

Cities Alliance

Cities Without Slums

Submission of Proposals: Application Form

Please read carefully the "Guidelines for the Submission of Proposals" which outline the modalities for application and the criteria for the selection of proposals spelled out in the Cities Alliance Charter. Please ensure that all necessary supporting documentation is attached to this form. Additional information may also be enclosed, **but total submission should not exceed 12 pages.**

23 May 2011

1. TITLE of PROPOSAL: Strengthening of the Vietnam Urban Forum (VUF) and Operationalizing the National Urban Upgrading Program (NUUP)

2. PROPOSAL SUBMITTED BY:

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Contact person for questions on the application:

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3. CITIES ALLIANCE MEMBER(S) SPONSORING THE APPLICATION:

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4. RECIPIENT ORGANISATION: – *organisation that will receive and execute the grant:*

Task Manager Name & Title: Ms. Do Tu Lan, Deputy Director
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5. OTHER IMPLEMENTING PARTIES (if any):

Task Manager Name & Title: ...
Organisation: ...
Address: ...
Contact Person/Title: ...
Telephone/Fax/E-mail: ...

INFORMATION ON PROPOSED PROJECT:

6. Type of project (*check one*):
City Development Strategy ___ Slum Upgrading___ Both_x_
7. Geographic scope of project (*specify*):
City: National Coverage
Country: Vietnam
Global/Regional/Multi-country: NA
8. Expected duration: 2 Years

BUDGET SUMMARY:

9. Amount of total budget requested from Cities Alliance funding: US Dollars 500,000
10. Co-financing amount of total budget, including local partners: US Dollars 100,000
11. Total project budget cost: US Dollars 600,000

In the future, pending on the success of this project, UDA-MoC intends to submit further follow-up requests for support from Cities Alliance.

DESCRIPTION OF PROPOSED PROJECT:

12. Background – issues to be addressed and scope of project

A. Urbanization and Socio-Economic Development:

Vietnam is engaged in a remarkable process of economic reform and hence spatial transition. Following implementation of the *Doi Moi* market-oriented reforms, real annual economic growth averaged 7.5% during 2001-2006. In 2007 real growth peaked at 8.5%¹ only to slow to 6.2% in 2008 when the global recession hit². Due to the recession, the growth rate fell to 5.3% in 2009, yet forecasts indicate the growth rate might increase again, reaching 6.5% in 2010 and 6.8% in 2011³. Real economic growth is expected to remain high, pushing strongly further urbanization.

Compared to other Asian countries Vietnam's degree of urbanization still is relatively low. In 2001 the share of the urban population stood at 25%, compared to 37% in China, and 42% in Indonesia. According to the 2009 Population and Housing Census, the current population is approximately 85.8 million, with an urban population of 25.4 million (nearly 30%)⁴. Growth projections estimate the urbanization rate to stand at slightly above 3% percent per year. The rate is expected to remain at this level at least until 2020, after which it is expected to decline slightly to approx. 2.5% during the 2025-30 period. Around one million people per year are being added, which would lead to an urban population of approx. 35.5 million by 2020, or 37% of a total population of 96.7 million. Only after 2020 will the rural population in Vietnam start to decline in absolute terms, relatively late by East Asian standards. Hence pressures stemming from rural-urban migration will remain strong over the next decade. With its urban population forecast to double to 52 million until 2025⁵, Vietnam is one of the fastest urbanizing countries in the East Asia and the Pacific region.

1 IMF, Regional Economic Outlook, Asia and Pacific, Nov. 2008, p. 11.

2 IMF, Regional Economic Outlook, Asia and Pacific, Oct. 2009, p. 24.

3 IMF, Regional Economic Outlook, Asia and Pacific, Oct. 2010, p. 24.

4 Central Population and Housing Census Steering Committee. Report on Completed Census Results – The 1/4/2009 Population and Housing Census, Hanoi 2010

5 Ministry of Construction, "Government's Orientation Master Plan for Urban Development towards 2025 with a Vision to 2050" as approved by Decision No. 445/2009/QD-TTg of the Prime Minister of April 7, 2009.

B. Public Infrastructure and Basic Public Services:

Despite scarce financial resources, Vietnam has achieved some progress in rehabilitating, developing and upgrading its infrastructure over the last decade. Yet the country's infrastructure remains deficient to meet the basic needs of many Vietnamese people. Vietnam's basic infrastructure lags behind other countries in Asia. While this pertains to all aspects of urban infrastructure such as water supply, drainage, and solid waste collection, in a more salient fashion it holds true for wastewater collection and treatment and to a lesser degree for drinking water supply.

The existing wastewater systems by far do not have enough capacity to respond to the demand created by residential areas, industrial centers and agricultural land. Water bodies such as lakes, streams, and canals increasingly serve as sinks for domestic sewage and industrial sewage. It is estimated that in 2008 less than 10% of urban wastewater was treated⁶. Official government statistics indicate 91% of urban households have adequate sanitation, this does not capture the underlying issue; over 80% of urban household sanitation is in the form of septic tanks, which are not adequate for large, densely populated cities. Growing quantities of untreated industrial wastewater exacerbate the situation. In 2008 of 110 industrial zones less than one third had adequate treatment systems for wastewater and toxic effluents⁷. Rainwater drainage poses an additional and growing problem due to changed patterns of precipitation caused by climate change. Furthermore, urbanization adversely affects traditional natural drainage systems. Due to natural topography, many cities and towns need large drainage networks to keep pace with urban expansion and altering patterns of rainfall. In general, the impact of flooding is more severe on the poor who are forced to live on marginal land.

C. Urban Poverty:

Vietnam has made tremendous progress in reducing the aggregate level of nation-wide absolute poverty across both rural and urban areas. According to World Bank, urban poverty in Vietnam fell from about 25% in 1993 to 4% in 2006⁸. Yet current research seems to indicate that the annual rate of poverty decline has decreased. Poverty reduction as such actually might be declining. This generates the risk that a substantial portion of the population might become excluded from further economic development on a permanent basis.

