

**ASSESSMENT ON URBAN DEVELOPMENT
SITUATION NATIONWIDE**

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ABBREVIATIONS

Comprehensive Plan No. 445 in 2009	Adjust the orientation of Master Plan for the Development of Urban System of Vietnam to 2025, vision to 2050 under Decision No. 445/QĐ-TTg in 2009.
Comprehensive Plan No. 10 in 1998	Orientation of Master Plan for the Development of Urban System of Vietnam to 2020 under Decision No. 10/1998/QĐ – TTg dated 23/1/1998
Socio-Economic	Socio-economic

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- 2) Create financial resources for urban development / Dr. Pham Sy Liem, Director of the Institute for Urban Research and Infrastructure Development;
- 3) Vietnam urban finance and other measures to increase the income for urban development;
- 4) Growth and the necessity of urbanization/Do Le
- 5) Adjust Orientation of Master Plan for development of Vietnam urban system (Master Plan) by 2025, with a vision to 2050 (Decision No. 445/ QD - TTg dated 07/04/2009)
- 6) Orientation of Master Plan for development of Vietnam urban system to 2020 (Decision No. 10/1998/QD - TTg dated 23/01/1998)
- 7) Journal of Construction Planning, Vol. 70/2014
- 8) Report "Assessment of urbanization in Vietnam" by the World Bank (WB)
- 9) National Report for Habitat III, Socialist Republic of Vietnam (DRAFT/20150930/V4.3)
- 10) United Nations Development Program UNDP, 2015
- 11) Urbanization in Vietnam / Hoang Ba Thinh, Doan Thi Thanh Huyen.
- 12) Agenda 21 of the Government on sustainable development;
- 13) Construction Planning for urban sustainability of Vietnam (VIE/01/021/ Pilot Project)
- 14) Green Growth Strategy of Vietnam
- 15) Scenarios for coping with climate change of Vietnam.

III. IMPLEMENTATION ASSESSMENT OF NATIONAL URBAN PROGRAM

3.1. Implementation of National Urban Program

3.1.1. Urban National Orientation according to Decision No. 445/QĐ-TTg in 2009

a) Background up Comprehensive Plan 445 in 2009

The preparation of Comprehensive Plan 445 is in the context when Master Plan Orientation of development of Vietnam Urban System by 2020 under the Decision No. 10/1998/QĐ-TTg dated 23/01/1998) has been implemented for 10 years, the socio - economic development of Vietnam in 20 years of innovation has obtained great achievements. Besides, the international situation has much changed, the trend of cooperation, globalization has increasingly asserted in multilateral relations and multi-sector in increasingly higher level. Sustainable development and adaptation to climate change and sea level rise also are global issues that humanity should join hands to solve.

Comprehensive Plan in 1998 is the basis for the nationwide localities direct and organizes the construction of urban system and the rural residential areas in the province. Identify the programs and plans for the construction and renovation of urban areas, construction of industrial zones, border economic zones and tourist resorts. Many large projects on technical infrastructure such as road bridges, airports, ports in this period are also interested in implementing investment and construction ... The project above is considered the key factor motivating to promote economic development and urban and rural areas. Accordingly, Vietnam urbanization rate has a tendency to increase. According to the evaluation, in 1995, the Vietnam urban population was about 14.9 million people, the urbanization rate was 20.7%; in 2000, the urban population was about 18.8 million people, the urbanization rate was 24.2%; in 2005, the urban population was about 22.4 million people, the urbanization rate was 27%. In 1998, the total of Vietnam urban areas was 633, in which there were 04 centrally-run cities; 20 provincial-run cities, 62 towns and 547 townships; in 2007, the total of urban areas was 731 (increasing 98 urban areas). In which, there were 05 centrally-run cities; 40 provincial-run cities (increasing 20 urban areas), 49 towns and 637 townships (increasing 90 urban areas).

However, at this stage, the real situation of urban development in Vietnam has shown significant change compared to the Orientation approved in 1998. The "hot" development of Vietnam urban areas created great pressure in many aspects, with the risk of leading to lower quality of urbanization and unsustainable urban development. Especially, many "urban problems" arise that Vietnam has to face such as population and migration, labor and employment, housing, wealth disparity, conservation and development, efficient use of land resources, environmental pollution, climate change and level of urban governance...

At that time, it was shown that, in the development process, the management and control of urban development under orientation in 1998 had the following issues to be addressed:

- (1) Low urbanization quality;

- (2) Unbalanced and unlinked development;
- (3) Development lacking of strategy and sustainability;
- (4) Urban areas lack of identity and competitiveness;
- (5) Mechanisms and policies, normative documents are not synchronized;
- (6) Lack of transparency, wasting soil resources;
- (7) Lack of resources for development;
- (8) Urban management level is weak.

It can be said the impact of the market economy in the process of urbanization and vice versa has appeared many problems required the settlement to ensure that the urbanization process develops under objective rules and brings more benefits to the transition economy of Vietnam.

In this context, Master Plan Adjustment of development of Vietnam urban system approved in 1998 is needed to be done with the basic targets: “step by step develop a complete Vietnam urban system under development model of urban networks; have the appropriate, synchronous and modern technical and social infrastructure; have better environment and quality of urban life; have advanced urban architecture ground; have rightful relationship and position, have high competition in economic development and the national, regional and international society development contributing to the good two strategic tasks which are to build socialism and protect the country”.

Box 2 1: Planed targets under the Comprehensive Plan 445 in 2009

Orientation for development of national urban system.

Orientation for general development: Vietnam urban system to 2025 and vision to 2050 developing by stages ensures the inheritance of the advantages of the master plan orientation for the development of Vietnam urban system to 2020 is approved by the Prime Minister in 1998, consistent with the requirements of socio-economic development of the country by stage and international economic integration. General development orientation of national urban space in the direction of ensuring reasonable development of basic urbanized areas between 6 national socio-economic regions, between the North, the Central and the South; between the East and the West; associated with the development of key growth poles at national level, while ensuring development by network with hierarchical link by urban level and grade. From present to 2015, the priority to the development of key economic areas, great urban areas and the general economic zones acts as key growth pole at national level; from 2015 to 2025, prioritize to the development of basic urbanized areas, minimize distributed and local development; in period 2026 - 2050, gradually change to the development by urban network.

Orientation for spatial organization of nationwide urban system

National urban network is classified according to the level, including: the central urban areas at national level; the central urban areas at inter-provincial level; the central urban areas at provincial level; the central urban areas at district level; the central urban areas in rural residential areas (referred to as central urban areas at regional level) and the new urban areas. The central urban areas all levels are allocated reasonably on the basis of 6 national socio-economic regions including: (1) The Midland and northern mountainous region, consisting of 14 provinces: Lai Chau, Lao Cai, Ha Giang, Cao Bang, Lang Son, Dien Bien, Son La, Yen Bai, Tuyen Quang, Bac Kan, Thai Nguyen, Bac Giang, Hoa Binh and Phu Tho; in which being classified into the smaller sub-regions, including Northeast Mountains; Tonkin North Mountains and Northwest Mountains; (2) The Red River delta, including 11 provinces and cities: Bac Ninh, Vinh Phuc, Quang Ninh, Ha Noi, Hai Duong, Hai Phong, Hung Yen, Ha Nam, Nam Dinh, Thai Binh and Ninh Binh; (3) The North Central and Central Coast, including 14 provinces and cities: Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue, Da Nang, Quang Nam, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan and Binh Thuan; in which being classified into the smaller sub-regions, including the North Central, Central Central and South Central; (4) The Central Highlands, including 5 provinces: Kon Tum, Gia Lai, Dak Lak, Dak Nong and Lam Dong; (5)

The South East, including 6 provinces and cities: Ba Ria - Vung Tau, Binh Duong, Binh Phuoc, Dong Nai, Ho Chi Minh City and Tay Ninh; (6) The Mekong Delta, including 12 provinces and cities: Dong Thap, Vinh Long, Ben Tre, Tra Vinh, Can Tho, An Giang, Tien Giang, Hau Giang, Soc Trang, Kien Giang, Bac Lieu and Ca Mau.

Large and mega urban areas, and urban chains and clusters.

The large and mega urban areas such as Hanoi, Ho Chi Minh City, Hai Phong, Vinh, Hue, Da Nang, Quy Nhon and Can Tho... are organized according to the model of urban clusters, counterpoise urban areas or satellite urban areas with protective belt to minimize the concentration of population and economic base and disrupt the ecological balance. Hanoi and Ho Chi Minh City are the largest urban areas, in which, Hanoi and Ho Chi Minh City are central urban areas.

b) Implementation results

QHTT 445 in 2009 after 06 years of implementation (from 2009 to 2015) affirms state management roles for macro operation for organization of territorial space and distribution of urban network for promoting industrialization and modernization of the country. The comprehensive Plan 445 in 2009 basically is directed by the Government for implementation according to development scenarios by phase of 2009 to 2015. The government has focused on:

- Priority to development of key economic areas (the northern key economic zone, the central key economic zone, the southern key economic zone and the Mekong Delta key economic region);
- Review the coastal economic zones, islands, border gates in order to prioritize the development of 13 economic zones (05 coastal economic zones: Chu Lai/ Quang Nam - Dung Quat/ Quang Ngai; Economic Zone of Dinh Vu - Cat Hai / Hai Phong; Nghi Son economic zone / Thanh Hoa; Vung Ang Economic Zone / Ha Tinh; economic zone of Phu Quoc Island and Nam An Thoi island cluster / Kien Giang.

