

THE REFORM OF THE URBAN PLANNING SYSTEM IN VIETNAM

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Abstract: The paper reports how Vietnam is trying to reform its urban planning system striking a balance between formulation of cities and control of urban expansion. Since the adoption of the *Doi Moi* Policy in 1986, Vietnam has been keeping high economic growth under the socialist market economy. This is causing urban expansion. The first urban planning law of Vietnam came into effect on 1 January this year. However, the establishment of the urban planning system under the market economy is still in process. In a phase of urban expansion, how to facilitate urban development investments by the private sector and how to accommodate them to formulate cities well is the biggest challenge which Vietnamese urban planning faces today. From this viewpoint, the paper explains the urban planning system of Vietnam, characteristic of the new Law on Urban Planning and finally proposes the direction of the improvement of the urban planning system.

Keywords: Vietnam, urban planning under the transition economy, urban planning law, urban development control, urban planning management

1. Expanding urban areas with the high economic growth

Corresponding to the wave in the late '80s of democratization and the market-oriented economic reform of East Europe, the Soviet Union and China, socialist countries in Asia aimed for the transition to a market economy one after another. In response to *Perestroika* advocated in 1986 by Mikhail Sergeyevich Gorbachev, then Communist Party Leader of the Soviet Union, Vietnam employed the *Doi Moi* Policy (meaning regeneracy) and Laos adopted the *Chin Thanakaan Mai* Policy (meaning new thinking) which introduced a market economy to their countries. The *Doi Moi* Policy pushed Vietnamese economy. It was one of the poorest countries until '80s but per capita GDP became USD 814 in 2007 and USD 1,060 in 2009. GDP of the country became USD 71.2 billion in 2007 and the real economic growth rate has been around 8 % in recent years which is higher than those of the neighboring countries. Besides, Vietnam successfully became a member of WTO in 2007 which meant that it seriously entered the international economy. The economic growth slowed down last year due to the world-wide financial crisis (the real economic growth was 5.32 %) but it is projected to recover to 6.5 - 6.8 % this year according to General Statistics Office of Vietnam. When we have a look at Hanoi, its per capita GRD was 2.4 times the national average in 2007 ¹⁾. According to the report of WaterhouseCoopers ²⁾, average annual GRP growth rate from 2008 to 2050 of Hanoi City and Ho Chi Minh City is projected to be 7.0% (both cities are the same), which ranks 1st among 151 cities all over the world. The two largest cities in Vietnam, Hanoi City and Ho Chi Minh City are the driving force of Vietnamese economy.

And, "the youth of Vietnam" is supporting this high economic growth. The population is now in the golden

period. The national census 2009 says that population ratios of under 15 years old, between 15 and 60 and over 60 are 25%, 66% and 9 % respectively. Two third of the population is working age. (The whole population is about 86 million.)

As cities expanded in the high economic growth period in Japan, cities in Vietnam are growing now. The urban population ratio is 29.6% at the moment ³⁾, which is projected to be 34.7% in 2020 and 41.8% in 2030 ⁴⁾. Besides, urban population growth ratios of five years between 2000 - 2005 and 2005 - 2010 are respectively 16.9% and 16.6% (the latter includes projection) ⁵⁾. Ten to fifteen thousand ha of agricultural land have been changed into urban land every year due to this urban population growth (Coulthart, et al ⁶⁾). A simple comparison cannot be made but population growth ratios of five years between 1955 - 1960 and 1960 - 1965 in Tokyo, Japan were 20.5% and 12.2% ⁷⁾.

The current progress of urban infrastructure of Vietnam is similar to one of Japan in around 1960, although there is difference in progress of motorization and information infrastructure development such as widespread use of cell phones. The high economic growth, population concentration to cities, infrastructure development which cannot catch up with the urban expansion, these Vietnamese current aspects are very similar to those of Japan's high economic growth period. Everyone believes in Vietnam that tomorrow will be definitely better than today.

