



The misuse of urban planning in Ho Chi Minh City



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ARTICLE INFO

Article history:

Received 12 September 2014

Received in revised form

6 February 2015

Accepted 14 March 2015

Available online

Keywords:

Urban planning

Urban development

Ho Chi Minh City

ABSTRACT

There are two main findings in this research. First, urban planning has failed to shape urban development in Ho Chi Minh City. As in many cities in the region in their early development stages, planning has had less influence in shaping urban development than market forces. Second, while urban planning has not been successful in fulfilling its conventional role, it has been successful in serving as a “facilitation device” for the city's government to: 1) negotiate with the central government to achieve greater fiscal and policy autonomy; 2) seek international donors' financial and technical assistance; and 3) encourage private businesses to participate in building the city. In the circumstances of Vietnam – a country in the process of decentralization—the facilitation role of urban planning has no doubt been helpful to the municipal government in its efforts to mobilize resources for its a few megaprojects and programs. Since some megaprojects and programs have been wasteful, the facilitation role constitutes a misuse of urban planning and should be abandoned. Instead the municipal government should confine its use of urban planning to that for which it is intended—namely shaping urban development in ways that serve social (as well as market determined) purposes. This is what has been absent in Ho Chi Minh City and what needs to be restored to put urban development on a better footing.

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1. Introduction

Urban planning, as defined by Taylor (1998) and widely cited, is a technical and political process dealing with the control of the use of land and the design of the urban environment, including transportation networks, to guide and ensure the orderly development of settlements and communities. It has occurred since the dawn of civilization, but actual modern planning (modernist planning) began post 1850 (Benevolo, 1967; UN-Habitat, 2009). The importance of urban planning has been recognized in both academia such as in Hall (2000, 2002) and Taylor (1998) and in reality that all developed and well-organized cities have experienced through development stages based on good plans. However, the problem is that urban planning is viewed as weak and ineffective in many places (Belsky et al., 2013; Bertaud, 2004; UN-Habitat, 2009; World Bank, 2009). This makes underdeveloped cities unable to deal with negative externalities of rapid urbanization and industrialization.

All cities in East and Southeast Asia have, more or less, faced difficulties and problems with urban planning, especially in their early development stages. As most countries were once colonies, the planning process had been in charge by colonial planners and

most diffusion of Western urban planning models to the region occurred before the World War II (UN-Habitat, 2009). Ironically, master plans in this period had initially been considered too ambitious and impractical, but they became outdated shortly after their introduction due to rapid urbanization (Kim & Choe, 1997; Nguyen, 2008; Silver, 2008). For example, the projected population of HCMC by 2000 was only one million in its original 1943 plan, but the actual population surpassed five million in 2000 (HIDS, 1997; Nguyen, 2008). The projected population of Seoul by 1959 was 700,000 in its 1934 plan, but the actual number surpassed three million in 1963 (Seoul Metropolitan Government, 2010). Similar situations also happened in other cities (see Atkinson, 2006; Silver, 2008; Yuen, 2009; Yusuf & Saich, 2008).

Since domestic planners were in charge after the colonial liberation following the end of World War II, the state of urban planning in East and Southeast Asia has evolved and separated into two opposite directions – successful and problematic. Municipal governments have tried to build their planning capacity and to design plans for their own cities based on Western planning theories (Kim & Choe, 1997; Silver, 2008; UN-Habitat, 2009; USAID, 1972). For example, the 1966 master plan of Seoul, the first plan made by the Koreans, was heavily borrowed from London's master plan (Kim & Choe, 1997). However, none of these cities has immediately achieved their practical master plans. It has taken

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decades for certain cities to produce partially practical plans in which they play a conventional role in shaping the city's development, whereas others have still been struggling in designing workable plans. For example, it took over two decades (1966–1988) for Seoul to achieve an acceptable master plan (Kim & Choe, 1997), while others such as Jakarta and HCMC have still been struggling to find appropriate approaches (Huynh, 2012; Silver, 2008). Nowadays, cities in the region can be arranged in a wide spectrum from highly successful, competitive and livable cities such as Hong Kong, Singapore, and Tokyo to problematic ones such as HCMC, Jakarta and Manila (AT Kearney, 2014; EIU, 2014; Site Selection & IBM, 2013).

A major problem of troubled Asian cities is that urban planning has focused too much on currently emerging issues. Traditional approaches to planning in the region, as UN-Habitat (2011) points out, have focused on the physical dimension, i.e., building and maintaining infrastructure and services, but this focus on 'hardware' is sorely inadequate when it comes to managing the growth of mega urban faced by many big cities. Thus, urban planning in these cities has tended to constrain the development of cities instead of facilitating their growth.

Urban planning in Vietnam is also not effective (Coulthart, Nguyen, & Sharpe, 2007) and HCMC is a typical case. Consistently, urban planning in HCMC has never been an effective tool for the process of creating a built environment since the introduction of the first master plan in 1862. After being ignored during the central planning period (1975–1985), HCMC's urban planning under the unified Vietnam only began in the early 1990s, and it has since been confronted with many issues. Indicators and goals set within plans have usually not been achieved so that these plans are essentially just the government's wish lists (Kim, 2008). Weaknesses in urban planning have been repeatedly acknowledged by both the municipal and central governments (CPV, 2002, 2012; HCMC-CPV, 2000, 2005, 2010, 2012).