08 border gate economic zones: Mong Cai / Quang Ninh; Dong Dang / Lang Son; Lao Cai / Lao Cai; Cau Treo / Ha Tinh; Lao Bao / Quang Tri; Bo Y / Kon Tum; Moc Bai / Tay Ninh and Ha Tien / Kien Giang) serve as national or secondary key growth poles.

Promoting the strengths of each key region in order these regions increasingly contribute to the overall development of the country...

- Focus on attracting investment capital; developing the great and mega urban areas (Hanoi Capital and Ho Chi Minh City), the great and mega urban areas (Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, Cantho...) serve as the key and the main regional development dynamics, creating balanced development in the national territory in order to contribute to promoting the development of the entire economy of the country...

And also large urban areas have become places transmitting knowledge, renovation, and creation and promoting competitiveness, diversifying economic operations, affecting significantly shift of economy focusing on subsidies to dynamic market economy. This is also a convenient platform for the Government to continue directing the implementation of Planning in 2009 entering the stage as follows:

- i. The period from 2016 to 2025. Promote the basic urbanized areas dynamically to develop, strong economy, ensure development linkages of harmonious

development between regions; between the North, the Central and the South, between the East and the West; between urban areas and rural areas ... and

- ii. The period from 2026 to 2050. Promote the development and completion of Vietnam's urban system to develop in model of urban network.

c) Issues in the next time

To be/ if wanting to continue the Comprehensive Planning in 2009, Vietnam needs to identify existing problems and weaknesses in the process of urbanization over time and global problems to be faced with such as economic integration, climate change, sea level rise, resource depletion, poverty ... Namely:

(1). Urbanization associated with the transition of economic growth model

Past periods, Vietnam's economy transitioned from planned, bureaucratic and economy to socialist oriented market economy with the model of industrialization - modernization of the country, development by the width but has not come into the depth as quality and efficiency... Vietnam's urbanization is so affected (and vice versa) ... Vietnam urban system mainly developed on the number and size ... but has not come into the quality of urbanization, specifically the quality of urban life... In the near future, when Vietnam transfers economic growth model (in-depth), the Vietnam urbanized quality will also be improved in-depth ... And the speed and quality of urbanization will also contribute positively to the transition of the economy...

(2). Urbanization of urban development lack of vision and sustainable development

Urban areas developed rapidly but unbalanced, the distance from planning vision to reality is quite long; the development is not synchronized between urban space expansion and urban quality; the urban classification and upgrading only reach the goal of increase in the size of urban land and population without respect to innovation, upgrading of the quality of urban life; the phenomenon of "virtual development" (through the new urban area projects) despite real development needs of the urban areas with purpose of real estate business has become popular. The development of urban technical infrastructure is not synchronized. The proportion of land in urban traffic is not satisfactory, achieving less than 10% of urban construction land; the proportion of the urban population supplied with water and the proportion of urban drainage are low, local inundation during the rainy season, the environmental pollution are serious and have been overcome slowly...; essential social infrastructure is not considered and invested properly; many urban areas lack of greenery, parks, water, schools, health centers, playgrounds for children, elders and other objects; the architecture in urban areas and rural areas is in disarray, lacks of identities by region and urban characteristics.

As analyzed above, Vietnam's urban population reached 30.4 million people in 2014 (Forecast QH 2009 in 2015 of about 35 million people), average urbanization rate of Vietnam at this time was about over 34%, increase 1% / year (about 0.4% lower than forecast QH2009). Urbanization concentrated highest in the Southeast / Ho Chi Minh City (64.15%), lowest in the Midlands and Northern Mountains (21.72%). The centrally-run provinces and cities have high urban population ratio, in which the highest is Ho Chi Minh of 83%, 71.6% in Binh Duong, 68.86% in Quang Ninh ... The provinces with the lowest proportion of the urban population of Vietnam: 10.7% in Thai Binh, 12.41 % in Tuyen Quang, 13.7% in Son La and 13.05% in Bac Giang...

For urban land, so far, total natural land area reached 34.017 km², accounting for about 10.26% of the national natural land, urban inner city reached 14.760 km², accounting for approximately 4.42% of the national nature land (over 3% increase compared to Forecast QH2009). Many inner-city areas remain 50-60% of agricultural land unused for urban development because in recent years, Vietnam has developed so many "virtual" projects and waste of land resources. The phenomenon of land speculation, conversion, transfer, mortgage, capital contribution using land use rights. Particularly, the land in suburban areas has been found difficult to control... causing unpredictable consequences...

(3). Urbanization lacking of coherence and multidisciplinary

Differentiated development trend in the administrative boundaries of a province is in the risk of creating serious gaps in strategically regional linkages and national vision... Even urban areas themselves in great urban areas, the leading motivation also lacks coherence (Ho Chi Minh City and Hanoi are good examples); multispectral collaboration in urban development and management has been lax. Especially, the coherence between urban areas and rural areas is also inadequate. Although rural areas also benefited from the process of urbanization ..., on the other hand, it is also affected too much from the negative factors such as wealth gap, employment opportunities, culture, lifestyle...

Lack of multidisciplinary also reflected in the approach when setting up the projects of construction planning. Not respect the approach towards integrated planning (multidisciplinary) ... This leads to overlaps between ministries, branches and localities or indifference in their responsibility. Especially in the regional projects of construction planning, Vietnam is debating and not agree to consider construction planning as the synthetic and strategic spatial organization with long-term vision (30, 50 years or more...), on the basis of the distribution and organization of socio - economic activities, technical infrastructure, society, population and land, integrating development planning, urban planning and rural development, land use, environmental protection on the territory ... to unify the management, control the development more economical and effectively.

(4). Urbanization lacking of resources for urban development

Urbanization can also become an obstacle if there is no vision, a precise vision with proper planning. Increase in urban population causes enormous pressure on housing, infrastructure, services and existing social welfare. Infrastructure in large cities has become tense with the increasing demands of the people and the private sector. Investment value for infrastructure needs to be around 70% of GDP of national economy to sustain urban development; however, it currently is below this standard and accounts for about 47% in 2013. Vietnam needs to invest fivefold amount between 2013 and 2030 to support urban areas in development (GoVN, 2015c: 104).

Investment need for urban infrastructure development is large, but the socialization and mobilization of resources in society are limited. It has not identified strategic projects to Invest. Therefore, the concentrating investment resources for technical infrastructure development is fragmented, scattered and wasted, inefficient. In urbanization strategy, it must be linked to the strategy to attract direct investment abroad. Vietnam also lacks of experience in urbanization and construction of great and modern urban areas... It is also a weakness to be overcome.

(5). Urbanization facing some global issues

Currently, Vietnam urban areas are facing global problems such as integration, urban competitiveness; climate change, sea level rise, sustainable development associated with green growth. Especially the complex issues of the urbanization process and urban development such as migration, wealth gap, housing, labor and employment; suburban development, urban - rural link (regional link), natural resource saving...

(6). Urbanization in the situation of weak urban management

Rapid pace of development of the urban areas is beyond the operating capacity of local governments. Management capacity of urban development has not kept pace needs of actual demand. (Thinking/ Science of urban management are renovated slowly). Typically in the key and motive urbanized areas (great urban areas such as Hanoi, HCM City) because there is no regional government, on the other hand, the government itself in urban areas in the urban governance region is also weak... so many problems arising in socio-economic development, urban management, development and operation... Vietnam is still confused in the so-called as "urban government"...

3.1.2. Program for upgrading urban areas according to Decision No 758/QD-TTG (NUUP)

a) Objectives of NUUP program

In November 1998, the Prime Minister approved the Orientation for Comprehensive plan for Vietnam urban areas by 2020. In 2000, according to this plan, the Government of Vietnam proposed the donors to support in preparing a national program on upgrading residential areas with low income based on each urban area. In 2002, the initial preparatory studies by the Urban Alliance (CA) offered bases for the Vietnam Urban Upgrade Project (English short name is VUUP), and then funded and supported by the World Bank (WB) and Japan Policies and Human Resources Development (JPHRD) for implementation. Objectives of VUUP are to reduce poverty of urban areas by improving living standards and environment, applying methods with participation. The project is mainly implemented in four main urban areas such as Ho Chi Minh City, Nam Dinh City, Hai Phong City and Can Tho City, including seven (7) components:

- i) Upgrade third – level infrastructure;
- ii) First and second – level infrastructure for support of third – level infrastructure;
- iii) Resettlement housing;
- iv) Improve land and housing management system.
- v) Program for loans of housing renovation;
- iv) Improve capacity of project management units, agencies and communities.
- vii) Develop a strategy for upgrading national urban areas and a master investment plan for upgrading urban areas by 2020 (*English short nam is NUUP*).