Current comprehensive statistics focusing on urban poverty issues appear to be lacking. Urban poverty data for the major cities need to be qualified against indications of considerable under-reporting of poverty among recent or transitory migrants from rural areas. Yet observations from Ho Chi Minh City and Hanoi indicate systemic and enduring problems. For example, the city's Land and Housing Department estimates that at least 300,000 people live in slums in Ho Chi Minh City. In Hanoi 30% of the population are living in very crowded conditions with living space per capita under three square meters. A main issue regarding the urban poor and unregistered migrants as major vulnerable groups is providing adequate shelter. Clearly, Vietnam's major cities face a challenge in the area of low-income housing, which could worsen in the next decade if rural to urban migration accelerates.

While changing weather patterns impact the entire Vietnamese population, it increasingly becomes clear that the poor both rural and urban poor are more vulnerable to climate change effects than the other groups of the population. Hence, policy planning for adaptation needs to be enhanced. Planning for mitigation measures needs to be streamlined into the activities of each governmental agency concerned. Integrating climate change adaptation measures into urban upgrading is a potential means to increase the resilience of the urban poor to potential impacts of climate change.

6 InWEnt – Capacity Building International Germany, Sustainable Urban Development Forum 2009, Background Paper, Hanoi 2009, p. 9.

7 InWEnt – Capacity Building International Germany, Sustainable Urban Development Forum 2009, Background Paper, Hanoi 2009, p. 13.

8 World Bank. Viet Nam Development Report 2008, Hanoi 2007.

D. Governance and Policies:

Vietnam is a unitary state, thus national ministries have significant impact on various aspects of urban development. The Ministry of Construction 'master plans' the urban system, planning for an urban system composed of national special cities, smaller national cities (class 1), regional cities (class 2), provincial cities (class 3), district towns (class 4 and 5), and a number of new towns with a projected total population of 46 million in 2025. Currently Hanoi and Ho Chi Minh City are recognized as Special Cities above Class I cities. In April 2010, there were nine Class I cities, with populations above 500,000; 12 Class II regional centers with populations above 250,000; 45 Class III provincial cities and towns with populations above 150,000; 39 Class IV provincial towns with populations above 50,000, and 649 Class V small towns with populations above 4,000. In a staged approach, the official "*Government's Orientation Master Plan for Urban Development towards 2025 with a Vision to 2050*" adopted in 2009 gives priority to urbanization in the 'mega urban areas' until 2015, whereas 'basic urban areas' should be the focus of development from 2015 to 2025. While the Ministry of Construction has been formally designated as the lead ministry on issues of urban development, obstacles to effective inter-ministerial coordination obstinately persist.

The Government of Vietnam has been taking several steps to address its urbanization challenges and scale up its urban upgrading program. Over the course of the Cities Alliance's engagement with Vietnam, which has dated from 2000, the country's focus on urban poverty has sharpened noticeably. With sustained support from its donor community, Vietnam has been moving from pilot upgrading projects to broader-based upgrading programs. Simultaneously the country is undergoing a decentralization of administrative responsibilities and resources from national to provincial and city resp. district levels of government. There is an increasing requirement to become more consultative and open at all levels of government due to legal obligations created by the general program of Public Administration Reform (PAR).

Background and context. In 2000 and 2001 the **Vietnam Urban Forum (VUF)** was conceptualized as a medium for policy dialogue and structured exchange on urban development issues. VUF became operational in 2003, when a Memorandum of Understanding was signed by key stakeholders in Vietnam's urban development process⁹. The list of original signatories consisted of ministries such as MoC, MPI, MoNRE, MoF, and MoHA, the ACVN, and the City of Hanoi's People's Committee. Multilateral donors - World Bank, ADB, UNDP – and some bilateral donors – SDC and BTC participated as well. Since 2005 other donors and associations such as UN HABITAT, AFD, JICA, GTZ, and SEAWUN have joined. While VUF has achieved significant mileage in the fulfillment of its purpose, and in the years 2005 to 2008 witnessed significant activities in form of meetings and workshops usefully contributing to policy discussion and development, the level of activity declined significantly in 2009 and 2010.

In addition, a "*National Urban Upgrading Strategy and Overall Investment Plan for Urban Upgrading to the year 2020 – (NUUP)*" was prepared and finalized in 2008. During its elaboration, broad stakeholder dialogue and consultations with local authorities have led to a deeper understanding of urban upgrading issues and rationales in Vietnam. The program approach from 2008 provided for the first time an overall demand assessment and cost estimates for urban upgrading in low-income-areas (LIAs) in more than hundred cities and towns of class IV and higher. It formulated ideas for the selection of pilot cities and a ranking process based on a Multi-Criteria Analysis. It furthermore outlined first elements of an overall implementation strategy and listed necessary steps for action. In 2009 through Decision of the Prime Minister (No. 758/QĐ-TTg of June 8, 2009) the Government approved the National Urban Upgrading Program that besides physical urban upgrading aims at promoting participatory planning methods in the upgrading process to make it more responsive to citizens' needs.

To address NUUP's long-term implementation perspective and the perceived need to sustainably establish a national forum to discuss contemporary urban issues and policies in Vietnam, supported by UN HABITAT, Cities Alliance and the MoC, **a drive to revitalize the VUF** has gained traction. Through surveys and interviews with VUF members, an assessment commissioned by UN HABITAT in 2010

⁹ The overall objective of the VUF, as stated in the MoU of 2003, is: "to promote dialogue for sharing of experience and knowledge among government agencies, science/professional, social/political and non-government organisations, entities and individuals of all economic sectors and the donors, with the aim of actively contributing to the formulation and implementation of policies on urban development and management, (...), and improving the effectiveness of urban development and management activities."

revealed several shortcomings of the VUF, such as a lack of systematic activities and planning/strategy, and weak coordination and information due to a non-functional secretariat and a missing financial basis. The study also found the range of members of VUF to be too limited for a genuine national platform for discussing of urban development issues and working towards innovation. Furthermore, the report verified both the strong demand for and potential of VUF. It can provide the platform and institutional mechanism for coordination, consensus building, and information sharing at national and local levels, serving as an effective forum on wide-ranging issues concerning urban development and management. Based on the findings, a draft '*Business Plan*' for facilitating a more active VUF with sound operating structures was elaborated and discussed with stakeholders, which will provide the basis for implementation of the activities envisaged in this proposal.

