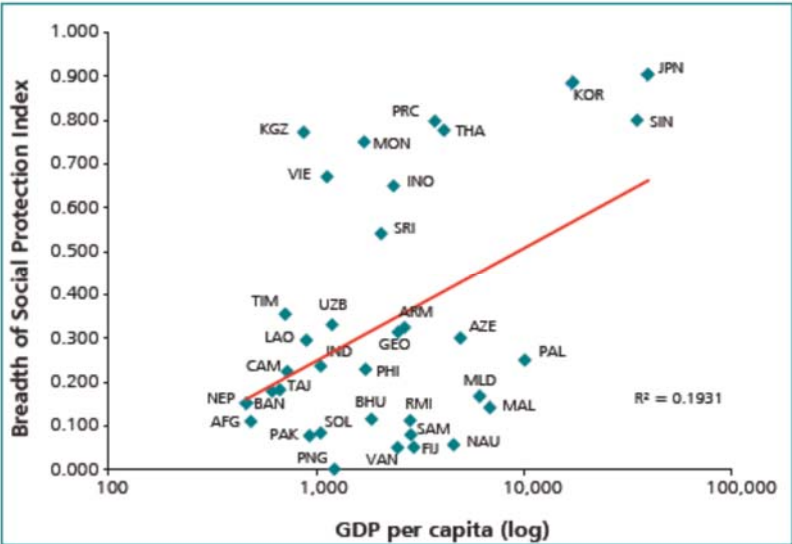


Figure 5-1: Breadth of Social Protection in Asian Countries (ADB 2013: 46)

Furthermore, Viet Nam established a minimum wage system in 2016 and with a recovering state budget (-9.3 % deficit GDP in 2009; -4.4 % in 2014), it seems feasible that the objective to expand the safety net can be achieved.

However, despite the efforts and achievements of social policies in Viet Nam some obstacles remain notable:

- The programs mostly do not have a shock component, meaning they are providing assets in a predictable but not in a flexible manner
- Due to a large informal working sector, a lot of regular social protections measures, (e.g. social insurances) do not materialize for many people.
- Unfortunately, most beneficiaries of the safety net programs are not the poorest fractions of the population. This scheme is visible all over Asia (with an average of 82 % recipients classified as non-poor) but even higher (91 %) in Viet Nam (ADB 2013).

Summarizing, there are major efforts in place to shape the economic transition of Viet Nam as inclusive as possible but most mechanism are in the formal working sector and still leave major part of the population outside any coverage.

## 5.2. Flexible Urban Development in Ha Noi

Clearly, the macro framework of income inequality and the population dynamics have a major impact on the formation of slums but herein this chapter the focus shall be placed more on specific drivers in Ha Noi to mitigate this formation and supply basic housing within a given state of inequality and given risk factors.

Three explanatory drivers for the relatively high supply of housing in Vietnamese cities for low income groups are given in the Viet Nam Urbanization Review in 2011:

**Small contractors are able to build traditional, simple townhouses when land is available:** This flexibility in the construction sector is leading to a more affordable and broader supply of new houses ensuring the physical capacity to accomodate an increasing number of people.

**The state is fostering densification through an extension of the public road network to integrate former villages:** By doing so, permanent short distance migration to the city center is reduced compared to a scenario where access to the economic center is not possible through day to day traveling from the outer areas. A positive externality can be that existing social structures of former independent villages around Ha Noi can be maintained.

**The existing housing stock (small units) is relatively easy to upgrade (e.g. through additional floors) by individuals and a suitable upgrading of infrastructure and services through the government:** This is leading to a better and sustainable usage of existing assets of the city.

In Ha Noi special policies or programs have been elaborated that did support an increase of housing stock for low income groups (Decree 71/2001/NĐ-CP and Decision No 123/2001/QĐ-UB in 2001). The government also granted tax exemption and free land for investors, under the condition that a certain amount of the constructed space will be used for low-income groups (Ha Noi/ HCMC Statistic Office 2010).

An accurate picture on housing rights, land titles and ownership forms is not that easy to derive (World Bank 2011). Normally, all land is owned by the state and property or renting rights are complex for different types of housing. Still it is possible for the people to acquire various land-use rights that can be traded amongst people. However, efforts to achieve full formal recognition of those rights are confronted with high formal barriers and exist only to a small extent (Sun Sheng Han et al, 2008): e.g. a household survey of one area in Ha Noi found only around 4 % of the residents had legal housing documents (Minnery et al 2013).

But following the article of Lauren Quinn in the *guardian's cities* section, this appears to be more a chance than a burden. She states that most houses in Ha Noi are built by small contractors without any permission or legal status and as of now the government is following a pragmatic approach to provide basic services to those new houses that have a certain standard, giving them some sort of semi-legal status (Quinn 2014).

It is this discrepancy between a very high extent of formal regulation and bureaucracy and a very pragmatic approach to deal with day-to-day problems that not only makes living in Viet Nam so fascinating but also might explain some of its recent success to prevent large scale slums in the city of Ha Noi.

## **6. Conclusions**

To a short term visitor, it is hard to argue that Ha Noi's development can be seen as a success story. A city carrying such a variety of problems in terms of traffic volume, pollution and density of urban space appears more likely to collapse in the nearer future. But the numbers reveal that if set into comparison, first throughout historical trends, and second within the national and international context, Ha Noi is actually doing quite well. With limited resources it is providing basic services and opportunities for most of its inhabitants to pursue their ways today and maybe even more in the future. Unquestionable there are natural mechanisms in place that act in favor of the lower magnitude of the problem of slum formation but self-determined priorities on national and city level do actively support those mechanisms further:

Two points have been identified that lower the risk factors for Ha Noi. First, the moderate urbanization of Viet Nam in general, and second the relatively low contribution to it by migration towards the city of Ha Noi. To a certain extent this might be explained by the homogenous development and investments of multiple regions in Viet Nam that do not create large scale

economic desperation for the people to leave their original place of living. This is visible between regions as well as between rural and urban areas in a region.

The natural absorptive capacity to deal with the urbanization is the general overall economic situation with constant high growth rates and still a huge necessity of low skill jobs. This ensures that at least most of the people moving to the cities can get access to jobs. Clearly the whole field of labor condition and rights is excluded from this narrow perspective.

With this given incidence of poor people seeking accommodation and subsequent informal settlement in the city, there are absorptive capacities that prevent slum agglomeration. First, the character of the city with multiple economic centers and the relatively good network of roads that reduce the necessity of people to move close to one area. Second, special housing rights and a relatively pragmatic approach towards infrastructure upgrade are reducing the prevalence of slums further.

Finally, special individual social support programs for marginalized people in slums do work and enable beneficiaries to access basic education and health services, a precondition for individual improvement in the future.

In Viet Nam, as in other transforming parts of the world, the avoidance of more urban poor becomes more and more relevant. In this context, the presented findings might contribute to the effective configuration of priorities of future international cooperation programs in Viet Nam to further establish homogenous investments in all regions, widen mechanism of slum prevention that have demonstrated their potential in Ha Noi and strengthen corresponding policies in the institutions of Viet Nam.

Besides conventional efforts of aid to broaden social protection measures, public transportation and infrastructure or to reduce the informal working sectors, it is recommended to focus research and projects on the formal and informal housings rights existing in Ha Noi as they are expected to be essential to avoid the formation of large scale slums.

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