However, it is surprising that HCMC has achieved high economic growth and created a fairly harmonious society despite repeatedly failed planning. A number of megaprojects shaping the city such as Saigon South Development Project, East-West Highway, and the upgrading of highly polluted canal system have been completed. Spontaneous housing development is rampant, but the status of slums is moderate (World Bank, 2011). A majority of the city's households owns their houses in urban areas in which the rich and the poor live together and traffic congestion is not serious as observed in Bangkok in the late 1990s and Jakarta nowadays (Huynh, 2012). These outcomes might be acceptable for a while, but a failure of utilizing the conventional roles of urban planning is likely to cause serious problems for the city in the near future.

This study seeks to answer two questions: *what has been the role of urban planning in forming and governing HCMC over the last two decades, and what are the implications for its future planning and development?* Answering to these questions, I suggested that urban planning with its conventional role has failed, but it has acted as a negotiation tool to help govern the city. This role might be "innovative" in the case of Vietnam, but it is redundant and wasteful.

Utilizing a normative approach, I documented related information and data from the city's statistics, plans and governmental documents, and other sources. GIS maps were generated to examine the city's spatial and demographic changes. I also interviewed those who knew the issues well to sharpen critical points. Then I applied a narrative methodology to show rationales and support main findings. The rest of the article is structured as follows: Section 2 provides a brief history of urban planning in HCMC; Section 3 analyzes the role of urban planning in contemporary HCMC; and Section 4 presents the conclusions and policy recommendations.

2. A brief history of urban planning in Ho Chi Minh City

HCMC, formerly Saigon, was established in the late 17th century by the Nguyen Dynasty. However, modern urban planning was only introduced from the mid-19th century when Vietnam became a French colony. The city's first master plan was designed by French infantry colonel Coffyn in 1862 (Le & Dovert, 2003; Nguyen, 2008). This plan was intended for an area of 25 km² accommodating a population of 500,000. Initially, it had been considered over-ambitious and infeasible, and just a few elements of the plan such as housing typologies and sizes for different groups were implemented. However, the plan already became outdated in the early 1900s. The city's size in 1931 was 51 km², twice as large as in that of Coffyn's plan (Nguyen, 2008: 182).

The second plan was designed by the French military official Betruax and considered a good plan. Many ideas in this plan were applied between 1890 and 1945 (Nguyen, 2008). The third plan ("the 1943 spatial plan") was design by Pugnaire, another Frenchman in 1943 when the city's population was approaching 500,000 (USAID, 1972). This plan was for a population of one million by 2000 (Nguyen, 2008), however, the actual population was around one million in 1945 (Thrift & Forbes, 1986: 154) and 5.2 million in 2000 (DOS-HCMC, 2011: 20). After nine years of the first Indochina War (1945–1954), the city's population reached 1.7 million in 1954 (Thrift & Forbes, 1986: 154). Since then, many plans have been introduced, but none realistic.

The first attempt at urban planning made by the Vietnamese was under Bao Dai's government in 1951. Unfortunately, no practical policies had been implemented in this period (USAID, 1972). Urban planning was approached more seriously under Ngo Dinh Diem's regime (1953–1963). In 1958, the Ministry of Reconstruction and Urban Planning undertook the development of a new land use plan which appeared primarily to be a revision and extension of the 1943 spatial plan. The plan was created for a design population of 3 million in an area of 675 km². In 1959, Ngo Viet Thu, a well-known Vietnamese architect developed a scheme entitled, "*La Conurbation De Saigon Cholon*", which was exhibited in Paris and Rome in 1959. The main concept of these plans was the development of an administration center between the agglomerations of Saigon and Cholon. There were also two more plans, one in 1965 and the second in 1968. The former was designed for the 2.5 million population of Saigon Metropolitan Area and 1.7 million population of Saigon – the Vietnam South's capital; the latter was only designed for the 1.7 million population of Saigon (USAID, 1972). The final work completed before 1975 considered as a master plan was "*Dialectics of Urban Proposal for the Saigon Metropolitan Area*" by USAID (1972). This report proposed the city's 30-year plan.

Even though some plans had been drawn, urban planning in Saigon during the Vietnam War barely succeeded (Le & Dovert, 2003) as the city became more crowded and disorganized. Its population at its peak in April 1975 was about 4.5 million (Thrift & Forbes, 1986: 154), nearly triple the projected population in the 1968 plan. This was a big burden and the new government had made the situation even more complicated due to its failed central planning for over a decade.

In the de-urbanization period after 1975 when a national policy forced urban residents to move to rural areas to establish new agriculture-based economic zones (Thrift & Forbes, 1986), there was essentially no urban planning transpiring in HCMC. The five-year plan style – a major planning method of the socialist world (Kornai, 1992) – was applied and the party resolutions were the main documents guiding the city's governance. Thoughts of the communist world were applied during this period (Dang, 2008). The city's population fell to a low of 3.2 million in 1984 (Gainsborough, 2003: 112). Urban service provisions were severely

insufficient. The city's urban planning started to become a main issue in the late 1980s and has become a primary focus since the early 1990s with numerous master plans, as analyzed in the following sections.