Ministry of Construction is nominated as a manager of VUUP and is assigned to prepare NUUP.

b) Implementation results

On June 08, 2009, the Prime Minister approved National urban upgrade program in the period of 2009-2020 at Decision No 758/QĐ-TTĐ (hereafter called as Program 758). Accordingly, total required capital for the implementation is estimated at 175,000 billion dong (USD 11 billion); capital for implementation of the program will include: official development assistance (ODA), funds from the budget and the domestic and international mobilized capital. At the first phase, the program has selected eight urban areas prioritized for the survey and implementation such as Dien Bien Phu, Cao Bang, Viet Tri, Hai Duong, Ninh Binh, Kon Tum, Tra Vinh, Ca Mau. These are poor urban areas for infrastructure in the comprehensive and wide scale. Therefore, upgrade is not only made in the LIA areas but also for urban areas under some certain areas such as traffic roads, domestic water supply and drainage.

For implementing the Program 758, from 2009 to now, Ministry of Construction coordinated with Ministries to persuade multilateral donors such as World Bank (WB), Asia Development Bank (ADB), some bilateral international donors for implementing the investment projects on upgrading urban areas. Many projects have been conducted mainly on major sectors such as improvement of living standards in poor urban areas, upgrade of urban infrastructure, social infrastructure, improvement of living conditions and etc. Ministry of Construction is directly implementing coordination tasks for projects funded by WB such as: Project on “upgrading urban areas in MeKong river delta area” in 06 cities such as: Can Tho, Ca Mau, Cao Lanh, My Tho, Rach Gia and Tra Vinh with total funded capital of 292 million USD and the Project on “Northern mountainous urban areas programs” in 07 provinces such as: Bac Kan, Cao Bang, Dien Bien, Hoa Binh, Thai Nguyen, Tuyen Quang and Yen Bai. For 07 Northern mountainous urban areas, the projects have been implemented from 2015 to 2020 in which loans of WB are 250 million USD and counterpart capital of urban areas., for example, Thai Nguyen City is distributed with 61.1 million USD and 50 million USD of counterpart capital for compensation, support and resettlement.

The project on “upgrading Mekong river delta area” is implemented in 7 years (2012-2018), its total capital is 399 million USD, in which ODA funded by WB is 293 million USD, and counterpart capital of Vietnam Government is 106 million USD and mobilized capital of urban areas in the process of implementation.

The project has components for upgrading infrastructure at level 3, upgrading connection infrastructure at levels 1 and 2, constructing resettlement areas, improving project management and coordination capacity with main items including construction and renovation of 175,835 m of roads, 239,300 m of drains, 34,300 of channel, construction of 3,410 of housing floor. 25,900 households are connected to water supply system; 139,500 people are accessed to residential roads or streets as upgraded or built; 18,900 households are connected to septic tank and waste water system. When the project is completed, there are about 2 million of people in 06 said urban areas as benefited, in which 300,000 people benefited directly, about 1.5 million of people benefited indirectly.

In the first stage, (June, 2012 – August 2014), the project built 43,958 m of roads, 59,825 m of drains, 10,575 m of channels, over 1,000 of housing floor and over 50,000 households provided with water and accessed to residential roads.

For the program of 7 Northern mountainous urban areas, the program is implemented in the form of “disbursement based on results” for annual payment through results of completing 05 indices associated with disbursement audited for certifying results. To the best results of the project, the urban areas are required to prepare carefully, investment items shall be prepared fast with good quality and the process of investment shall be convenient under the plan as given.

Mr. Parameswaran iyer – A coordinator of National Program of WB in Vietnam evaluates the Northern Mountainous urban area program in the form of disbursement based on results which Ministry of Construction is considered as a connector being implemented in the fastest and most effective aspect in Vietnam until now. He offers some shortcomings to be solved so that the Program is implemented in a rapid and effective manner, which the local agencies shall prepare their bidding plans within 24 months of implementation, requirements for counterpart capital and determine detailed action plans among relevant parties to ensure inter-section coordination in which each urban area shall have a project management unit which is able to work in the full time mode.

In general, NUUPs which implemented in 13 urban areas have important contributions in improving living standards, reducing poor and rich gap of urban people, contribute to socioeconomic development of local areas. In addition to supported capital sources, the urban areas have many solutions to mobilize resources from the communities as well as economic components for participation in order to meet requirements of project objectives approved by WB and Ministry of Construction.

c) Requirements in the future

Due to the nature of development history of urban area system of our country, the demand for investing the construction and upgrade of urban areas is very huge. However, ODA is increasingly limited as Vietnam is a country with low average income in the world. To support urban areas, Ministry of Construction is actively coordinating with stakeholders to improve the research investment and management model, apply new approaches to be able to mobilize other resources in the implementation of projects in urban areas. To organize the synchronized development of the urban area system as planned, the Ministry of Construction has advised the Prime Minister to approve the national urban area development program in the period of 2012 - 2020 in Decision 1659/QĐ-TTg dated 11/07/2012. Accordingly, urban area upgrading task is a task of the national urban area development program of the country, placed in the master urban area development plan of each province. The Ministry of Construction has also directed local agencies to research development of urban area development program of the entire province and the urban area development plan of each urban area, based on the orientation and resources to identify the programs, prioritized investment plan on upgrade and development for each urban area in line with the plan and socio-economic development plan of each local area.

3.1.3. National urban development program under Decision No 1659/QĐ-TTg (NUDP)

a) Objectives of NUDP

For implementing the Comprehensive Plan 445 in 2009, The Prime Minister has approved NUDP at Decision No 1659/QĐ-TTg in 2012 with objectives by 2015 for ratio of urbanization in the whole country reaching 38% (including 02 urban areas, special type, 195 urban areas from type I to type IV and over 640 urban areas type V); urban system of the whole country shall meet socioeconomic development requirements and there are urban administrative management levels which meet development management requirements. In 2020, ratio of urbanization of the whole country will reach 45% (including 02 urban areas special type, 312 urban areas from type I to type IV and about over 620 urban areas type V); Urban system shall ensure the quality in line with urban area type and urban administrative levels.

In addition, for requirements of urban quality. In 2015, housing floor area in the urban areas reached 26m²/people at average, ratio of traffic land compared to urban construction land area in urban areas special type, type I and type II reached from 15-20%, from 15% or more for urban areas type III to type V, ratio of urban population provided with clean water and standard for water supply in urban areas special type to type III reached 90%; 70% for urban areas type IV, 50% for urban areas type V; ratio of domestic solid waste collected and treated reached 85% of total domestic solid waste volume in urban areas and etc. In 2020, housing floor area at average reaches 29m²/people, ratio of permanent housing reaches 75%, ratio of urban population provided with clean water and standards for water supply in urban areas special type to type IV reaches 90%, ratio of domestic solid waste of urban areas and industrial parks as collected and treated reaches 90% and etc.

To implement NUDP in the effective manner, the Prime Minister established a Steering Committee for national urban development program in the period of 2012 - 2020 and develops the medium – term and annual plans, implements objectives, coordinates with Ministries and local sectors for implementation, inspection and monitoring and etc...

b) Implementation results

Vietnam urban system is being developed according to Adjustment on orientation of master planning of national urban system (Decision 445/QĐ-TTg). Ministry of Construction coordinates with ministries, sectors and local agencies for completing and supplementing the law system relating to construction investment which affects urban development investment; such as Decree 11/ND-CP in 2013 for management of urban development investment, Circular No 12/TT-BXD on guiding preparation, evaluation and approval of urban development program and etc in order to strengthen urban management, control of classification and upgrade of urban areas focused by Ministry of Construction in combination with Ministry of Home Affairs for developing models of urban governmental authorities, local governmental authorities law and etc. General Department of Urban Development communicates a Circular on guiding preparation, evaluation and approval of the urban development program for

local agencies and organizes implementation; develops a plan on continuing to implement the national urban upgrade program under the regions and characteristic factors of urban areas; develops standards on classifying urban areas in order to control towards focus on the quality of urban areas; mobilizes resources for investing urban development from aids of central budget, local budget and etc. Improve capacity of the city and effectiveness of management, activeness of the urban authorities at the levels for management of urban development.

Classification of urban areas is made according to the list approved by the Prime Minister at Decision No 1659/QD-TTg. Local agencies have made planning of construction in the provinces, the urban development program is considered as a base for urban development in the provinces and central cities; integrate urban development program with other plans and programs in the region. Through the urban development investment projects, the quality of many urban areas is increasingly improved and living standards of people are improved.

According to Decision No 445/QD-TTg dated April 07, 2009, approve an orientation of master planning for urban system in Vietnam by 2025 and vision towards 2050, Vietnam urban system develops with rapid speed, particularly according to the plan by 2015, total number of urban areas in the whole country are 870 urban areas, by 2025, there are about 1000 urban areas in the whole countries. According to the said statistics, even though, Vietnam urban system develops strongly but not gain expected plan (2015). In the period off 2015-2025 (within 10 years), Vietnam will have 213 additional urban areas (1000 urban areas – 787 urban areas), respective speed is about 1.8 urban areas per month. With such rapid development speed, the law for classification off urban areas shall be strict and unified and ensure practical requirements as well as scientific standards so that an administrative unit becomes an urban area.