Based on this foundation, the **GoV now intends to develop a detailed implementation plan to roll out the National Urban Upgrading Program**, by determining an operational framework for the national program, its institutional, procedural, and financial specifications, and identifying the necessary enabling policies needed for its successful implementation on a national scale. While the support by Cities Alliance will cover the systematic analytical and conceptual activities, it is envisaged to build on these and continue with the elaboration of detailed policy requirements and appropriate enabling instruments as well as with a comprehensive capacity development initiative for sub-national authorities financed through an IDA credit as a component of the FY12 National Urban Upgrading Project in Mekong Delta Region (NUUP-MDR).

13. Objectives

The overarching objective of this project is to strengthen the Government of Vietnam's capability to develop effective and efficient inclusive urban development policies, thereby improving the well-being of the urban poor.

14. Methodology and sequencing of activities

The proposed components in this project are focused on two key national initiatives: i) the Vietnam Urban Forum, and ii) the National Urban Upgrading Program. Maximum alignment between the levels of operation as well as between these two parallel components will remain an overriding objective. As both components will be developed through parallel and complementary activities, there is ample opportunity for synergies and mutual leverage, such as using the Vietnam Urban Forum as the platform for stakeholder information, discussion and refinement of the NUUP implementation framework.

The planned activities under the project will entail the following:

Component 1: Institutional Strengthening of the Vietnam Urban Forum (VUF)

The component will support the re-establishment of the Vietnam Urban Forum as an effective platform for stakeholder coordination in the urban sector in Vietnam. The Forum would provide a venue for structured dialogue and exchange of ideas, experience and information on key urban issues across a wide range of stakeholders (MoC and line ministries, local authorities, international donors, professional institutions, international NGOs and private sector organizations), with a view to arriving at a common vision of the urban sector vis-à-vis national development and facilitate coordination of efforts. The strengthened VUF will serve to inform stakeholders by regularly reviewing and reporting on the state of urban development programs in Vietnam, among them the NUUP. Thus, the purpose of enhancing the mobilization of resources and effectiveness for related policies and investment plans at national and local levels will be pursued. It will be the vehicle for dialogue on and dissemination of local and international lessons, best practice and experience as well as for initiatives useful in addressing urban development and management issues, opportunities and concerns. Capitalization and replication of various successful project experiences will be facilitated.

Phase 1: Preparation and Assessment. At the beginning of implementation, there will be a first phase to firm up the institutional set up and capabilities of VUF to enable it to effectively perform its mandate. Activities include establishing the Forum Secretariat and finalizing the Strategy/Operating Plan, which will

be developed on the basis of intensive consultations with and involvement of a cross section of stakeholders. This phase includes activities to widen the membership base and outreach of VUF and the preparation of an online information platform (website, database, newsletter) and ends with the agreement on the new Strategy/Operating Plan and on the amended Memorandum of Understanding. Key activities that will be carried out in this phase are:

- 1.1 establish an operational **Forum Secretariat** and procure consultants (1 full-time coordinator and 2 permanent staff, short-term seconded staff for specific tasks) and a working office in MoC to carry out the day-to-day work of the VUF on a sustainable basis,
- 1.2 building on the draft business plan prepared by UN Habitat and in consultation with its members and other key stakeholders, develop a **Long-term Strategy and Annual Operating Plan** for the VUF, including a sustainable **Financial Framework** with adequate resources for its operational costs and financial sustainability,
- 1.3 facilitate **agreement of VUF Executive Board** on the Strategy and Business/Operating Plan and amend the **MoU** accordingly,
- 1.4 develop and carry out activities to i) consolidate the participation of original members (MoU signatories, including ministries), ii) widen the **membership base/ outreach of VUF** (simplify application procedures, carry out active promotion, approach donors, professional institutions, research and training institutes, local governments, NGOs and private sector corporations) and iii) broaden partnerships and identify potential anchoring partners/linkages for networking on national and international level.

Phase 2: Implementation and Dissemination. The second phase of the component will start with the launching event of the 'New Urban Forum'. It will comprise the Forum Secretariat's regular information and coordination activities, such as preparation and conducting stakeholder forums/workshops, issuing newsletters and annual reports, maintaining and updating the website and information database, and networking with other international platforms. The main activities that will be carried out include:

- 1.5 launch the '**New** Urban Forum' (launching event, information and communication campaign),
- 1.6 organize and conduct **stakeholder forums/workshops** (three per year): with strategic topics on key areas and practical experiences in urban development and management, such as (non-exhaustive): i) National Urban Upgrading Program (flagship event and consultative workshops), ii) mainstreaming urban development and climate change, iii) National Sanitation Agenda, iv) urban finance and investment promotion (incl. PPP), v) Vietnam Urbanization Review/ Urban Indicators, vi) Master Planning Hanoi and HCMC, vii) Vietnam Housing Study/Program,
- 1.7 develop and launch the **Urban Forum website** (with all relevant information on urban development situation and trends in VN, relevant regulations, information database (see 1.8), events, news from projects, case studies, dissemination of good practices, etc.),
- 1.8 create **online information database**, a system (and external linkages) for regular exchange data banking and updating of information, including 'mapping' of sector project/program investment and relevant urban sector policies/regulations, as well as documentation of good practice,
- 1.9 compile and publish **quarterly newsletter** (see 1.7, contents of website),
- 1.10 compile and publish **key annual message/report**, including review of urban development, changes, achievements, policies, assess and consolidate available urban data/indicators.