3. The role of urban planning in contemporary Ho Chi Minh City

This section explains the process of making plans and presents evidence to substantiate that urban planning in HCMC has not been effective as a shaper of the city's urban development, but it has acted as a "facilitation device" for negotiation with the central government, international donors, and private businesses in generating resources for over two decades.

3.1. The process of making plans

The urban planning process in HCMC as illustrated in Fig. 1 below can be divided into two major steps: 1) deciding the overall strategic development orientations, and 2) designing specific plans. Comprehensive meetings between the city and central leadership each decade have determined HCMC's overall

development strategies. This is a complicated process of negotiation and compromise between the municipal and central governments. Since the early 1990s, there have been three official meetings, occurring each decade: 1992, 2002 and 2012. In addition, there have been meetings between the city and central leaderships prior to congresses of the city's communist party or special occasions to decide personnel and other important issues.

Between comprehensive meetings, the city's communist party's five-yearly congresses play a prominent role in governing the city. Achieving specific indicators such as economic growth decided in congresses is the municipal government's top priority. Due to shorter time intervals and a higher perceived priority, these indicators are more likely to be achieved than those in other plans. Not surprisingly, key projects or specific plans decided in congresses (such as six key programs in the ninth congress) have been more influential than comprehensive plan with abstract statements. The congresses also made the decisions to develop master plans. For example, the sixth congress in 1995 decided to revise the 1993 spatial plan, and the ninth congress in 2010 decided to make the city's new socioeconomic development plan to 2020.

Based on grants and directions from the central leadership and plans in the communist party's resolutions, governmental

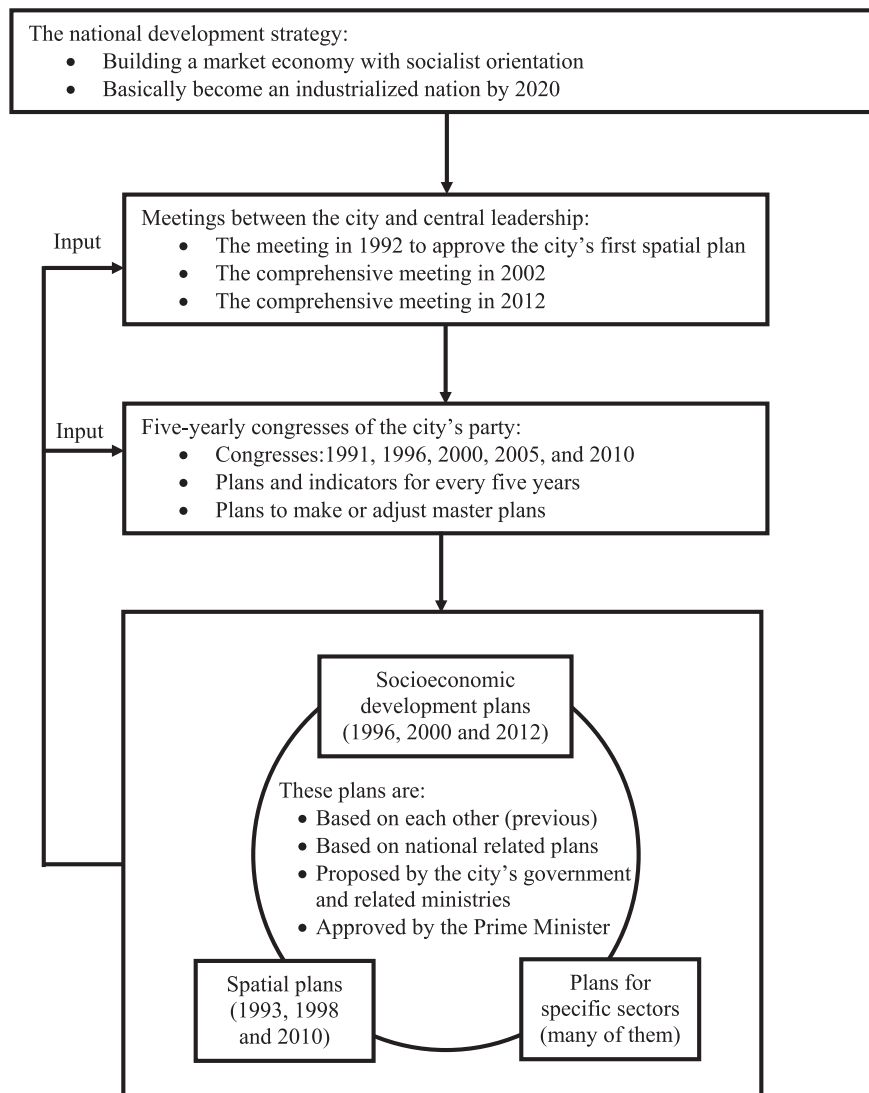


Fig. 1. The process of making plans. Source: Author.

authorities initiate the process to design and implement plans commonly called master plans. There are three types of plans: socioeconomic development, spatial and sectoral development plans. There have been three socioeconomic development plans, each called the 1996 development plan, the 2000 development plan and the 2012 development plan; three spatial plans, each called the 1993 spatial plan, the 1998 spatial plan and the 2010 spatial plan; and numerous plans for specific sectors of which the 2007 transportation plan is the most distinguishable. All these plans are often referred to by their issuance year, such as “the 1993 plan” or “the 1996 plan”.