Table 1 1: Comparison for classification of urban areas in 06 economic zones in Vietnam in the period of 2009 and 2015

Region	Special		Type I		Type II		Type III		Type IV		Type V		Total	
	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015
Northern Midland and mountainous region	0	0	0	2	2	2	7	12	10	7		144		167
Red river delta region	1	1	1	4	2	6	11	6	3	8		111		147
North Central / Central Coast region	0	0	3	8	3	2	9	9	6	18		146		183

Highlands region	0	0	0	2	2	1	2	3	4	10		47		63
South East region	1	1	0	1	2	3	3	2	3	8		40		55
Mekong Delta region	0	0	1	1	1	7	9	10	8	22		126		166
Total	2	2	5	18	12	21	40	42	47	73	625	614	731	787

(Source: Department of Urban Development – Ministry of Construction, 2015)

NUDP promotes the urbanization speed, contributes to boost development of Vietnam urban system. However, each year, the whole country increases by about million of urban population, while economic condition faces many difficulties such as lack of urban financial resources at the request, motivation of urban development and poor capacity of urban management, causing many huge pressure to solve urban development issues. Immigrants freely find employment in the development countries including Vietnam, which is a huge challenge and increases pressure for urban areas.

Even though, living standards of people are improved after urban areas are classified and improved, there are also urban areas with low quality and non-synchronous infrastructure. Congestion and traffic accidents are concerns in large urban areas, environmental pollution are improved slowly and etc. Ratio of appropriate landfill is low, urban emissions and noises are not treated. Ministry of Construction makes its best effort to participate with ministries and sectors for considering mechanism and policies on encouraging investment of infrastructure, upgrading urban areas, treating waste providing water including mobilizing resources, persuading support sources, promoting development of science, technology and environment; training to improve urban management; but in fact still many difficulties not solved.

Decree No 42/2009/ND-CP contains some shortcomings which are in line with practical socioeconomic development in new period and not unified in the relevant legal documents such as Urban Planning Law, Decree No 62/2011/ND-CP on decentralization of urban administrative management, Local Authorities Organization Law is recently passed by the National Assembly. Therefore, the National Assembly has passed alternative and amended Decree. In order to improve effectiveness in state management on classification of urban areas, Ministry of Construction is responsible for classifying urban areas in the whole country before the Government and in discussion with state management. People's Committees at the levels are responsible for classifying urban areas in the administrative managed by them.

3.2. The role of the Government, the central and local departments

a) The Role of Government

The Government has assigned Ministries and Authorities to implement the governance management of urban development under their functions and duties, powers and responsibilities assigned. Direct the construction of the system of legal documents (laws, decrees), the national key programs and projects in the field of management sector; submit to competent state agencies for approval. Direct the appraisal and approval of programs and projects, important projects under the jurisdiction of the Prime Minister.

In last time, in order to direct the Comprehensive Plan 445, The Government of

Vietnam has directed, built and approved several projects, important strategies and orientations to promote urban development under planning, in particular: (1) The national urban upgrading in the period from 2009 to 2020 (Decision No. 758/QĐ-TTg dated 08/06/2009); (2) The national urban development in the period 2012-2020 (Decision No. 1659/QĐ-TTg dated 07/11/2012); (3) In order to develop sustainably urban areas, cope with climate change and sea level rise, Vietnam Government has also approved the Project of Vietnam urban development coping with climate change in the period 2013 - 2020 (Decision No. 2623 / QĐ-TTg 31/12/2013); (4) Approve the construction plan of national important such as Hanoi, Ho Chi Minh and master plan projects of urban areas from grade I or higher. Strategies, programs and projects have been carefully reviewed and relevant development strategies such as the impact of the Mekong River Basin, the Trans-Asia transport corridor axis, exploitation of continental shelf and ocean, the border areas and islands ... and the territories of socio-economic development, and promote the process of urbanization. This is the basis for formation of urbanized areas associated with the socio-economic development of the country.

Vietnam Government also directs to strongly innovate the thinking, strengthen the leadership capacity of government, national policy on urban development. Bring out policies and measures of land allocation and management, property valuation, land resource calculation for reserve and development, plan programs of investment and development of IPs production facilities, and attract investment capital and labor. Accelerate the process of synchronous urbanization in urban areas and construction of new countryside.

b) The role of ministries and local governments

In order to implement effectively Planning in 2009, the Government of Vietnam has directed:

(1) The Ministry of Construction held the upgrading programs and projects, national urban development strategies; planning the construction of national territory; Master Plan of urban areas special grade and centrally-run urban areas and other specific urban areas to submit to the Government for approval; direct and involve in the management of urban development all over the country; build and perfect legal documents, the normative standards of construction planning, architecture, urban landscape. Particularly, the capital for urban development is not under the management of Ministry of Construction, so there are significant limitations in the process of promoting the development of national urban systems.

(2) Ministry of Home Affairs coordinates with the Ministry of Construction and relevant Ministries to build models and mechanisms to manage development of urbanized regions; great urban areas, mega urban areas; key economic regions, inter-provincial regions and models, mechanisms of management and development in the city under planning orientation approved.

(3) Ministry of Natural Resources and Environment coordinate with the Ministry of Construction and relevant Ministries and People's Committees of centrally-run provinces and cities to clarify responsibilities in land use plans of each locality and land use planning in urban development, ensure savings and efficiency, especially agriculture land; programs, projects, and disaster prevention solutions, minimizing the impact of climate change, sea level rise, ensuring the sustainable development of Vietnam urban areas.

(4) The Ministry of Planning and Investment, the Ministry of Finance based on the medium-term and long-term plans of the Ministry of Construction and localities on urban development, balance of funds and ensuring of necessary conditions, including the foreign capital sources to carry out national urban development plan.

(5) People's Committees of centrally-run provinces and cities are responsible for the state management of urban development in the locality in accordance with the law.

(6) Mobilize the participation of communities, professional associations, forums (National Association of Urban Development Planning, National Association of Architect, National Urban Association...) to participate in the urban management and development in Vietnam.

In the role of managing the sector, the Ministry of Construction recently has made efforts to fulfill the functions and tasks assigned by Vietnam Government. The system of legal documents (laws, decrees, circulars, TCQC ...) basically compiled by N/C to submit to competent state agencies for approval... However, because of the experience, understanding of the process of urbanization in Vietnam in the context of socialist oriented market economy is limited, the qualification of management and scientific research staff is also limited..., so it does not meet the general requirements... That reflects in how to manage urban development, urban development under projects, taking the size (land, population) as a measure of development, do not care for the quality of urban life ... "Virtual" development ... does not come from real needs of urban areas. For example, land for urban development (2014) has increased by over 3% compared to Forecast QH2009. Many urban development projects with large area (in Ha Noi, Ho Chi Minh City, Da Nang ...) are in "suspension", or have built but no people stay. Market segment of real estate, housing development was "skewed" in comparison to the needs of society such as development of too many high-end commercial housing, while the social housing lacks of interest. Urban service quality remains weak and inadequate... Regional characteristics and urban architecture are not clear...

3.3. Problems in urban development

a) The urbanization growth and quality of urbanization

- The urbanization growth in the international context in Vietnam

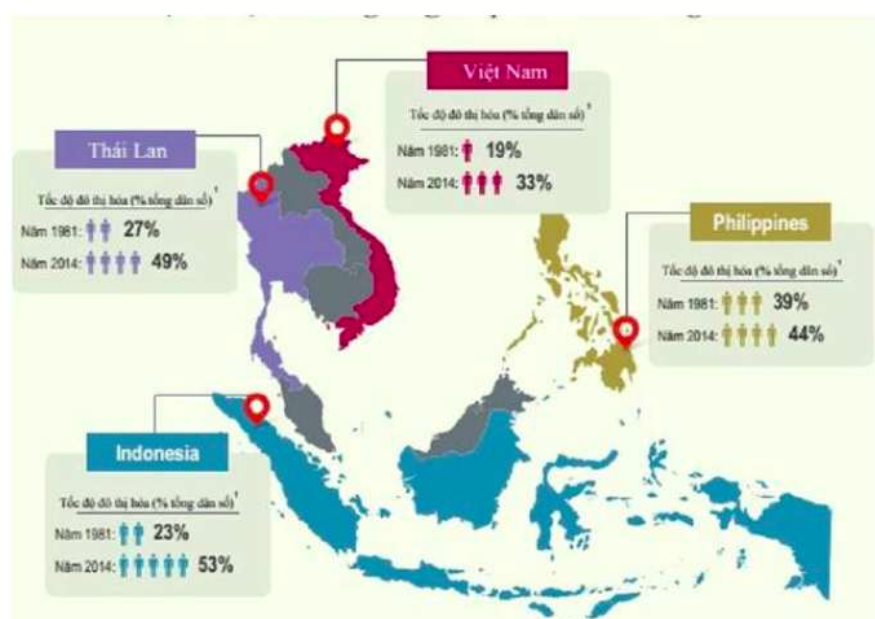
According to the assessment of a number of N/C foreign organizations (WB, ADB, Habitat, United Nations Development Programme UNDP, 2015 ...), Vietnam is in the process of urbanization and economic development. Above 35% of Vietnam population currently live in urban areas and contribute 51% to national GDP. The speed of urbanization in Vietnam reaches 3.4%/ year, the urban population increases by more than 3%/ year that are expected to double in less than 25 years.