Component 2: NUUP – Develop a Detailed Implementation Strategy for the National Urban Upgrading Program

The component will demonstrate the ability of city-wide pro-poor upgrading in Vietnam on a national scale, by establishing a feasible National Program Framework for urban upgrading and slum prevention considering the institutional, legal, regulatory, financing and advocacy role of the national government vis-à-vis local governments and communities. The program framework will include the definition of operational concepts including feasible options regarding institutional, procedural, and financial

specifications for its effective and sustainable implementation. The design for a Monitoring and Evaluation (M&E) Scheme with key indicators will be developed for the process of implementing the National Urban Upgrading Program, its results and outcomes. An Implementation Action Plan will define the procedures and necessary enabling policies/instruments for the subsequent roll-out of the National Program on the local level, which will be supported under the NUUP-MDR – Component 7. Consultations with key stakeholders will be conducted during the entire process to review and fine-tune, agree upon findings, as well as generate support for the approach.

Phase 1: Stocktaking and Consultation. During the first phase of implementation, the institutional set up for project implementation and supervision will be put in place and a rapid assessment of existing mechanisms for the National Urban Upgrading Program implementation in Vietnam will be conducted. This will include a review of the current composition, functions, programs and activities, resources, structure and operating mechanisms and the role of national and local government agencies, communities and other relevant stakeholders in urban upgrading in Vietnam. The assessment will lead to the identification of needs, opportunities and issues to be addressed and will propose options for advancement. It will also provide key inputs for the subsequent design of the Operational Framework for the NUUP.

The main activities that will be carried out include:

- 2.1 Set up **implementing unit & procurement of consultants**, and establish the **Steering Committee for NUUP**. There will be a Project Management Unit in the Urban Development Agency of Ministry of Construction that will ensure that the planned activities are implemented. The main development partners involved with the program will be represented on the Steering Committee and will actively participate in its work.
- 2.2 **Desk studies** to provide assessments of: (i) the 'National Urban Upgrading Strategy and Overall Investment Plan for Urban Upgrading to 2020', (ii) past efforts at bringing urban upgrading of urban poor areas to scale (i.e. VUUP 1), (iii) existing successful national (target) program structures and requirements for implementation in Vietnam, and (iv) international good practice in nationwide urban upgrading programs (e.g. Thailand, Indonesia, India). Surveys and literature reviews will be conducted of existing policies, regulations, programs, studies, projects and other documentation related to housing policy development and low-income area (LIA) upgrading programs in Vietnam. These thematic studies will identify key success factors and lessons learned focusing on the specific context in Vietnam and will provide the analytical background for formulation of the regulatory and operational framework for the national program.

Phase 2: Developing the National Program – Operational Framework for urban upgrading. In this second phase, the preparation of a Draft Operational Framework will comprise the design of the institutional set-up, the operating structure and systems and the definition of investment mechanisms and financing options for program implementation. Based on the desk studies, the project team will synthesize the findings, draft the operational framework, and disseminate it to key principles and stakeholders. These main deliverables will be complemented by the concurrent development of a Monitoring & Evaluation Framework for the implementation of the NUUP.

The main activities that will be carried out in this phase are:

- 2.3 Developing the **Institutional Arrangements and Management Mechanisms** for urban upgrading considering the institutional, legal, regulatory, financing and advocacy role of the national government vis-à-vis local governments. Essential topics, among others, will be: i) the institutional set-up and roles and responsibilities for program operation at central and local levels, ii) the principles and criteria for proposals and project selection, (iii) the program management mechanisms and flows/procedures between the involved implementing institutions and/or other stakeholders, and iv) the participatory principle of urban upgrading, ensuring that the affected communities must be enabled to become fully engaged and actively involved in all stages of project identification, planning, preparation and implementation. To support the Institutional and Management Framework, national and regional **consultative workshops** will facilitate horizontal exchanges and synthesize the lessons learned. The Vietnam Urban Forum will be used as the

frame for the national level events.

- 2.4 Develop, establish, and coordinate with relevant line ministries a **Financing Framework/ Plan including feasible options** to finance the implementation of the NUUP. The tremendous need for investment in urban upgrading in the country cannot be fulfilled by on-granted state funding and ODA resources alone, and the actual size of the bankable sub-projects of the National Program will be largely affected by the cities' and towns' sources of financing and capability and willingness to put up the necessary counterpart funding. Hence there will be need to widen and diversify financial resources, particularly at the sub-national level i.e. through local borrowing, user fees and community contributions, municipal bonds and Local Development Investment Funds (LDIFs). New financial mechanisms must be developed to improve the process of identification, management and disbursement of infrastructure investments, and to help cities and national government look at systemic interventions to improve their fiscal relations and feasible financial intermediaries. Drawing upon the experiences of other National Programs, consideration should be given to establish a National Urban Upgrading Development Fund (NUUDF), as a national multi-donor fund for budget support to be operated by a local bank through which the funds for urban upgrading should be systematically channelled to the local governments. To support the Financing Framework, national and regional **consultative workshops** will facilitate horizontal exchanges and synthesize the lessons learned. The Vietnam Urban Forum will be used as the frame for the national level events.
- 2.5 Develop, establish and agree with relevant line ministries on a **Monitoring and Evaluation Framework and Plan** for the implementation process of the National Urban Upgrading Program (NUUP), including the identification of performance parameters and key outcome indicators for the projects to be measured and the design and of a feasible GIS-based mapping system for LIAs (definition of a comprehensive set of small-area-statistics), that can be subsequently piloted and implemented under the NUUP-MDR – Component 7.
- 2.6 Drafting of an **Implementation Action Plan for NUUP**, including the definition of schedule/ timing and budget for the NUUP policy framework in feasible phases. The draft will also include **TORs** for the necessary government policies and other enabling instruments to facilitate the roll-out and implementation of the NUUP at the local level (which will be subsequently supported under the NUUP-MDR – Component 7). The implementation scheme for local governments will employ the following methods: action plan formulation with regard to the problems and strengths at the local level (cities and towns), and a dissemination strategy at the provincial and local levels that includes the development of guidelines and manuals. Sound grounding of capacity development concepts and tools will be of paramount importance for the roll-out and implementation of the National Urban Upgrading Program. A separate orientation and training on the topic will have to be conducted for the sub-national authorities, including heads of local departments and divisions who will be closely involved in the implementation of the urban upgrading projects. This activity will therefore define respective **TORs** for capacity assessment and for a Comprehensive Capacity Development Initiative at the sub-national level, and for accompanying Guidelines and Manuals for local governments, how to identify, prepare, implement, finance (mobilize capital investment) and monitor feasible pro-poor upgrading delivery models for LIAs in their jurisdiction.