Each type of plan is drafted and managed by different governmental agencies. The political reports – the main document of the communist party’s congresses are drafted by a group temporarily selected from different governmental agencies by the party’s leadership. Plans can be drafted by consultants, think tanks, or government authorities. However, specific departments are in charge of managing and supervising each type of plan, for example, Department of Planning and Investment is in charge of socioeconomic development master plans, while Department of Planning and Architecture assumes the overall responsibility of managing and supervising urban planning or spatial plans. All major plans must be approved by the Prime Minister in accordance of the submission by the city’s government along with specialized ministries.

3.2. Plans as a shaper of urban development – a failure

As a shaper of urban development, urban planning in HCMC is not effective because of the five following issues:

3.2.1. First, population growth is usually underestimated

A serious problem exists with HCMC’s population forecasting. The ultimate purpose of urban planning and development is to serve the people of the community; therefore, accurately predicting the future demographic structure is important. Unfortunately, HCMC’s population forecasts have not been reliable in both the total population and its specific distribution.

The planned population up to 2010 in the 1993 plan was capped at 5 million to avoid high population concentration, and the concerns for security and defense issues, which were clearly mentioned in the plan. However, the official population estimate already surpassed 5 million in 1998 and 7.4 million in 2010. If an unofficial estimate of 2.2 million floating immigrants in 2007 is correct (Dapice, Gomez-Ibanez, & Nguyen, 2010), the actual population in 2010 was 9.6 million, twice as high as the 1993 plan. The population forecast in the 1996 plan was close to the official statistics (7.4 million), but it was still much lower than the reality (9.6 million). Obviously, the plans have consistently underestimated the population growth as illustrated in Table 1.

Precise projection of the demographic distribution is equally important as precise projections of the aggregate population. Unfortunately, this projection was not good as well. It was forecasted in the 1996 plan that the absolute increase of the population to

2010 on the southeast semicircular by separating the city’s map into two halves from the center would have accounted for 70% of the total absolute population increase. Unfortunately, the actual number is 23%, while the other half accounted for 77% (Huynh, 2012). Details of population changes illustrated in the GIS maps of Fig. 2 clearly show this issue. In the two maps of population densities in 1999 and 2009, the darker colors denote higher densities. These two maps show that population densities from 1999 to 2009 have expanded more to the northwest and the southwest quadrants than to the southeast and northeast quadrants – the two quadrants planned for the major proportion of population growth, which is confirmed in the map of population density growth. There has also been a population decline in the central business district and surrounding districts. Moreover, if over two million floating migrants are included, the population distribution is even more skewed to the northwest semicircular.

3.2.2. Second, the plans often call for unrealistic levels of investment

Ambitious targets are often drawn in plans, but most of them, especially the main indicators are unrealistic. As shown in Table 2, all four actual indicators projected in the 1996 plan: GDP per capita, total investment capital, electricity production, and water supply are at least one-third below their targets.

The transportation plan is perhaps the most unrealistic plan of all. The transportation plan to 2020 and beyond was approved in 2007. The total capital requirement for urban transportation projects until 2020 in the 2007 transportation plan is US\$43 billion (VND886 trillion). The actual investment for the last five years was only US\$2.1 billion (45 trillion dong) and accounts for 5.08% of the total required capital (HCMC-CPV, 2012, p.1). If the city’s GDP grows 12% annually as planned, the investment capital for transportation would account for 10% of the total GDP. This goal is too ambitious as the city’s actual expenditure for transportation infrastructure in the last decade has been 5.5% of GDP, slightly higher than 5.2% for Vietnam as a whole from 2005–2010.¹ More importantly, public investment in transport in the world typically accounts for 2.0–2.5% of GDP (UNESCAP, 2006). Thus, clearly a transportation plan relying on 10% of GDP investment is overly ambitious not just on a domestic scale, but on the global scale.

3.2.3. Third, absence of assessing alternative land use and transportation policies

Comparing the 1993 spatial plan with the 2010 spatial plan, the chosen development directions have been completely changed from the northeast to the east and the south (Fig. 3). It was determined in the 1993 plan that the city’s major expansion direction was to move toward the northeast quadrant. The secondary directions were to the south and the northwest.

The northeast quadrant was reaffirmed as the main expansion direction in the 1998 spatial plan. However, it was also ambiguously stated in this plan: “supplementing the development directions to the south and southeast approaching the sea”, which in Vietnamese is: *bổ sung thêm hướng phát triển về phía Nam, Đông Nam tiến ra bi*. It could be understood in Vietnamese that the south and the southeast directions are either the main or secondary expansion directions. The secondary development directions were the north and northwest. Nevertheless, this was completely changed again in the 2010 plan. The main expansion directions are currently to the east and the south, approaching the sea. Two secondary development directions are to the northwest, and to the west and southwest. The northeast direction is no longer mentioned.

Table 1
Population projections in plans and estimations (million).

Year projected	1993 plan	1996 plan	1998 plan	2010 plan	Official estimate	Unofficial estimate
2010	5	7.5–8			7.4	9.6
2020			10			
2025				12.5		

Source: Author’s combination of plans and different sources.