2. Characteristics of national planning and urban planning in Vietnam

One of the characteristics of Vietnamese national planning is that the three different organizations are managing three plans relating to investment, land and space as shown in Table 1. With regard to spatial planning, Vietnamese urban planning system has been formed by Law on Construction and the relating regulations. Besides, the Vietnamese first urban planning law, the Law on Urban Planning was put into force on 1 January, 2010 (The promulgation was on 29 June, 2009.), which moved urban construction master plans under the Law on Construction to under the new law.

The urban planning system under the Law on Construction had four levels:

- 1) Orientation of national urban development
- 2) Regional construction master plan
- 3) Urban construction master plan (general and detailed)
- 4) Construction master plan in rural residential areas .

The above 2) to 4) were stipulated in Chapter 2 of the Law on Construction and 3) Urban construction master plan was defined as follows:

- 1) General master plans for urban construction (on a scale of 1/5,000 - 1/25,000 in principle)

Organization of urban space and technical and social infrastructure works

- 2) Detailed master plans for urban construction (on a scale of 1/2,000 and 1/500 in principle)

Detailing the contents of general master plans for urban construction which shall provide the legal basis for management of construction works, for the provision of information, for the issuance of construction permits, and for allocation and lease of land in order to commence investment projects for construction of works.

General construction master plans show an urban structure with land use and a road network. Detailed construction master plans stipulate planning control indicators such as population, construction density (BCR), floor area ratio (FAR) and maximum height of buildings as well as landscape and architecture design. Urban development is controlled by the detailed master plans. However, some detailed construction master plans (1/2,000, 1/5,000) like plans in Hanoi do not stipulate planning control indicators and just show a land use framework. Figure 1 and 2 show examples of a regional construction master plan, a general construction master plan respectively. Figure 3 and 4

show examples of detailed construction master plans.

Table 1 National Planning System of Vietnam

Plans	Responsible Ministry	Contents
[Investment] Socioeconomic Development Plan (Type of strategy) for 10 years Socioeconomic Development Plan for 5 years	Ministry of Planning and Investment	- Orientation for transportation infrastructure development and regional development - Target figures relating to macro economy such as products and population - This plan works as a base of budget request of each ministry.
[Land] Land Use Plan (Law on Land)	Ministry of Natural Resources and Environment	- The plan is formulated from a viewpoint of management and use of land as resources
[Space] Construction Master Plan (Law on Construction) Urban Plan (Law on Urban Planning from 1 January 2010)	Ministry of Construction	- Law of Construction stipulates the 1) 2) 4) below. Law of Urban planning stipulates the 3) below. - Each plan show development plans and spatial plans. 1) The orientation of national urban development (till 2025) 2) Regional construction master plan 3) Urban Plan (general plan, zoning plan, detailed plan) 4) Construction master plan in rural residential areas
Each sector plan	Respective ministries	- Each sector plan