Component 3: Project Administration and Supervision

This component will support the supervision and oversight of the project, including World Bank and Government supervision costs, the execution of an independent audit and the draft of an agreed upon Monitoring and Evaluation Framework and Plan for the project.

15. Deliverables, expected outcomes and related monitoring indicators

Component	Phase	Main Activities	Deliverables (Key Outputs)	Related Outcome	Monitoring Indicators
VUF	1	<ul style="list-style-type: none"> Getting started (establish Forum Secretariat and Steering Committee, procure project consultants) Develop long-term Strategy and Operating Plan for VUF Facilitate agreement on Strategy/ Operating Plan and amend MoU for VUF Widen membership base/ outreach of VUF 	<ul style="list-style-type: none"> Fully functional and institutionalized VUF including operational VUF Secretariat Agreed Strategy and Operating Plan for VUF, including an amended MoU 	<ul style="list-style-type: none"> Vietnam Urban Forum is institutionally strengthened: Forum Secretariat and Steering Committee are sustainably established and operational; work is based on an agreed long-term Strategy and Operating Plan; the VUF is re-launched with a broad membership base 	<ul style="list-style-type: none"> Sustainability of funding for VUF over time Number of additional partners (local governments, donors, etc.) that join VUF as official members Number of VUF members that participate in VUF-sponsored events Number of hits on the website and subscription levels of the newsletter
	2	<ul style="list-style-type: none"> Launch 'New' Urban Forum Organize and conduct stakeholder forums (workshops on key topics) Develop and launch website Create online information database Compile and publish Quarterly Newsletter Compile and publish Key Annual Message/Report 	<ul style="list-style-type: none"> Launching event and regular series of stakeholder forums/workshops on specific urban issues Updated website for VUF including an online information database Quarterly Newsletters and Annual Reports on VUF activities and urban development in Vietnam 	<ul style="list-style-type: none"> VUF is operating as a regular platform and appreciated collaborative mechanism for systematic and structured dialogue and knowledge exchange on urban issues between a wide range of stakeholders to inform urban policy formulation in Vietnam. Regularly updated information about the state of urban development, urban sector investments and activities in Vietnam is widely communicated Good practice and lessons learned are made available for replication and upscaling 	
NUUP	1	<ul style="list-style-type: none"> Getting started (establish Steering Committee, PMU, procure consultants) Conduct Desk Studies/ Rapid Assessment 	<ul style="list-style-type: none"> Functional set-up for project implementation and supervision (PMU and Steering Committee) Assessment Report Series of consultative workshops/ meetings with key stakeholders 	<ul style="list-style-type: none"> Comprehensive knowledge and understanding about the state and conditions for urban upgrading in Vietnam, including key challenges, success factors and lessons learned Enhanced awareness and support of stakeholders for the project 	<ul style="list-style-type: none"> Coordinated NUUP Operational Framework Coordinated Financing Framework Coordinated Action Plan and TORs prepared
	2	<ul style="list-style-type: none"> Develop the Institutional Arrangement and Management Mechanisms for NUUP Develop and coordinate a Financing Framework/ Plan for NUUP Develop M&E Framework/ Plan for NUUP Draft Implementation Action Plan and TORs 	<p>Operational Framework for NUUP, including:</p> <ul style="list-style-type: none"> Institutional Arrangement and Management Mechanisms Financing Framework Integrated M&E Framework/ Plan Action Plan for NUUP implementation in phases, with TORs for: i) needed government policies and enabling instruments, ii) sub-national Capacity Development Initiative Series of consultative workshops 	<ul style="list-style-type: none"> Operational Framework for the National Urban Upgrading Program (NUUP) is in place Institutional set-up, operating structure and investment mechanisms/ financing options for NUUP are defined and agreed upon Action Plan, including TORs for follow-up activities, is agreed and ready for subsequent implementation and roll-out (under NUUP-MDR) 	

16. Sources of Investment to implement the National Urban Upgrading Program and the Vietnam Urban Forum

The present proposal is designed to develop a legislative, policy and regulatory framework necessary to implement the **National Urban Upgrading Program**. Follow-up support will be secured through the process of implementing this proposal. Financial modelling is at the core of the proposals activities, and will build upon existing experience with budget funds and financing mechanisms for National Programmes in Vietnam as well as urban upgrading funds that have already been created in the region (e.g. India, Thailand). The Government of Vietnam together with World Bank and other donors¹⁰ has been taking on substantial projects in the past¹¹, which this process will assist in further scaling up with the systematic formulation of policies which provide greater access to financial resources and policy regulatory mechanism which support locally driven urban upgrading processes. The issue of pro-poor financing and appropriate urban investment promotion for upgrading of disadvantaged residential areas is one of the central themes of the proposal, and will be further developed by the three sponsoring partners throughout the proposed project. The NUUP, once operational, will provide a strategic framework for future investment in urban upgrading projects and therefore enable both Central and sub-national Governments to better manage and implement complementary incoming aid and government co-finance as well as local contributions in the future.

Financing the costs of the **Vietnam Urban Forum** during the first two years of its new operations is likely to be greatly facilitated by the financial assistance granted through this proposal, as well as by MoC's readiness to provide the office for the VUF Secretariat. The necessary framework for sustainable financial management of the VUF is a part of the Long-term Strategy and Annual Operating Plan for the VUF, which will be a major outcome of the proposed activities. With a growing VUF and decreasing external assistance over time, costs may be increasingly recovered by contributions from special events as well as advertising on the VUF website. If fees can be levied on certain members of the VUF, the chances for fully recovering its operating costs in the future will be further augmented.