¹ Calculations from official statistics.

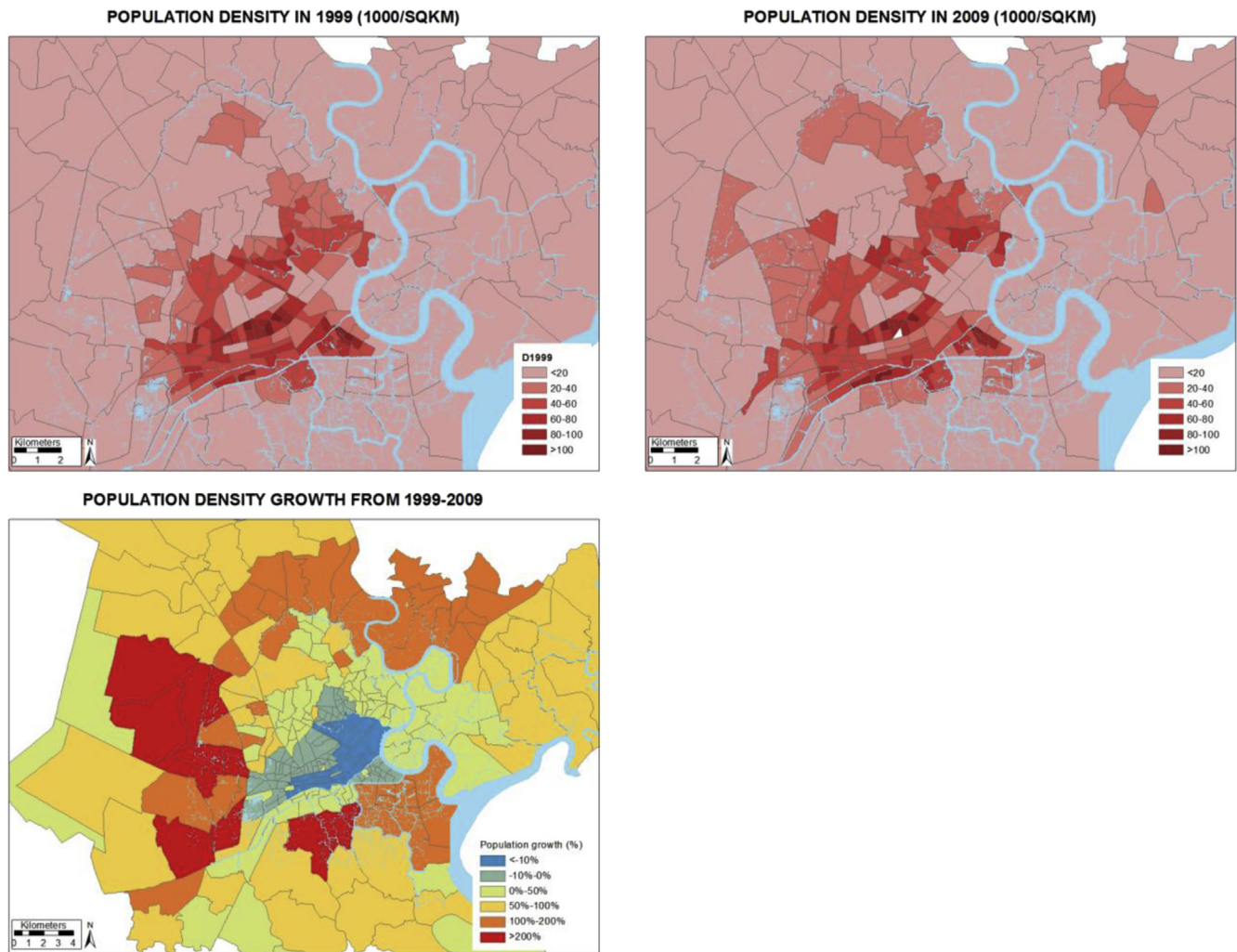


Fig. 2. Population Density in Wards. Source: adapted from Huynh (2012).

Table 2

Selected indicators in 2010 of master plans and reality.

Item	Projection in 1996	2010 actual	Actual projection
GDP per capita (USD)	4540	2982	–34%
Total investment capital (billion USD)	71	45	–37%
Electricity (billion kWh)	23.9	15.8	–34%
Water supply (million CUM per day)	2.82	1.54	–45%

Source: HIDS (2012).

Continuously changing development directions reflects a lack of synthesis analysis of alternative land use and transportation policies. The municipal government responded passively to market signals. An anonymous source familiar with the city's urban planning commented on choosing the development directions, saying: "Perhaps nobody knows the appropriate development directions and choosing the development directions in the master plans was just based on observing some sights led by market forces."² The influence of private developers will be analyzed more specifically in following section.