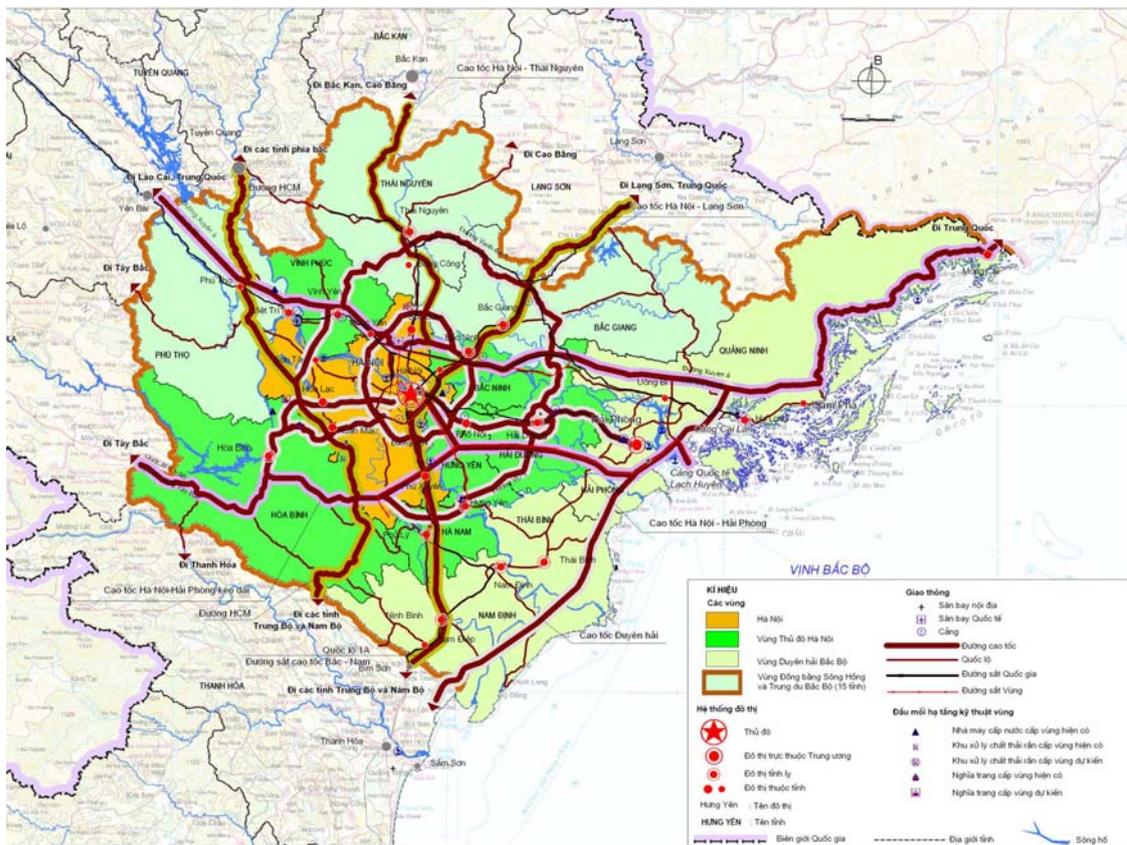


Figure 1 An example of a regional construction master plan (Hanoi capital regional construction master plan)



Figure 2 An example of a general construction master plan
(The draft general plan for the urban center of Hanoi capital 1/25,000)