17. Partnerships

The World Bank has participated with the MoC in the preparation of this proposal and UN HABITAT will also be a main partner in this activity, as will be the Steering Committee (Executive Board) Members of the Vietnam Urban Forum. For the NUUP component, involved partners will appoint representatives to the NUUP Program Steering Committee to oversee the entire implementation process and to provide technical and quality control reviews over the proposed work plan, terms of reference and final outputs.

UN HABITAT (United Nations Human Settlements Programme): The proposal is sponsored by UN HABITAT, which has been very active in Vietnam as a long-lasting partner of Cities Alliance and MoC in the field of pro-poor and sustainable urban development (e.g. CDS, Housing Strategy, Urban Observatory System etc.). For the current proposal, UN HABITAT, based on its precedent activities¹², is providing co-finance for the VUF component.

Association of Cities of Vietnam (ACVN): The proposal is also supported by ACVN, which is a voluntary association of the cities nationwide with around 95 member cities. Being a bridge promoting united and cooperative relationship among cities and the national government in the field of urban construction, management and development, ACVN has been active in promoting and facilitating community-based urban upgrading projects in several cities (e.g. Vinh, Viet Tri), in establishing the Vietnamese Network of Community Development Funds (CDF) and hosting and organizing respective workshops/seminars for its member cities. It can therefore take an active role in the dissemination and sharing of NUUP tools and methodologies to cities and towns in Vietnam, and play a coordination role to bring together national and

¹⁰ e.g. UNDP, ADB, AFD, SDC, BTC, ACHR etc.

¹¹ e.g. Vietnam Urban Upgrading Project (VUUP 1), National Urban Upgrading Project in Mekong Delta Region (NUUP-MDR), Central Region Urban Environmental Improvement Project (CRUEIP), Vietnam Medium Cities Development Project, Support to Provincial Cities Project, Asian Coalition for Community Action (ACCA) Programme, Tan Hoa Lo Gom Canal Upgrading, etc.

¹² Le Thi Huong and H. Detlef Kammeier for UN HABITAT, Revitalizing the Vietnam Urban Forum (VUF): Assessment and Business Plan, May 2010.

local government, non-government and civil society organisations interested in the NUUP process. The Vietnam Urban Forum will facilitate active participation of city governments through the ACVN network. ACVN expressed its support for the current proposal through a Letter of Endorsement (see Annex) and has successfully submitted a complementary project proposal on community upgrading processes and support of the Community Development Fund (CDF) initiative that will be granted by Cities Alliance.

Besides World Bank and UN HABITAT, the main international partners that are supporting this proposal are Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (giz – German Development Cooperation) and the Agence Francaise de Développement (AFD). Both organizations have stated their support through respective Letters of Endorsement (see Annex). German giz is also supporting the proposal through the integrated CIM-Expert for Urban Investment Promotion at MoC, who is assisting UDA in the proposal design.

The Asian Development Bank has also expressed their support for the proposal and indicated their interest in sponsoring the Vietnam Urban Forum in the future.

18. Related initiatives

In addition to this project, there are several other complementary projects that together comprise the Cities Alliance's '*Land, Services and Citizenship for the Urban Poor (LSC) Programme in Vietnam*'. One project will focus on communities and local area-based groups through support to the Association of Cities of Vietnam (ACVN) to scale up citywide community upgrading processes through the national Community Development Fund (CDF) network to implement and scale up small community-based projects. In addition, another Cities Alliance project focused on providing training to city managers will be carried out in parallel with the Academy of Managers for Construction and Cities (AMC) and the World Bank Institute.

These activities are also aligned with the World Bank supported US\$292 million project for urban upgrading in six cities in the Mekong Delta Region (NUUP-MDR) currently being prepared in six provinces in the Mekong Delta. This complements the on-going urban upgrading project in four additional cities (VUUP 1). Building on the project supported by Cities Alliance, a US\$ 3 million component (Component 7) is earmarked for Technical Assistance to concurrently support the Urban Development Agency of the MoC. At this stage, the following complementary components are envisaged:

- i) overall project management/coordination and M&E activities of the NUUP-MDR project,
- ii) the elaboration and passage/formalization of detailed policy requirements and appropriate enabling instruments (such as operational manuals, etc.) for the roll-out and implementation of the National Urban Upgrading Program at the sub-national level, including a comprehensive capacity development initiative for local authorities in urban upgrading/urban management,
- iii) the design and implementation of a National Urban Database on key urban indicators and performance parameters,
- iv) assistance in developing climate change adaptation strategies in coastal cities and for the Mekong Delta cities in the context of the National Urban Strategy.

The CA project is also aligned with the World Bank program (funded by AusAID) to improve infrastructure resilience planning in response to climate change and natural disasters, with a related initiative to develop a '*Guidance Note on Urban Resilience*', which is envisaged to be piloted in at least one project city in the Mekong Delta under the NUUP-MDR. Respective outcomes of this initiative will provide valuable input for the Operational Framework for the National Urban Upgrading Program, as low-income areas (LIAs) are especially vulnerable to climate change impacts and natural disasters, and there is need to mainstream pro-poor urban upgrading and climate change adaptation strategies and disaster response mechanisms.

19. Government commitment and approval

The commitment by the Government of Vietnam for the National Urban Upgrading Program has been demonstrated by the comprehensive formulation of the '*National Urban Upgrading Strategy and Overall Investment Plan to 2020*', which has been finalized and disseminated through the Final National Workshop in April 2008, and the '*Decision on Approval of the National Urban Upgrading Program in*

Urban Centers in the Period 2009-2020 (No. 758/QD-TTg) signed by the Prime Minister on 8 June, 2009. In this Decision, the Government of Vietnam has clearly committed itself to the NUUP by stating it plans, “to implement the Program with state budget funds, official development assistance (ODA) and other domestically and internationally raised sources of capital” and “after 2015, to gradually reduce ODA loans and raise other sources of capital”.