3.2.4. Fourth, conflicting plans and lacks of cooperation among government agencies

There are many different and often conflicting plans and implementing agencies, so it is not clear which plans are governing over others. Numerous plans have been inadequately managed by different governmental authorities and each plan has had many versions. For example, the 1998 spatial plan is in fact a revised version of the spatial 1993 plan, the spatial 2010 plan is a revised version of its two predecessors, and all three are still in effect. More seriously, there are extensive overlaps, inconsistencies, and ambiguities among the various plans and versions. For example, the predicted labor force to be accommodated by 2010 according to the 1996 plan by HCMC Institute for Development Studies is 5–6 million people, while the 2000 plan by the Department of Planning and Investment is 3.2 million. Between development and spatial plans, it is difficult to decide which one is superior to the other and which plan is for longer terms.³ Moreover, different types of plans have been approved at different times and based on different

³ Ambiguously, Decree 08/2005/NĐ-CP regulates that building the spatial master plans has to reference socioeconomic master plans, but Decree 92/2006/NĐ-CP also regulates that building the socioeconomic master plan has to reference master spatial plans.

² Author's interview on July 7, 2012.

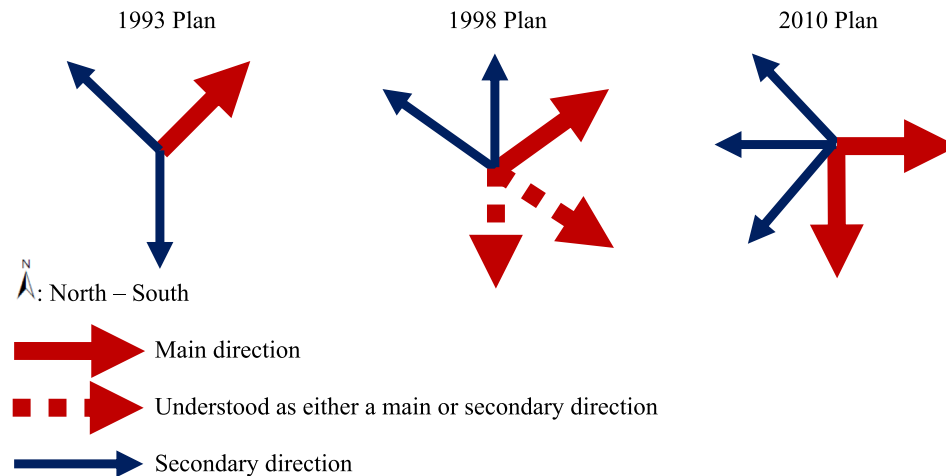


Fig. 3. Changes of Development Directions in Spatial Plans. Source: Author's drawing.

versions and types of related documents. Many indicators and goals in the plans have been highly based on formality and frequently changed, and the population forecast is an obvious example.

Institutional fragmentation is also a major problem. Vietnam's economic institutions are highly fragmented with the dominance of small, uncoordinated units (Nguyen & Pincus, 2011). The responsibilities for urban planning in Vietnam are much more fragmented than in western countries (Coulthart et al., 2007). There is a lack of coordination among governmental agencies. Within the city, each authority seems to be limited in its defined "jurisdiction". For example, Department of Planning and Investment (DPI) considered the 2000 plan they wrote as the official 10-year plan instead of the 1996 plan by HCMC Institute of Development Studies (HIDS). In contrast, HIDS recently reviewed the 1996 plan when drafting the new development plan. Similar situations have also happened with socioeconomic development plans managed by DPI and spatial plans by Department of Planning and Architecture.

3.2.5. Fifth, influence of private developers has caused frequent changes to be made and the plans are then implemented fragmentally

In HCMC, plans are more like the government's wish lists in that many planned projects have not been attractive to private developers. In reality, private investors have proposed their own projects and many have been realized and built. Private developers have played a critical role in shaping HCMC, but they have also caused the city's actual development to deviate far from its own plans.

It is hard to deny the influence of private developers in shaping the urban planning in HCMC. The process of city building has in reality been determined by real estate developers (some say speculators) as described by Foglesong (1986). The vibrancy of the real estate market described by Kim (2008) and the recent burst of the real estate bubble in HCMC (Fuller, 2012) support this argument. In discussions with government officials and those who know the matter well, many raised questions about the distortion of developers in changing plans and creating speculative real estate markets. In a recent special session focusing solely on urban planning of the city's people's council, the municipal government officially acknowledged the influence of developers on the city's urban planning and expressed concern about the negative impacts of such influence (CTW, 2012). The official report delivered in this session is the following:

There has been the "planning to follow projects" phenomenon. Developers have proposed to change plans (changing other land use purposes to housing land and increase the density) to achieve their own goals. This has caused negative effects on implementing and managing plans (CTW, 2012).

The influence of the private sector is even larger because informal or spontaneous housing development creating the major proportion of houses in HCMC has been led by market forces. This development has of course deviated far from the plans.

3.3. Plans as a vehicle for negotiation – the actual role

Obviously, the conventional role of urban planning has failed in HCMC. However, the urban planning has acted as an unusual role. It has been used as a "facilitation vehicle" for the city's government to: 1) negotiate with the central government to achieve greater fiscal and policy autonomy; 2) seek financial and technical assistance from international donors; and 3) encourage private businesses to participate in building the city. Basically, the municipal government has used its urban planning to mobilize resources for a few megaprojects or programs while market forces have shaped the city's growth.