In line with the GDP growth is the process of urbanization. According to the World Bank (WB), the world's urbanization rate reached 50% in 2007. However, 6 ASEAN countries has not reached this landmark (as of 2012), including Cambodia, Laos, Myanmar, Philippines, Thailand and Vietnam. Indonesia only reached the average level of 51.4%. Singapore, Malaysia and Brunei have urbanized with high rates. The WB divided ASEAN into 3 groups: Group 1 (about 75% of urbanization) including 3 countries of Singapore (100% of urbanization), Brunei and Malaysia. Group 2 (about 50% of urbanization) includes Indonesia and Philippines, and group 3 (about 25-33% of urbanization) includes Laos, Thailand, Myanmar, Vietnam and Cambodia. Previously, the report of Global Competitiveness of the World Economic Forum 2012- 2013 showed that Cambodia and Vietnam are still at the most fundamental stage of economic development. Myanmar and Laos were not mentioned in the report but may include into this group. Brunei and the Philippines are in the process of transition to economy taking effect as motivation. Thailand and Indonesia are already at this stage.

Figure 2 1: Figure urbanization rate of some countries in Southeast Asia

Năm	1989	1999	2009	2013	2015
%	22,0	23,5	29,6	33,47	34,6

Nguồn: <http://www.constructionpti.com.vn>, BXD, 2013 (Có bổ sung của nhóm N/C số liệu năm 2015)



Tốc độ đô thị hóa một số nước trong khu vực Đông Nam Á (Nguồn: JLL Việt Nam)

Along with economic transition, the last time, Vietnam has conducted strategic restructuring of territorial space... Continue completing the economic space of 06 national basic socio-economic development areas. Master plan of national urban system in 2009, the Vietnam Government has also identified that regional territorial space has to be integrated and multispectral to ensure to promote resource efficiency, avoid duplication and waste... Therefore, it adjusted 10 urbanized areas as planned in 1998 to coincide with the 06 national basic socio-economic development areas. (This is also the scientific adjustments to ensure the data sources, data of statistics, Forecast, strategy development, planning, multispectral integrated plans to be and more convenient, exact and effective).

Vietnam has gained many benefits from urbanization in the past few decades, but more evidence showed that it is needed to reassess the situation of urban development and the dominant factors of urbanization in Vietnam such as market; the factors of production (land, labor, and human resources); public finance; adjust strategies, methods for urban development and provide services for compatibility with the demands of a growing market economy. The development of strategy and plan for the urbanization process is indispensable for the structural transformation of Vietnam economy from an agricultural country into a modern industrial nation after 2020. This process is an important part of Vietnam in the future to ensure livable cities, and being able to compete regionally as well as globally. It will become an essential part of the economic development strategy of Vietnam.

Table 2 1: Table growing urban population - rural Vietnam (1975-2015)

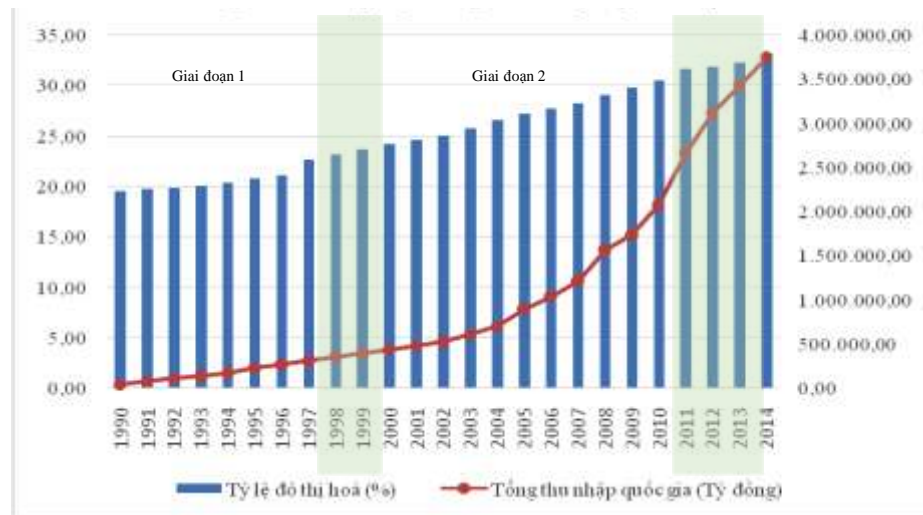
TT	1975	1985	1995	2005	2015
Tổng dân số (Triệu người)	48,7	61,1	75,2	84,5	93,5
Giai đoạn	1970 - 75	1980 - 85	1990 - 95	2000 - 05	2010 - 15
Tỉ lệ tăng trưởng dân số (%)	2,31	2,32	1,95	0,95	1,12
Tỉ lệ tăng trưởng dân số ĐT (%)	2,84	2,65	3,79	3,23	2,95
Tỉ lệ tăng trưởng dân số NT (%)	2,20	2,24	1,47	0,20	0,01

Nguồn: Chương trình Phát triển Liên hợp Quốc UNDP, 2015

▪ **Urbanization outbreak in Vietnam.**

As mentioned above, Vietnam urban system is developed strongly for quantity and scale of urban population, in 1990, in the whole country, there were about 500 urban areas (ratio of urbanization was about 19.51%), 604 urban areas (ratio of urbanization was about 23.61%) in 1999, 731 urban areas (ratio of urbanization was about 29.6%) in 2009 and 774 urban areas (ratio of urbanization was about 33.1%) in 2014.

Chart 2 2: Chart of urbanization and economic growth in Vietnam



(Source: Pham Thi Nham - Urban Planning Institute of the National Rural, BXD/refer to data of Statistical Agency)

Some urban planners say that:

- The first outbreak phase of urbanization in Vietnam (1986 - 1997) lasted from early innovation in 1986 until the start of the Asian economic crisis in 1997;
- The second outbreak phase of urbanization (2000 – 2010) started from 2000 to the end of 2010. The year of 2011 marked the decline of the second outbreak phase of urbanization and real estate market went into freeze.

Table 2 3: Statistics of increase in the urban number and urban space expansion in period of 1990-2004

Urban type	1990	1999	2009	2014	Number of urban areas raised the type in 1999-2009	Number of urban areas raised the type in 2009-2014
Special type		0	2	2	2	0
Type I		2	5	15	5	10
Type II		8	12	21	9	19
Type III		12	40	42	37	21
Type IV		64	47	67	20	41
Type V		518	625	627	127	43
Number of urban areas	500	604	731	774	200	134
Urbanization rate	19.51	23.61	29.6	33.1		

Source: Pham Thi Nham - Urban Planning Institute of the National Rural, BXD

According to statistics above, in the first outbreak phase of urbanization, Vietnam was in the startup phase, the urbanization rate was not fast. In the period of 1990-1999, there were more 104 urban areas. In the second outbreak phase of urbanization, the urbanization speed of Vietnam was faster. There were more 200 urban areas in the period of 1999-2009. Many urban areas were expanded, the cities is getting more crowded. The report of World Bank said that in the period of 2000 - 2010, Vietnam reached the 5th position of large urban area in 2010 (2.900 km²) from the 7th position in 2000 (2,200 km²) in the urban hierarchy, beyond Thailand and Korea. In spatial terms, urban areas of Vietnam increased by 2.8% annually, among the countries with the fastest growth rate of the region. Vietnam has the sixth largest urban population in

East Asia. In the period of 2000 - 2010, the urban population increased by 7.5 million people. During this period, the urban population of Vietnam changed from 19% to 26%. Vietnam does not have the huge cities with 10 million people or more, but Ho Chi Minh City (7.8 million people) and Hanoi (5.6 million people) are among the largest cities in the region. These two cities dominate the attraction, spread to the nearby urban areas to make up the two large urban areas, as key dynamic urban areas of Vietnam, affect Northeast Asia and East South Asia in the region.

▪ **Urbanization quality not keeping face with the socioeconomic development level**

The advancement of science and technology in the field of construction has created many large span bridges, tunnels crossing high mountains, deep rivers and large seaports to connect large urban areas previously separated by the nature. A series of big cities such as Hanoi, Ho Chi Minh, Can Tho, Ha Long and Da Nang... are expanding urban space gradually to form the super cities. In large urban areas, the rate of population growth and motor vehicles is several times larger than the growth rate of green space and traffic space. Many large scale urban areas with the risk of breaking the urban space appear on the avenues and highways. Currently, the towers, highways, cars and information highways... are being considered as symbols of the modern urban areas, but their downside makes up the negative effects harming growth of urban development.

Developing rapidly in scale and number, but the quality of Vietnam urban areas is low. In particular, the technical infrastructure and social infrastructure are not synchronized; the qualification and capacity management and urban development are still low compared to the requirements; The speed of infrastructural construction in most Vietnam urban areas is slow compared to the socio-economic development. Current urban development status is not corresponding with the rules, perception, thinking about urbanization in the context of the market economy, international integration, sustainable development and green growth.

Vietnam urbanization has not demonstrated local identities and characteristics of regional climate and creates disparities between urban and rural areas. The urban landscape architecture is in confusion and lacking of aesthetics. Land resource is fully exploited for urban construction, green area and water area are reduced; demand for production and services is increasing resulting in degradation of natural resources of the country. Social infrastructure system and urban engineering are unfinished and unsynchronized and often overloaded leading to the phenomenon of traffic congestion, flooding and environmental hygiene...Housing in large urban areas is inadequate, especially housing for workers, students, people with low income and social housing ... Many urban areas lack of greenery, parks, water, schools, health centers, playgrounds for children, elderly and other objects. The urban expansion not on the needs of development results in agricultural land waste and tenure affecting national food safety and livelihoods of the people. The collection and treatment of solid waste, especially hazardous solid waste, has not been done properly regulated. Urban governance is weak and many shortcomings exist.