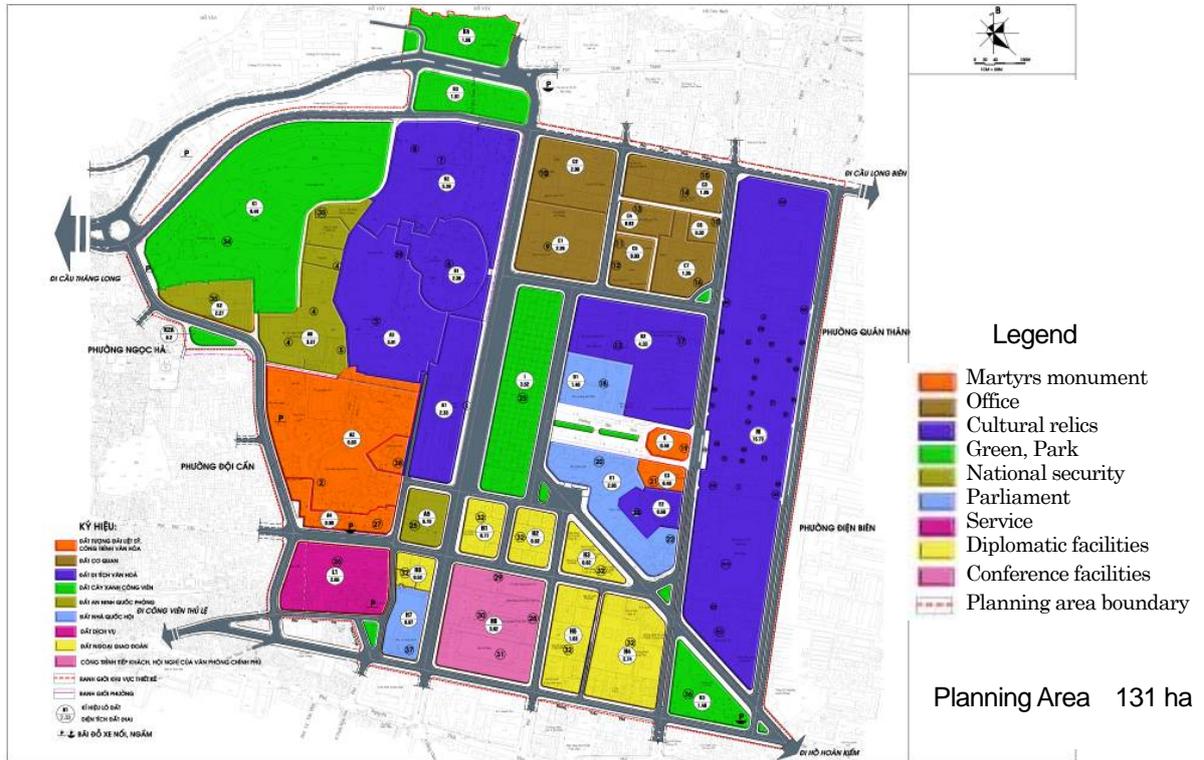


Figure 3 An example of a detailed construction master plan (Land Use 1/2,000) Ba Dinh Center, Hanoi



Figure 4 An example of a detailed construction master plan (Architecture and Landscape 1/2,000) Ba Dinh Center, Hanoi

3. Implementation of the Law on Urban Planning (The first Law on Urban Planning)

After the Law on Urban Planning was implemented, regional construction master plans and construction master plans in rural residential areas remain in the Law of Construction and urban construction master plans were replaced by urban plans according to the Law of Urban Planning. Urban plans composed of three kinds of plans, which are:

- 1) General plan: a plan of the space and system of technical and social infrastructure facilities and houses for an urban center. The contents of general plans are stipulated according to the city level such as centrally run cities, provincial cities, townships and new urban centers. In case of centrally run cities, a technical infrastructure plan is made separately as a specialized technical infrastructure plan. Drawing map scales of a general plan range 1/5,000 - 1/50,000 depending on the city level.
- 2) Zoning plan: the division and determination of functions and norms on the use of planned urban land areas, networks of social and technical infrastructure facilities within an urban area in order to concretize a general plan (drawing map: 1/2,000 or 1/5,000)
- 3) Detailed plan: the division and determination of norms on the use of planned urban land, requirements on management of architecture and landscape of each lot of land; arrangement of technical and social infrastructure facilities in order to concretize a zoning plan or general plan (drawing map: 1/500)

At present, Ministry of Construction is elaborating relating regulations to implement the new law. So far, following three Decrees (government orders) and one Circular (ministerial order) have been promulgated:

- 1) Decree on formulating, appraising, approving and managing urban plan (Decree 37)
- 2) Decree on urban spatial, architectural and landscape management (Decree 38)
- 3) Decree on urban underground facilities management (Decree 39)
- 4) Circular promulgating documents of each type of urban plan (Circular 10)

However, there has been no approved urban plans formulated based on the Law on Urban Planning so far. The Greater Hanoi Capital General Plan is now under formulation according to the new law. Without real practice of new urban plans, the new law received good grades and bad grades. Someone says that the Law on Urban Planning is basically the same as the Law on Construction and disappointing but another one says the Law on Urban Planning can be a base of urban planning which ensures the effective implementation. The authors have an impression that the law has possibility to improve Vietnamese urban planning system but it also has possibility not to change the system depending on how it is implemented.

This paper introduces three major characteristics of the Law on Urban Planning which could be key tools for the successful improvement of the urban planning practices.

3.1 Introduction of zoning plans (1/2,000 or 1/5,000)

A detailed construction plan with scale of 1/2,000 was replaced by a zoning plan. We call it a zoning plan in English but it does not mean that Vietnam has a so-called zoning system. Under the urban planning system in Vietnam, previously, they intended to control urban development by detailed construction plans. Ministry of Construction explains that they previously intended to control urban development by detailed plans including even building layout, but from now, they would like to shift it to guiding and controlling urban development mainly with land use framework shown in zoning plans as well as with regulations on management of each plan (general plan, zoning plan and detailed plan).