3.3.1. Standoff with the central government

As the biggest economic hub, accounting for a fifth of Vietnam's GDP, and generating nearly a third of the national budget revenue (HIDS, 2012), the priority of HCMC's government is perhaps not to seek capital from the central government. It has only sought more autonomy to retain a higher portion of the revenue it collects and generate more resources to satisfy its demand. There has been a persistent standoff between the city's government and the central government over the last two decades, which can be divided into four major events in 1993, 1998, 2002, and 2012.

First, the issuance of the first master plan in 1993 produced significant progress for HCMC and was a great opportunity for the city to negotiate with the central government. The city was granted rights to experiment with numerous initiatives. First, it was allowed to grant large parcels of land to foreign investors for building export processing zones (EPZ) and developing new urban areas. These changes were unimaginable at the time after Vietnam's long and fierce fighting to retain its sovereignty (Nguyen, Phan, & Ton, 2006). Second, it was allowed to invite foreign

investors to develop its basic infrastructures such as water supply and roads through public-private partnership models. Third, based on the government's will to rely mainly on domestic capital for its development (HCMC-CPV, 2000), HCMC's Investment Fund for Urban – a special apparatus in charge of mobilizing capital was established in 1997. However, the city's major construction projects in the 1990s were financed by foreign capital.

The central government, however, also gained some leverage. The 1993 plan was also a tool for the central government to impose its control over the city's urbanization process, primarily through the establishment of the Chief of Architect's Office (CAO) in 1992. The CAO was put on a par with the city's chairman or mayor. Both positions were approved by the Prime Minister and the CAO would have administered the city's urban planning. If this intention had worked, it could have been a huge "obstacle" for the city (Gainsborough, 2003). However, after experiencing a long standoff between the two levels of governments, the CAO's role was diminished. In November 2002, it was renamed the Department of Planning and Architecture (DPA) – an ordinary apparatus of the city's government, and its head appointed by the city's chairman.

Second, the 1998 plan was an opportunity for the city to attain more autonomy. It was ostensibly prepared because the population was growing faster than foreseen in 1993. The most significant gain of the city was that it was able to put a plan to develop Thu Thiem Peninsula to become a Pudong-like urban into the plan. Since then, this project has become the city's main endeavor and a large amount of public capital has been invested in it. However, the fruit has not ripen yet while the city has had to bear a huge burden on it, especially the financial one (Ngo & Huynh, 2010).

The central government, of course, has still sought to keep HCMC's urban development in check. The policy to establish the Steering Committee of Planning and Building HCMC was. This committee head by a deputy prime minister was indeed established in December 1998. It had been expected to play an important role in directing the city's urban development. However, it never worked.

Third, the meeting with the Politburo – Vietnam's supreme leadership in 2002 followed by the 20-NQ/TW resolution was another gain by the city. The central leadership granted higher autonomy and allowed the city to retain a larger proportion of its budget revenue. HCMC along with Hanoi – Vietnam's capital, has been allowed to acquire an accumulated loan equal to one time of its annual investment expenditure. Moreover, two years later, Decree 124/2004/NĐ-CP on special fiscal mechanisms for HCMC issued by the central government has prioritized the city to mobilize more capital for its planning demands.

In terms of imposing the central government's will, there was no specific policy in the 2002 meeting. However, there were two policies. First, there would be annual meetings between the city's leadership and the secretariat board of the central committee – the CPV's executive body. Second, the central government would direct ministerial agencies to work with the city's government to relocate the seaport system. It has been understood implicitly that the major ports would be relocated to a location outside the city's jurisdiction. However, the city has been reluctant to pursue this program.

Finally, the city seemed to achieve an important concession in a July 2012 meeting with the Politburo. The city's major intentions (overambitious goals) in the 2007, 2010, and 2012 plans were condensed into the proposal 28-TTr/TU of the city party's standing committee. The central leadership has, in principle, allowed the city to build a modern municipal government, meaning that the city will have higher autonomy and retain a higher proportion of its budget revenue. The central leadership has even signaled for the city to build a more ambitious master plan up to 2020 (CPV, 2012). A year later, the municipal proposed a plan to build its new

municipal government, but it has not been approved yet. Thus, the standoff seems have not ended yet.

In short, HCMC has gained greater fiscal and policy autonomy over two decades. However, the central government's will to retain its control over the local development and governance is persistent. Consistently, all plans have been overambitious; especially demand on capital and infrastructure investment. It has been the city's strategic intention although the infeasibility of indicators has been widely acknowledged.⁴ High demand means higher pressure to force the central government to loosen its control or grant greater autonomy for lower levels. This strategic approach is not only unique in HCMC, but it is common everywhere in Vietnam.

3.3.2. Seeking international donors' financial and technical assistance

HCMC's urban planning has become the main guideline or benchmark for international donors to finance specific projects. The plans assure that projects supported by international donors are not wasteful and to be managed appropriately. Since reestablishing the relationship with Vietnam in the early 1990s, international donors such as the World Bank (WB), Asia Development Bank (ADB), and the Japan Bank for International Cooperation (JICA) have financed a significant amount of capital for some public projects. In the last decade, over US\$3 billion of the official development assistance (ODA) capital has been spent (Fig. 4).