Now is the best time to assess overall quality and speed of urbanization and problems related to urban development ... to prepare for the more successfulness of the next

third outbreak phase of urbanization. It also needed to study conservation and development of urban and rural settlement patterns in Vietnam in condition of urbanization, climate change and sustainable development requirements in order to contribute to developing Vietnam urban system modern and unique.

b) Transformation of urban structure and basic urban forms

▪ Identification of urban structure change

Many studies suggest that, morphologically, Vietnam urban area is like *a transition lasting from village to urban area under popular concept*. Essentially, they are towns including streets with tube houses, are the places for both living and production and consumption of products... The old wards in Hanoi, Hoi An and Hue quite fully reflect the social characteristics and structural morphology of Vietnamese traditional urban structure.

The process on classification and upgrade of urban areas has boosted urbanization growth. The general trends of current Vietnam urban areas are rapid development, expansion both in terms of land area scale and population size in other forms:

- Firstly, inner urban areas thrive off peripheral areas leading to adjusting the boundaries of the urban areas (county towns, cities). This extension method usually focus on urban areas grade IV when upgrading to urban areas grade III and continuing upgrading to type II such as Bac Ninh, Bac Giang, Hung Yen, Mong Cai, Lang Son and Lao Cai...
- Secondly, urban expansion on the basis of merging the administrative units within the boundaries of a centrally-run province or city, or relating to the 2, 3 provinces... such as Do Son, Kien An merged into Hai Phong inner urban area; Ngu Hanh Son and Hoa Vang merged into Danang inner urban area; merging entire Ha Tay Province, Me Linh District (Vinh Phuc), 4 communes of Dong Xuan, Tien Xuan, Yen Binh and Yen Trung (Luong Son District, Hoa Binh Province) into Hanoi (with natural area of above 3.328 km²)...

Methods or trends taking place in the extensive margin on a national scale, even are the ways to research urban development by merging a number of small urban areas into a large attractive and central urban area to become an urban area with clear boundaries, natures, functions and scale. The Projects such as constructing Vinh Phuc urban area, expanding the boundaries of Dalat City or constructing Thua Thien Hue becoming the provincial city/ urban area (under the model of "Urban sets or clusters") are typical examples. The architecture and morphology of Vietnam urban areas whereby change in space and component parts...

▪ Basic urban forms in conversion process

Today, in addition to administrative factors, most Vietnam urban areas became urban areas with aggregate functions in economy, culture, health, education, science and technology. In particular, many urban areas became major economic centers of the country, the region such as Ho Chi Minh City, Hanoi Capital, Hai Phong and Da

Nang... Urban areas are towards multi-center structure that is more flexible with vitality and high competition. In particular, urban economy has contributed much to the nation's overall growth. Economic opportunities in urban areas have been created urban attraction, attract migratory and migrant flows and promote the growth of the urban population. In contrast, the process of urbanization stimulates economic growth. These are two mutual and closely related sides of the development process.

c) Modes of urban development under orientations/ strategies and plannings

Of two phases of urban outbreak in Vietnam, the modes of urban development in the second outbreak phases have had more strategic orientation (development framework) basically. It is expressed in the decisions of Vietnam government as Decision No. 10/ QD - TTg in 1998 approving the overall relations of Vietnam urban system to 2020, and Decision No. 445/ QD - TTg dated 07/4/2009 approving adjustments of overall relation orientation of Vietnam urban system to 2025, vision to 2050. With Decision No. 10, Vietnam has developed small and medium urban areas, and controlled the growth of large cities. The Decision No. 445 encouraged development capabilities of large urban areas, as growth pole of a concentrated urbanization area. The current view is to develop a system of cohesive urban network in which each urban plays a role in the urban economy of a region and the whole country.

However, the legality of above-mentioned decision is not high, not binding and can only be regarded as the strategically oriented declarations... The urban development under projects (different scale from several investors with different capacities and experiences and operated under different mechanisms) without specifying the actual development needs of urban areas in the regional relationship and multispectral interests... has left urban system and urbanization quality in Vietnam many shortcomings.

Therefore, former Prime Minister Nguyen Sinh Hung (previous Chairman of National Assembly of the Socialist Republic of Vietnam) said that: "Vietnam will have a unique opportunity for urbanization in the right direction. In case of failure in urbanization, we will fail in industrialization and modernization" (The speech at the National Urban Conference, dated 6 -7/11/2009)... That partly proved that in thirty years of innovation, although Vietnam has obtained a certain number of achievements, accomplished some Millennium goals proposed by the United Nations such as the average growth rate and poverty reduction... consequences left for Vietnam were unsustainable development, wasteful use of natural resources, increase of environmental pollution ... and a society lacking of transparency (corruption, loss and confidence declining...). Accordingly urban development is impatient, spontaneous and uncontrolled ... (Urban development along the roads, suburban areas and urbanized villages). The appearance of urban and rural architecture is lacking of regional identities and particularities. The urban living quality has not kept pace with new development requirements.

IV. EVALUATION OF VIETNAM URBAN SYSTEM CAPACITY IN THE CONEXT OF GLOBALIZATION

4.1. Vietnam urban system in current development environment

4.1.1. International and domestic context

International background

The trend of globalization accelerates the process of connecting territories, creates opportunities on economic trading, investment promotion and transfer of science - technology. This trend creates conditions for the development of spaces of economics, politics, culture and society in the direction of the multi-polar world.

The advances in science and technology have also formed the intellectual economy and green growth leading to the change of effective and highly competitive global economic relations.

Besides, the world is facing the impacts of climate change and sea level rise. Trends on adapting to climate change impacts, sustainable development, reduction of environmental impact, minimizing the use of natural resources and energy: global warming and sea level rise is one of the greatest challenges for the human beings in the twenty-first century. The energy crisis and climate change promotes trends and sets up new standards in economic development and urban planning (model of green economy, urban ecology, green, smart and versatile development urban areas ...). Ensuring enhancing the quality of life, preserving the natural environment and cultural heritage, economic-social – rural development with ensuring the national security.

Background of Asia – Pacific development.

Development trends of the Asia - Pacific region, especially with the advent of the Agreement on the Trans-Pacific Partnership (TPP); Asia-Pacific Economic Cooperation (APEC); Association of Southeast Asian Nations (ASEAN) / Southeast region becomes a region whose development and prosperity is the most dynamic in the world in the twenty-first century. ASEAN becomes a community connecting and sharing, an importance regional economic and political region in the world. Southeast Asian countries are implementing the balanced and sustainable development strategy. With promoting the further development of transport infrastructure in the region, Vietnam will benefit. Proposing the Kra Channel development in Thailand will help avoid traffic jams in Malacca Straitn and also creates a new international trading maritime route, shortening the travelling time between India and Europe.

The trend of economic cooperation of the Greater Mekong Sub-region (GMS) / countries in the Mekong region connecting together through the road transport and railways funded by the Asian Development Bank, in which HCMC of Vietnam emerges as a transport hub of the region ... However Mekong region is also affected by hydropower systems of the countries along the Mekong River system, especially the provinces of Tien Giang and Long An. (March, 2016 is a typical duration of drought and salinity intrusion in the Mekong Delta region ...)

Domestic background.

Vietnam fully participates in bilateral and multilateral agreements on economic cooperation, trade and investment with international organizations such as WTO,

AFTA, FTA (EU - Vietnam Free Trade Agreement) and TPP (Agreement on the trans-Pacific Partnership), the economy is in the comprehensive integration with the world economy. Vietnam is considered as the most promising economy in the economies in VISTA (including Vietnam, Indonesia, South Africa, Turkey and Argentina); Vietnam can replace China to become the world's factory.

With 2nd Innovation strategy on the basis of restructuring and transformation of economic growth model, in 2020, Vietnam aims to become an industrial country with the modern development, modernization of rural agriculture and sustainable development. Vietnam is becoming one of the countries contributing significantly to the growth and prosperity of the region.

A question arises: Vietnam urban system Capacity in the new development environment can ensure conditions for stable and sustainable development as well as the economy in an active integration into the international and regional urban system in accordance with the roles on its position and general economic space of Asia – Pacific region and worldwide.

To examine this issue, it is necessary to research 03 basic groups of factors related to the capacity of Vietnam's urban system, specifically: (1) climate change and sea level rise; (2) Green growth / urban development towards green growth; (3) Sustainable development / sustainable urban development...

4.1.2. Vietnam urban system in current development environment

a) Adaption to the climate change and sea level rise

The world is facing with the effects of climate change and high sea level rise. The climate change is increasing floods, storms and natural disasters in most countries across the globe. According to many scientific research, in the 21st century, many cities of the coastal countries are in danger of being submerged by the sea, hundreds of millions of people in developing countries will have to move by the action of the high sea level rise, this will cause severe impacts on economic and ecological development in all regions, in which Southeast Asia region would suffer the most serious consequences, which is followed by Middle East and North Africa. If sea level rises from 1m-5m, the percentage of affected population will increase by from 2% to 8.6%; impacting on GDP increasing by from 2.1% to 10.2%; also the percentage of urban land area affected will increase by from 1.7% to almost 9%. A high risk level of the territories shall be narrowed due to sea level rise under the order such as China, India, Bangladesh, Vietnam, Indonesia, Japan, Egypt, the US, Thailand and Philippines.