Basically, a general plan stipulates orientations of land use and urban infrastructure, whereas a zoning

plan stipulates a specific layout plan of land use and urban infrastructure. So, a zoning plan requires identification of functional areas (zones), criteria for land use with planning control indicators such as building coverage ratio, building floor ratio, building height and the like. However, in order to use a zoning plan as a tool to guide and control urban development, a lot of further study is needed to confirm how to identify those items.

3.2 Regulations on management

According to a general plan, a zoning plan and a detailed plan, regulations on management of each plan should be promulgated.

Under the urban planning system based on the Law on Construction, a detailed construction master plan had a binding power but a general construction master plan did not. In order to realize the conservation of areas such as greenbelts, a detailed plan is required to be formulated. However, in reality it is practically impossible to formulate detailed plans covering the whole general plan area.

The regulation on management of a general plan can be expected to give the general plan a binding power. But like a zoning plan, how to specify the contents of the regulations and how to put them into practice is a challenge of the future.

Besides, local governments should promulgate “Regulations on management of urban planning and architecture” for all urban centers (urban land use areas) and for specific areas. This regulation is a regulation on urban space, urban landscape and architecture. This regulation is expected to work for areas where zoning plans and detailed plans have not yet been formulated and for setting planning conditions of granting the planning license mentioned below to urban development investors. However, the concrete contents of this regulation are also another challenge of the future.

3.3 Planning license system

The planning license system is a system to allow an urban development investor to make a detailed urban plan in case that the area or land lot for the development has no zoning plan or that the approved zoning plan or detailed plan needs to be adjusted to implement the investment project. A planning license indicates a boundary of the planning urban area, land use indicators, requirements on land use, organization of architectural space, urban social and technical infrastructure on the ground and underground, protection of landscape and environment in the project area, which serves as a basis for investors to prepare detailed plans for investment projects or formulate investment projects in urban area.

Vietnamese urban plans shall be adjusted or revised when necessary to implement a proposed urban development project. This adjustment or revision has been done in unclear and discretionary ways so far, which is one of the biggest factors to lose the meaning of urban planning in Vietnam. The planning license system holds promise to enhance explicitness of planning conditions. The decree relating to the Law on Urban Planning stipulates that not for all the cases but during the process of appraising application for a planning license, opinions from representatives of relevant communities shall be considered. Such a public hearing mechanism can enhance the transparency of planning and its implementation.

4. Special features of Vietnamese urban planning

When we think about the urban planning system in Vietnam, the following special features need to be taken into consideration:

1) The high economic growth is going to last. The concentration of the population and functions into cities and the expansion of cities is also going to continue.

2) Land is managed by the state. The private land ownership is not allowed. Instead, land use by individuals and organizations are guaranteed by allocation or lease of land use rights. This land system is going to work as a basis of the socialist market economy system of Vietnam.

3) Vietnamese urban planning has been a centralized system of the Soviet Union type so far. The urban planning entity and the realizing entity of urban plans have been the same (the governments). Therefore, the governments formulated detailed plans and intended to implement them by itself. But the urban planning entity (the governments) and the realizing entity of urban plans (the private sector) are basically different in a market economy. The establishment of the urban planning system suitable for market economy is being required.

5. Issues and problems of Vietnamese urban planning

Vietnam is now transferring from the world where all the goods, services and national/urban plans are provided by the state to the world with a system corresponding to a market economy. How to treat cities which are expanding due to the high economic growth is one of the most significant issues. This establishment of an urban planning system in Vietnam under the transition economy is still in the process.

5.1 From review of the existing literature

Issues and problems of Vietnamese urban planning have been pointed out from within and without. Judging from the existing literature, these issues and problems are categorized into the following five points:

1) The three plans do not coordinate with each other. (Kidokoro and et al ⁸⁾)

One of characteristics of Vietnamese national planning system is that three plans of investment, land and space are managed by three different government agencies. The coordination and integration in planning among sectors in Vietnam is still weak and inadequate.

2) Plans themselves are not adequate. (Dowall (a) ⁹⁾, Dowall (b) ¹⁰⁾, Pham ¹¹⁾)

In plan formulation, there is a lack of scientific projection regarding socio-economy, population, employment, jobs and the like. It is because a data and information system is incomprehensive and inappropriate for the rules of a market economy. Besides, plans rely on architectural styles and design factors in too detail. Therefore, the feasibility of urban planning scheme, especially the feasibilities of urban general planning scheme is not high.