In spite of accounting for only 8% of the total investment capital of all sectors in the city, the ODA is equivalent to 55% of the public investment (US\$3.18 billion/US\$5.72 billion). This means that the municipal government has had an additional dollar of quasi-public capital for every two dollars of its conventional budget for building infrastructure. ODA capital has played a critical role in building the city's key infrastructures. The construction of the east-west highway and dredging the heavily polluted canals are two obvious examples.

International donors have also financed and given technical assistance to conduct urban planning studies and make plans in HCMC. For example, JICA financed the Study on Urban Transport Master Plan and Feasibility Study in Ho Chi Minh City Metropolitan Area (HOUTRANS). This study has provided valuable input for developing the 2007 transportation plan, the 2010 plan, and subsequent others. JICA also financed the 2010 spatial plan. ADB has financed a number of studies on the metro system. A significant proportion of urban planning studies in HCMC have been financed by international donors.⁵ It is hard to find a major study conducted in HCMC without international financial support since the early 1990s.

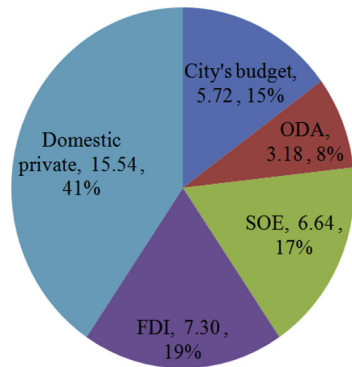
In practice, HCMC's government has sought international financing and technical assistance for doing research on its urban planning. Based on proposed projects or programs emerging from these studies, the city's government seeks outside financial sources to fund these public projects. Currently, the city is seeking financing for its mass transit system.

3.3.3. Courting private business to participate in building the city

As analyzed above, private developers in particular and market forces in general have deeply influenced urban planning in HCMC. However, through such influence, the private sector has played a

⁴ Author's discussions with government officials revealed that most acknowledged the impracticality of plans and overambitious indicators have only been considered as aspirational targets. The city's top leaders have only encouraged rather than forced their subordinates to achieve these goals.

⁵ See at <http://www.adb.org/projects/search?keyword=39500> (September 27, 2012).



In each segment:

- The former number is absolute capital in US\$ billion;
- The later number is the share.

Fig. 4. Aggregated Investment Capital of all Sectors from 2001 to 2010. Source: Author's chart from DOS's statistics.

critical role in building the city. Private capital has accounted for 60 percent of the city's total investment capital for the last decade (Fig. 4 above). Many key public infrastructures such as Phu My Bridge, Thu Duc water plant, and Binh An water plant were invested mainly by private capital. Among the city's numerous real estate developments, it is hard to find a project without private participation. The development of Saigon South is the fruit of the Phu My Hung (PMH) project led by PMH Corporation. The redevelopments in the downtown have been driven by private developers. The way in which projects, especially new urban developments have been built is exactly as Kim (2009: 21) argued:

In what I call fiscal socialism, Vietnamese local governments have leveraged [their] urban planning control to negotiate with the private developers to provide many of the public services and amenities. Local officials can require that private developers build the infrastructure the city has planned in exchange for approval of the developer's investment project and the administration of land titles. Because of the shortage of land with urban infrastructure and clear title, the huge increase in land values that can be derived from fiscal socialism is sufficient to overcome the upfront investment costs and risks.

The city's changing or adjusting plans in accordance with private developers' demand has been to exchange resources (built infrastructure or capital) to build the city. In other word, urban planning has played a significant role in encouraging private business to participate in building the city.

4. Conclusion

Contemporary HCMC has been governed and developed through a system of cumbersome plans since the early 1990s. Like many cities in the region in their early development stages, planning has had less influence than market forces in shaping the city's growth. Urban planning has not functioned in a conventional way – the navigating role, it has acted as an enabler or facilitator instead. It has served as a “facilitation vehicle” for the city's government to: 1) negotiate with the central government to achieve greater fiscal and policy autonomy; 2) seek financial and technical assistance from international donors; and 3) encourage private developers to participate in helping the city to grow and prosper. Although the municipal government has officially tried to follow a comprehensive approach in building the city, its effort in reality has been to acquire as much resources as possible to invest in a selected number of megaprojects or programs.

In the circumstances of Vietnam – a country in the process of decentralization—the facilitation role of urban planning has no

doubt been helpful to HCMC's government in its efforts to mobilize resources to govern the city as it has been. Since some megaprojects and programs have been wasteful, the facilitation role constitutes a misuse of urban planning. Moreover, it has been likely to be accompanied with corruption issue in the country ranked 119/175 in the Corruption Perception Index by the International Transparency. Therefore, the misuse of urban planning should be abandoned. Instead the municipal government should confine its use of urban planning to that for which it is intended—namely shaping urban development in ways that serve social (as well as market determined) purposes. This is what has been absent in HCMC and what needs to be restored to put urban development on a better footing. Moreover, as experience from other cities such as Seoul and analysis by theorists such as Taylor (1998), participation of the civil society and communities in urban planning - a technical and political process is important. Finally, since troubles of urban planning in HCMC are common in developing cities, policies used to correct the problems in other places may be applicable in HCMC.

Acknowledgment

This article was developed from a major chapter of my Doctor of Design Dissertation at the Harvard Graduate School of Design. I am particularly grateful to my advisors. I thank my colleagues and friends for their help and support.

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