As announced by the experts in Copenhagen, Vietnam is one of 11 countries heavily influenced by global warming and its consequences? This is clearly evident when the weather is unusual and causes severe impacts on our country in recent years, such as floods in the provinces in the Central region and the Central Highlands, droughts and salinity in the provinces in the Mekong Delta and Red river delta regions. Climate change has had an impact on Vietnam with floods, droughts and hurricanes increasing sharply every year. Each year, for natural disasters caused by climate change, Vietnam suffers heavy losses of lives and tens of millions of dollars.

In "National Target Programme to Respond to Climate Change", the Decision No 158/2008 / QĐ - TTg dated 02/12/2008 of the Government of Vietnam affirmed,

responding to climate change was conducted on principles of sustainable development and assurance of the systematical, general, regional and inter-regional, manners. The task of responding to climate change and sea level rise must be integrated in the strategies, programs, planning, development plans of branches and local regions...

Mentioned in the Decision No. 2139/QD-TTg dated 05/12/2012 of the Government of Vietnam approved the "National Strategy on Climate Change", which reinforced the need for conducting simultaneous solutions on adapting to impacts of climate change and reducing greenhouse gas emissions, ensuring the safety of lives and properties with aims at sustainable development. The measures on response to climate change must be systematic, coordinated, interdisciplinary, inter-regional, focused and appropriate to each stage and international regulations; based on science and traditional experiences in combination with local knowledge; taking into account socioeconomic efficiency and other risk factors, the uncertainty of climate change ...

Preparation of climate change impact scenarios for the 21st century is a key task, these scenarios are the basis for assessing the impacts of climate change on various objects of the natural and socioeconomic life and the public. Climate change and sea level rise scenarios for Vietnam are prepared under the various greenhouse emissions scenarios such as: Low (B1), Average (B2) and High (A1FI) and it is recommended to select Average (B2) option scenario. With this scenario, the coastal cities of Vietnam face a big challenge in addition to strategic vision towards the sea and the sustainable development of the national urban system. As of May 1/2014, Vietnam has had about 770 urban areas, in which coastal areas have had 345 urban areas. While a number of urban area are lower than inland areas but the scale of the urban areas is larger ... and the ability on impacts of sea level rise, tides, salinity intrusion ... is huge.

Table 2 4: Total data of population and land in coastal region in Vietnam, 2012

Regions	Total area (km ²) ¹	Percentage of area (%)	Total population (million people)	Percentage of population (%)	Population density (people /km ²)	Total urban population (million people)	Percentage of urban population (%)	Ratio of urbanization
Coastal areas (28 provinces)	136,777.5	41.33	44.6	50.24	326	16.05	56.61	35.99
inland region (35 provinces)	194,173.9	58.67	44.17	49.76	227	12.30	43.39	27.87
Nationwide	330,951.4	100	88.77	100	268	28.35	100	31.94

Source: National Urban and Rural Planning Institute, BXD / Population and urban population of the region in 2012²

Impacts of climate change, sea level rise for Vietnam urban system, include:

(1) Impact on land use structure (the salt land, drought, desertification, flooding, erosion and leaching; landslide; coastal erosion ...);

¹ Per territory area of provincial administrative unit of the General Department of Statistics at website www.gso.gov.vn (excluding area of sea region).

² Dr. Arc. Truong Van Quang processing original data from the source: General Department of Statistics: www.gso.gov.vn.

- (2) Impacts on society, migration and resettlement;
- (3) Impacts on the economy and economic activities;
- (4) Impacts on construction planning and architecture works;
- (5) Impacts on the urban technical infrastructure (transport system, water supply system, electricity supply system, sewer system,).

Besides, the negative impact of the socio - economic development, urbanization also contributed to raising the negative impact and reducing ability to adapt to climate change, sea level rise of urban systems. The phenomenon of urban heat island (UHI) is one of the main issues following the urbanization and industrialization of human beings in the 21st century, UHI phenomenon occurs when the temperature in urban zones is higher than surrounding areas. UHI is the main cause of solar radiation to building materials and large amounts of heat from the transport of people, building energy consumption, and other heat sources. In addition, the reduction of evaporation surface as vegetation, and the conversion of agricultural land into construction land need more energy to put into sensible heat and less heat. Greenhouse effect makes radiation from the air warmed and polluted (Memon, Leung, & Chunho, 2008; Watson, Oke, & Johnson, 1991). There were a lot of cities around the world affected by UHI, Hanoi, Ho. Ho Chi Minh and some other big cities of Vietnam are also under similar conditions. Overall, UHI brings positive impacts and negative to cities. However, in the largest tropical cities in Vietnam, it negatively affects the cities by raising air temperatures and energy consumption mainly in the cooling spaces in the buildings.

For environmental protection (EP), urban zones of Vietnam are facing big challenges. Specifically: (1) *Impacts of industrialization*. After a process of "calling", "prioritizing" investment in industrial development for industrialized goals not taking into account the environment, or if taking into account the environment insufficiently, superficially "as long as there is" and many legal gaps on technology control, many industrial parks will be filled, a variety of production facilities will come into operation while technical infrastructure, environmental protection of industrial parks are not consistent, the inspection and monitoring of environmental protection measures proposed in the EIA report of investment projects of urban governments have not been strict. As a consequence, the risk of environmental incidents such as incidents of mass fish mortalities in four central provinces due to Formosa is always a potential risk; (2) *Lack of control over the rate of increase of the personal motorized means of transport*. Personal motorized means of transport will continue to rise, this is an inevitable trend as the economy thrives where urban public transport system has only been invested in some large urban zones such as Hanoi and Ho Chi Minh City; (3) *Speed and quality of urbanization*. The process of urbanization will increase construction activity in urban centers and put the craft villages, focused residential areas on environmental issues in urban areas; this would make the urban environment issues worse, particularly air pollution and water resources; (4) *Lack of investment budget for urban environmental protection*. According to the Ministry of Natural Resources and Environment³, the investment in environmental protection is around

³ Bộ TNMT, 2013. Báo cáo tổng kết 8 năm thi hành Luật Bảo vệ môi trường 2005 (2006 - 2013).

1% of the total State budget expenditure today is too low compared to the actual requirements of environmental protection tasks. Meanwhile, China and ASEAN countries have the average investment for environmental protection at 1% of annual GDP; that of the developed countries is 3-4% of GDP. Besides, many localities do not allocate enough 1% of budget for environmental protection. Total funding from taxes, environmental protection fees are not enough to reinvest for environmental remediation projects; (5) *Impact of natural disasters and climate change*. Natural disasters and climate change will continue to cause unpredictable effects on Vietnam's urban system and will cause extreme enhancement of the seriousness of urban environmental issues. In fact, the degree of devastation of natural disasters in the context of climate change in recent years especially as storms, floods and landslides are enormous, causing severe damages to people, assets and environmental degradation in many coastal urban zones of Vietnam.

The fact has proved, in the recent years, the integration of climate change and sea level rise factors into planning and management of urban development in Vietnam is inadequate ... The system of legal documents and methods for planning and management of urban development is not uniform, complete, slow ... so the quality of renovation projects and the urban quality are seriously affected leading to and long-term consequences, , especially in the context of climate change and sea level rise today. The excesses of urban development on soft ground, in flood drainage areas, tides ... The reclamation of the sea or narrowing of natural spaces alters the flow, the main drainage basins, microclimate conditions of the region ...as the potential risk of negative impacts on the sustainable urban development.

At the last Summit was held on Saturday, 12/12/2015 in Paris, the Agreement on global climate change was agreed, approved and published. This was a historic agreement, because at the first time, all 196 parties to the UN Framework Convention on climate change response (UNFCCC) have come to an agreement to force all countries to cut carbon emissions. The most important objective of this agreement is to keep global temperature increase level in this century is below 2 °C, followed by efforts to jointly promote to 1.5 degree Celsius compared to the pre-industrial era. According to Mr. Ban Ki-moon UN Secretary General: "At the first time, every country in the world has committed to cut emissions, increase the response ability and join hands for the common objective against Climate Change . We have entered a new era of global cooperation to solve one of the most complex problems of human beings ... ".

This is both an opportunity and a significant challenge to Vietnam urban system in the future. It is required for a major effort, a connection and a combination that are not only in the national but also regional and international manners.

To gain the sustainable urban development and adaptation to climate change and sea level rise, it is required for multiple solutions, including urban development strategies towards green growth, green energy programs, increasing the use of natural energy, reuse of wastewater and waste, saving water, reducing greenhouse gas emissions; use of new and clean technologies, integration of response to climate change and sea level rise into green growth, urban management and mitigation of risks to urban areas in the coastal cities and islands; preparation of pilot models with options to reduce the impacts of climate change and sea level rise.

b) Green growth

For nearly thirty years of innovation, Vietnam has obtained encouraging results. Many fundamental millennium goals have been achieved such as poverty reduction, public health ... However, economic development is not sustainable. The quality of growth, efficiency, effectiveness and competitiveness of the economy are still low. Economic growth is mainly developed in width, based on the exploitation of natural resources with high intensity and low efficiency. Resources are at risk of depletion, environmental pollution is severe. Environmentally friendly economic sectors have not been undeveloped, technology are renewed slowly ... The urban system has increased in quantity and the scale, but the quality of the urban system is low. Urban development wastes of natural resources on land and landscape and affects the environment and lack of sustainability.