For example, a detailed construction master plan for a suburban area is just a development project plan of a new urban area. However, the master plan is formulated without a feasibility study of land development. As a result, development of residential areas which has enough land demand can be carried out but development of public facilities such as social infrastructure and large-scale parks tends to be left behind.

3) Urban master plans do not function as upper level plans. (Matsumura ¹²⁾)

The planning concept, the urban structure and the priority development areas are not stipulated clearly. Therefore, urban policies in general master plans are not taken over by detailed plans.

4) Urban development control is insufficient. (Nguyen ¹³⁾)

Unclearness of planning control indicators such as FAR causes discretionary judgment of urban development proposals. Besides, negotiation between local governments and investors are not clear, which can be breeding ground of corruption. Even though a detailed master plan was formulated in advance, the planning control indicators such as FAR stipulated in the detailed plan has little effect because a priority is given to proposals of urban development investors rather than an existing urban plans.

5) Informal development is widespread in urbanized areas and rural residential areas. (Leaf ¹⁴⁾, Tran ¹⁵⁾)

6) Capacity of local governments is not enough to manage and implement urban plans. (Matsumura and et al ¹⁶⁾)

5.2 Real practices of urban development control

One of the issues and problems of Vietnamese urban planning is insufficient control of development as mentioned in **Section 5.1 4**). The details of this point are further discussed here.

As noted in **Section 4**, landownership is not allowed but to own, transfer, rent, inherit and mortgage land use right is guaranteed. This land use right makes the land market. However, land use right is allocated with a specific land use purpose. Arable land cannot be changed into urban land automatically. This is the same as in Japan and many other countries but in Vietnam when arable land is converted into urban land, local governments once “recall” the land (they do not call it land expropriation because leased land is “returned” to governments.) and the governments again allocate the land use right to an entity who uses it as urban land (investor, etc.). The great amount of capital gain is brought to the governments who recall and re-allocate the land. For local governments, this capital gain by land re-allocation is their own important financial resources. Therefore, every local government wants urban expansion. Local governments aspire to proposals of land development investments. Extremely speaking, they do not touch the urbanized areas and focus on only development of suburban areas.

This paper has already mentioned that Vietnamese urban plans shall be adjusted or revised when necessary to implement a proposed urban development project. The Law on Construction, which had stimulated urban planning until last year, provided this adjustment and so does the new Law on Urban Planning implemented on 1 January this year. Also in Japan, urban plans are revised to implement well-planned new town development and urban redevelopment, keeping consistency of urban planning. However, in Vietnam, the reality is that the revision of urban plans just follows the proposed and approved investment plan. When an urban development investment is proposed, a procedure of the investment license is required before the urban planning procedure. Department of Planning and Investment is a contact point for this procedure and they grant an investment license after hearing opinions from relevant agencies. (For the procedure of urban planning, the point agency is usually department of construction.) According to a person from Institute of Development Strategy, Ministry of Planning and Investment, “As a matter of practice, in the appraisal process of an investment plan, urban planning status of the project site is not taken into consideration”. This is the biggest factor of the fact that even urban planning officials say in a self-mocking way, “An urban plan is nothing more than a picture on a wall.”

Besides, criteria of judgment are unclear in the urban planning appraisal procedure of a proposed urban development project. (Of course, there are some criteria such as the building code, though.) In the appraisal procedure of a proposal starting from the investment license procedure, the improvement of unclearness and discretion of appraisal criteria is the biggest issue of Vietnamese urban planning.

6. Conclusion and recommendation for the reform of the urban planning system in Vietnam

6.1 Roles of urban planning in Vietnam and agenda to play the role

When it comes to the problems and issues of urban planning as seen in the above **Section 5.1**, most of them are pointed out from a static viewpoint based on that “The role of urban planning is to show a desirable future spatial structure of a city and realize it as planned”.