Within its ‘Action Plan for the Program to Implement the Socio-Economic Development Strategy 2011-2020 in the Construction Sector’ the Ministry of Construction has recently constituted all major projects/programs and activities under its authority that are scheduled for the new 10-year planning period. The official document (No. 01/CTr-BXD) was signed by the Vice Construction Minister on 28 March 2011 and has been forwarded to the Cabinet Office, the Ministry of Planning and Investment, and Construction Departments of provinces and cities under central government throughout the country. By listing and designating the NUUP for its further implementation within this official action plan for the period 2011 to 2020, the MoC further substantiates its institutional commitment to the National Urban Upgrading Program.

The Government of Vietnam supported the Vietnam Urban Forum initiative from the beginning and has assigned the Ministry of Construction, in co-ordination with the donors, to organize the VUF (Letter No.1635/VPCP-QHQT dated 18.04.2001 and letter No.514/VPCP-QHQT dated 29.01.2003, signed by the Government Office). The VUF was established through the formal signing of the Memorandum of Understanding (MoU) on 22 October 2003; on 20 July 2010 the Construction Minister has signed Decision No. 741/QD-BXD, thus forming the new Steering Board for the VUF headed by the Vice Construction Minister.

IMPLEMENTATION AND FINANCING PLANS:

20. Implementation arrangements

The Ministry of Construction, which has been the partner in a number of Cities Alliance funded activities on CDS for Vietnamese cities (Can Tho, Ha Long, Thanh Hoa) is fully committed to the undertaking of the NUUP and VUF and is submitting the application through its Urban Development Agency.

As Executing Agency, the Urban Development Agency (UDA-MoC) will develop a general methodology for the project and will be responsible for the preparation of the work plan and for overall project implementation. The Ministry will coordinate all aspects of the project, including engagement with local governments, development of relevant workshops, preparation of manuals, policies, and practical application of the developed methodologies. Consultants will be engaged to perform as facilitators and as back up to staff of the MoC. The Ministry of Construction will be the **Executing Government Agency** and be responsible for both the Vietnam Urban Forum as well as the National Urban Upgrading Program; financial execution of the Cities Alliance grant will be carried out by MoC.

The **Steering Committee (Executive Board) for the Vietnam Urban Forum** has been revised through Decision No. 741/QD-BXD from 20 July 2010, signed by the Minister of Construction. It is chaired by the Vice Minister for Construction, Mr. Trinh Dinh Dung and consists of Directors and Vice Directors of key departments/ agencies of the MoC, representatives of other line ministries (MPI, MoF, MoNRE) as well as from Hanoi Peoples Committee, VUPDA, ACVN, and the representatives of those international organizations that have signed the initial Memorandum of Understanding for the Vietnam Urban Forum on 22 October 2003.

A **Forum Secretariat** will be established in the Ministry of Construction. It will include a full-time coordinator and two permanent staff. The Secretariat will be tasked with the effective management and implementation of the Vietnam Urban Forum and regularly report to the Steering Committee.

As stated in Decision No. 758/QD-TTg from 8 June 2009, signed by the Prime Minister, a **Steering Committee** coordinating the preparation, roll-out and implementation of the **National Urban Upgrading Program** with membership of major stakeholders at National Government, development partners and donors representatives and chaired by the Ministry of Construction will be put in place to oversee the implementation of the NUUP component.

The overall management and implementation of the project and output monitoring will be handled by the Urban Development Agency of Ministry of Construction, which will be responsible for both the components regarding the National Urban Upgrading Program and the Vietnam Urban Forum. A participatory approach between line ministries as well as Central and Local Governments will be adopted right from the beginning to ensure that the concerns of the stakeholders are taken care of in the policy for purposes of feasibility and sustainability. Progress reports will be prepared and submitted to the Steering Committee to monitor the progress of project implementation. Reporting formats will be developed for this purpose. Documentation of the process at the end of the key stages will be part of the process.

Project schedule and delivery targets*

No	Activities	3 Month	3 Month	Month 1-3	Month 4-6	Month 7-9	Month 10-12	Month 13-15	Month 16-18	Month 19-21	Month 22-24
	Application Processing										
	Grant Set-Up										
1.1	Getting started – VUF (establish Forum Secretariat and Steering Committee, procure project consultants)										
1.2	Develop long-term Strategy and Operating Plan for VUF										
1.3	Facilitate agreement on Strategy and Business/Operating Plan and amend MoU for VUF										
1.4	Widen membership base and outreach of VUF										
1.5	Re-launch Urban Forum										
1.6	Organize and conduct stakeholder forums/ workshops										
1.7	Develop and launch website										
1.8	Create online information database										
1.9	Compile and publish Quarterly Newsletter										
1.10	Compile and publish Key Annual Message/ Report										
2.1	Getting started – NUUP (establish Steering Committee, procure consultants)										
2.2	Conduct Desk Studies/ Rapid Assessment										
2.3	Develop Institutional Arrangements and Management Mechanisms (including consultative workshops**)										
2.4	Develop and coordinate Financing Framework/ Plan (including consultative workshops**)										
2.5	Develop M&E Framework/ Plan for NUUP										
2.6	Develop Implementation Action Plan/ TORs										
3.	Evaluation										

* Estimated timeline for implementation of the components and activities to be undertaken

** Workshops and conferences at national level may be conducted via the Vietnam Urban Forum (see activity 1.6)

21. Financing plan

A. CITIES ALLIANCE GRANT REQUEST

Components / Main Activities	Total (US\$)	Type of Expenditure (US\$)			
		Consulting Services	Training/ Capacity Building	Dissemination Costs	Other
PROJECT ACTIVITIES					
Component 1: Strengthening of Vietnam Urban Forum					
1.1 – Urban Forum Secretariat	96,000	81,000	---	---	15,000
1.2 – Long-term Strategy and Operating Plan	25,000	15,000*	5,000	5,000	---
1.3 – Agreement on Strategy/ Operating Plan/ MoU amended	---	---	---	---	---
1.4 – Widen Membership Base/ Outreach	---	---	---	---	---
1.5 – Launching Event VUF	10,500	---	8,000	2,500	---
1.6 – Stakeholder Forums/ Workshops on Key Topics	52,500	---	40,000	12,500	---
1.7 – Website	9,250	6,250	---	---	3,000
1.8 – Online Informat. Database	9,250	6,250	---	---	3,000
1.9 – Quarterly Newsletter	8,750	6,250	---	2,500	---
1.10 – Key Annual Report	11,250	6,250	---	5,000	---
> TOTAL VUF	222,500	121,000	53,000	27,500	21,000
Component 2: Detailed NUUP Implementation Strategy					
2.1 – Getting Started	---	---	---	---	---
2.2 – Desk Study/ Rapid Assessment	38,500	30,000**	6,000	2,500	---
2.3 – Institutional Arrangements/ Management Mechanisms	38,500	30,000**	6,000	2,500	---
2.4 – Financing Framework/ Plan	38,500	30,000**	6,000	2,500	---
2.5 – Monitoring & Evaluation Framework/ Plan	38,500	30,000**	6,000	2,500	---
2.6 – Implementation Action Plan and TORs	38,500	30,000**	6,000	2,500	---
> TOTAL NUUP	192,500	150,000	30,000	12,500	---
<i>Sub-Total – Project Activities</i>	<i>415,000</i>	<i>271,000</i>	<i>83,000</i>	<i>40,000</i>	<i>21,000</i>
PROJECT ADMINISTRATION & SUPERVISION					
Independent Audit	10,000	--	--	--	10,000
Supervision Costs	75,000***	--	--	--	75,000***
<i>Sub-Total – Project Administration & Supervision</i>	<i>85,000</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>85,000</i>
TOTAL A (CA Grant Request)	500,000				

B. CO-FINANCING

Co-financing Partner: Ministry of Construction	50,000	--	5,000	5,000	40,000
Co-financing Partner: UN HABITAT	50,000	---	---	---	---
TOTAL B (Co-Financing)	100,000	---	---	---	---

C. TOTAL

TOTAL PROJECT BUDGET COST (A + B)	600,000	---	---	---	---
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* 0.5 man-month international consultant; 2.0 man-months national consultant.

** 1.0 man-month international consultant; 4.0 man-months national consultant.

*** The Bank supervision will be US\$ 55,000 of this amount.

22. Costing assumptions

	Item	Unit	Rate	Total
01	Consulting Services – International (per month, incl. fees, travel, per diem)	5.5 months	20,000	110,000
02	Consulting Services – National (per month, incl. fees, travel, per diem)	22 months	2,500	55,000
03	Dissemination Tools (website, project database, quarterly newsletter, annual report)	4	(lump sum)	31,000
04	National Stakeholder Forums (launching event and five public forums/workshops: costs for meeting venue, technical equipment, logistics, food and beverage, support staff etc)	6	8,000	48,000
05	Other Consultative Workshops and Trainings	- Long-term Strategy and Action Plan VUF	5,000	5,000
		- 5 regional workshops for NUUP	6,000	30,000
06	Dissemination Costs (translation, layout, printing and publication etc.)	- for Strategy + OP VUF	5,000	5,000
		- for 6 VUF stakeholder forums	2,500	15,000
		- 6 Quarterly Newsletters	(lump sum)	2,500
		- 2 Annual Reports	2,500	5,000
		- for 5 consulting packages NUUP	2,500	12,500
07	Coordinator Forum Secretariat (consultant fees)	24 months	2,000	48,000
08	Staff Forum Secretariat (consultant fees)	48 months	687.5	33,000
09	Travel Cost Forum Secretariat (networking and supervision trips for Coordinator VUF over 24 months project period)	5 trips	1,000	5,000
10	Office Equipment Forum Secretariat (1 work place for coordinator, 2 work places for permanent staff)	- 3 desks/ chairs/ cabinets	830	2,500
		- 3 computer work stations	1,000	3,000
		- 1 printer	1,000	1,000
		- 1 LCD proj.	1,000	1,000
		- 1 copier	2,500	2,500
11	Supervision Costs a) fees/labor/wages b) travel costs c) administration and office running cost	(lump sum)	(lump sum)	75,000*
12	Independent Audit	(lump sum)	(lump sum)	10,000

* The Bank supervision will be US\$ 55,000 of this amount.

23. Expected currency of expenditures

Into what currency (or currencies) do you expect the grant funding (provided in U.S. dollars) to be converted? - Vietnamese Dong

What exchange rate assumptions have you used? - US\$1 = VND 20,700

24. Co-financing arrangements

Co-financing Source*	Description of Co-Financing
1. Ministry of Construction	a) US\$ 25,000: in cash b) US\$ 5,000: office facilities (in-kind) c) US\$ 5,000: workshop facilities (in-kind) d) US\$ 5,000: dissemination and translation services (in-kind) e) US\$ 7,500: staff-time (in-kind) f) US\$ 2,500: local transportation costs (in-kind)
2. UN Habitat	a) US\$ 24,000: for consulting services (12 man-months Coordinator VUF) b) US\$ 26,000: for events/activities in the frame of the VUF
3. World Bank (for Follow-Up)	US\$ 3,000,000 IDA credit for NUUP-MDR: a) Project Management and M&E activities for NUUP-MDR b) Policy requirements and enabling instruments for the roll-out and implementation of the NUUP, including capacity development for sub-national level c) National Urban Indicator Database d) Mainstreaming climate change and urban upgrading/development in coastal cities and MDR

* Asian Development Bank has indicated interest in co-financing the Vietnam Urban Forum in the future.

Is all financing confirmed/committed? Yes

25. Additional Financial Management Information from Recipient

- a.) Is the recipient a registered organization under the countries/cities legal requirement? - Yes
- b.) Can the recipient provide proof of registration and years of operation? - Yes
- c.) Does the recipient have prior experience managing other Donor funds and provide documentation to support this? - Yes
- d.) Does the recipient have or can open a bank account? - Yes
- e.) Is the recipient audited annually? - Yes
- f.) Do you produce periodic financial reports for monitoring and evaluation? - Yes