However, given the current situation of Vietnam, the most important role of urban planning is “To introduce well urban development investments by the private sector and accommodate them well in cities that leads to creation of favorable cities”.

In this sense, urban planning is not a static plan. It needs to be dynamic. So, it could be said that the flexible response to proposed urban development investment projects in Vietnam has been successful to correspond to the market economy so far. However, it can be said that the contribution of urban planning to this successful accommodation of investment projects have been little. Given the situation that urban areas will be further expanded

throughout the country, the improvement of the urban planning system is required so as to play the above role of urban planning.

6.2 Direction of the reform

Section 3 introduced three major characteristics of the Law on Urban Planning, which were a zoning plan, regulations on management and the planning license system. They are expected to be key tools for the successful improvement of the urban planning practices. However, the concrete contents of these tools need to be elaborated from now. As conclusion, this paper finally proposes the direction of the reform of Vietnamese urban planning system which can play the above-mentioned role with the three tools.

1) Establishment of a sustainable growth strategy in urban planning

So far, large-scale urban development investments have ended up just a single development. It needs to be avoided to allow an investor to take a free ride. When a large-scale urban development investment arises, the city government needs to have a strategy to develop such an area by using the large-scale investment as a trigger of successive investments in the surrounding area, not keeping the investment just a single investment. To this end, for example, when a large-scale urban development investment is proposed, the local government should strategically, from a viewpoint of urban core formation, study unified land use, land use conversion and readjustment of urban infrastructure in the surrounding area of the investment project as well as appropriate cost sharing of the investor.

Practically, granting the planning license can be a good opportunity to realize this. The planning conditions indicated by the planning license need to reflect the above strategy.

2) Flexible control of urban development and strict control of preservation areas

In cities of Vietnam which are in the process of growth, it is not appropriate to do rigid control of land use and urban development. It is preferable that urban plans respond flexibly to urban development. But on the other hand, it is also significantly important to strictly control urban development from the viewpoints of the preservation of environmentally important green areas, prime agricultural land and cultural heritage. In this way, investment promotion, land use plans and urban plans should be well linked both flexibly and strictly.

With regard to “flexibility”, development control by detailed urban plans should shift to control by zoning plans. Some countries control urban development by detailed plans like B-plan in Germany. However, it is not appropriate to employ such management with detailed plans when cities are rapidly expanding and changing their features. What is required is to select meaningful management indicators from a viewpoint of how to create favorable cities through flexible urban plan management. A zoning plan should be used as a tool to realize such flexible urban plan management.

With regard to “strictness”, for instance, Hanoi was expanded by merger of neighboring provinces in 2008. Its size increased from 920 km² to 3,345 km². The master plan of the greater Hanoi is now under formulation. The draft plan proposes some environmental axes (greenbelts) along rivers which feature in the urban structure of Hanoi. It is advisable that urban development be accommodated flexibly in areas where urban land use is allowed, while urban development be strictly controlled in areas of environmental axes which function as a base of the urban structure and urban environment.

3) Institutionalization of regulations on management according to planning scheme

However, how can such flexibility and strictness be realized? In the current situation, environmentally important green areas, prime agricultural land and cultural heritage cannot be conserved only with the general master plan because a general master plan has no binding power to control urban development. Therefore, it is highly expected that regulations on management according to urban planning scheme must be institutionalized as a legal tool of urban planning administration which have power of compulsory instruction and control of urban

development. Besides, it is required to propagandize, disseminate and publicize these regulations among public so that organizations and individuals participating in planning implementation and construction can comply with the urban plans. Now the draft Greater Hanoi Capital General Plan is in the final process of the approval by Prime Minister. It is expected that the regulations on management according to the Greater Hanoi Capital General Plan will be promulgated by Hanoi City as a city ordinance and some important things will be incorporated into the Law on Capital. Such examples of the institutionalization need to be accumulated more.

At last, the authors would like to add that these regulations on management and the planning license system will contribute to the enhancement of transparency of urban planning. It is because the regulations will be open to the public and because granting a planning license makes planning conditions clear. Needless to say, transparency is a key factor of urban planning to promote urban development investment by the private sector under a market economy.

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