To solve the above problems in the trend of integration and development, Vietnam is required to participate in the process of restructuring the global economy. It is the efforts of the international community towards a green growth economy (green economy). According to the UN, "green economy" is an economy in order to improve human well-being, social equity and significantly reduce the risk of environmental exhaustion. This is the economy achieving balance between three factors: economic growth, social equity and environmental protection.

Green growth or development of a green economy is the process of restructuring of economic activities and infrastructure in order to obtain better results from investments for natural resources, human resources and financial resources and also reduce greenhouse gas emissions, extract and use less natural resources, create less waste and reduce social inequalities. Green growth is the catalyst for investment and innovation and the basis for sustainable growth and enhancement of creating new economic opportunities.

For Vietnam, Green Growth is understood as a process of growth based on changing growth model, restructuring the economy to take advantage of comparative advantages, enhancing the efficiency and competitiveness of the economy through the study and application of advanced technologies, developing synchronized and modern infrastructure systems to effectively use natural resources, reduce greenhouse gas emissions, adapt to climate change and contribute to poverty reduction and create motivation to boost economic growth in a sustainable way.

On 25/9/2012, in the Decision No. 1393/QĐ-TTg, the Government of Vietnam approved "**National strategy on green growth in the period 2011 - 2020 and vision to 2050**". Green growth is an important content of sustainable development, it ensures quick, efficient and sustainable development and contributes importantly to implementing the national strategy on climate change, developing and efficiently using natural capital resources, reducing green house gas emission, improving the environment quality, thereby stimulating economic growth. Urban and rural planning has wastewater collection and treatment system which meets the regulated standard. The green area meets corresponding urban standard. It is strived that big and medium cities reaching the criterion of green city will be 50%.

The goal of green growth is to encourage all economic sectors to effectively use natural resources with high added value and limit and remove sectors with the wasteful use of natural resources and pollution of the environment; apply and develop

the modern technology in order to efficiently use natural resources, reduce greenhouse gas emissions, contribute to an effective response to climate change issues; improve people's lives through the creation of additional jobs from the green industry and development of environment friendly lifestyle.

Clean energy. The use of clean energy source is not out of the objective of green growth... Clean energy is the type of energy which does not cause air pollution or by-product contaminated during the power generation. Wind, solar energy, tide and geothermic are examples on resources which can supply clean energy. A recent research in USA showed that in the next about 20 - 40 years, the man can replace completely fossil energy with forms of generable energy, thence build a greener and cleaner world.

Energy crisis and climate change are the biggest concerns of the world at present about the future of the earth and mankind. The exploitation and overuse of fossil fuel source at the end of the 20th century made its reserves reduced quickly and too much at alarming level, at the same time, it caused the phenomenon of being warmer globally. With such situation, many energy sources which are new, clean and easier to generate were studied and developed such as water force, wind force, sunlight, sea wave, etc. Among these technologies, some technologies were applied to the fact, some remaining ones are still in the trial stage; therefore, the man still demands on fossil fuel whether much or little.

Vietnam is the country with very big potential on generable energy sources which are allocated all over the country. Living mass from products or agricultural waste has productivity equivalent to 10 million tons of oil/year. The potential of biological gas which is approximately 10 billion m³ per year can gather from waste, animal stools and agricultural waste. Technical potential of small hydropower plants (<30MW) is over 4,000MW. Solar energy source is plentiful with average sunlight radiation of 5kWh/m² /day allocated all over the country. The geographical position of Vietnam with over 3,400km of coastal line also helps Vietnam have very great potential on wind energy with estimated potential of about 500-1000 kWh/m² /year. These replacing energy sources can be used to help Vietnam meet the increasing energy demand. Although Vietnam deployed early and successfully some projects, the application of generable energy in Vietnam has not been exploited all available potentials.

The government of Vietnam promulgated many policies for encouraging the development of generable energy, proposing the objective of using generable energy and directing toward a competitive power market with diversified investment source and business model. Decision No. 1855/QĐ-TTg dated 27/12/2007 of the Government of Vietnam approving the National generable energy development Strategy of Vietnam to 2020 and vision to 2050, the Government of Vietnam encouraged the development and use of new energy and generable energy; supplied financial supports to trial production research and built pilot models; exempted the

import tax, production and circulation tax.

Specifically, the Government of Vietnam proposed the objective of increasing the market share of generable energy in total primary commercial energy from 3% in 2010 to 5% in 2020 and 11% in 2050 (Decision 1855/2007/QD-TTg) and increasing the market share of producing power from generable source such as wind and living mass from 3.5% of total power productivity produced in 2010 to 4.5% in 2020 and 6% in 2030 (Decision No. 1208/QD-TTg dated 21/07/2011 or General diagram VII).

On biological fuel, the Government of Vietnam proposed the objective of reaching annual productivity of 100 thousand tons of petrol E5 and 50 thousand tons of B5 in 2010, equivalent to 0.4% of total expected petrol and oil demand of the whole country; 1.8 million tons of ethanol petrol and vegetable oil or 5% of petrol and oil demand in 2025 (Decision 177/2007/QD-TTg). Petrol E5 is type of petrol containing 5% biological petrol in total volume; B5 means oil containing 5% biological oil in total volume, etc.

Although some types of energy such as hydropower, wind or sunlight were applied to the fact, except for hydropower, the percentage of energy supplied by these new energy sources is still very low. This fact is also happening in Vietnam. The use of clean energy requires a change on large sphere with the effort of not only 1, 2 countries but the whole world. However, a green, clean, sustainable earth is the aspiration of all mankind, and when the man is unanimous, nothing is impossible.

Besides the encouragement of using clean energy source, on 28/6/2010 the National Assembly of Vietnam promulgated the Law on using energy economically and efficiently No. 50/2010/QH12. This Law regulates the economic and efficient use of energy; right, obligation, responsibility of organization, household and individual in using energy economically and efficiently; on 29/3/2011 the Government promulgated Decree No. 21/2011/ND regulating in detail the measure on executing the Law on using energy economically and efficiently.

Vietnam is in the process of urbanization and economic development. Over 34% of Vietnam's population now live in urban areas and contribute 51% to the national GDP. The speed of urbanization in Vietnam reaches 3.4% / year, the urban population increase by more than 3% / year, it is expected to double in less than 25 years. The structural transformation of Vietnam's economy from an agricultural country into a modern industrial country after 2020 is indispensable to develop a strategy and plan for the urbanization process. Including dynamic urban development strategies, major urban areas as pillars contribute to the overall development, to ensure that urban areas are livable and are able to compete in regional and international regions. It will become an important part of the overall restructuring of the economy associated with the growth model transformation in the period of 2013 - 2020 " of the Government of Vietnam.

Besides, Vietnam also needs to seriously draw rare lessons from the basic present

weaknesses of the process of urbanization, take them as an opportunity to restructure the thinking, strategy, planning, urban system development plan and move into urban development models, the rural population point towards green and sustainable growth. Urgency and determination of changing the perception will determine the quality of urbanization, contributing to green growth and sustainable development of Vietnam.

c) Sustainable development

In the process of urbanization, many issues on "municipality" have arisen. It is seemed, in a period, issues are regarded as the "urban crisis ". That poses needs of consideration, research and development of trend of urban development in the future. There should be a way of intelligent, versatile and flexible development attached to the advancement of science, technology, economics, society, culture, environment protection ... for urban development. In the mainstream and trend of sustainable development, the urban areas also apply this idea in the field of urban development. Therefore, How is sustainable urban development understood and applied in urban development? Although it comes from the concept of sustainable development of Brundt and scientists, they made different concepts and criteria for sustainable urban development.

According to ecologists, sustainable urban development should ensure the following criteria:

(1) Development of housings under the height to save raw materials and ground; (2) Preservation of natural terrain; (3) Avoidance of building cities in the valleys because of the fertile soil and easy landslides; (4) Protection and development of urban greenery; (5) Encouragement of water savings; (6) Limitation of the use of motorized transportation; (7) Recycling waste materials.

Researchers and managers are of the opinion:

(1) Take the HDI indicators for assessing urban area rather than based on population size, economic scale or construction scale as before; (2) harmonious settlement of relationship between rural and urban areas; (3) The harmonious combination of economic, social, cultural and management development.

Urban development is a specific field, it can be understood that urban sustainable development is the development of multi-sectorial, multi-level and the entire society collaboration. Sustainable urban development is a fresh perspective on the process of urbanization is interpreted on the basis of maintaining the understanding of economics, culture and environmental protection. Urban development is the solid foundation for national industrialization and modernization. Simply, the sustainable urban development is the interference with a strategic manner of humans in the process of urbanization in line with trends, resources, common development rules and characteristics of each country.

*On 17/8/2004, in the Decision No. 153/2004/QĐ-TTg, Government of Vietnam promulgated **Sustainable development strategy orientation in Vietnam (Agenda 21 of Vietnam)** aimed at developing stably the country on the basis of combining closely, reasonably and harmoniously the economic development, social development and environmental protection. Sustainable development strategy orientation in*

Vietnam is a frame strategy, including big orientations as legal basis for related Ministries, sectors, localities, organizations and individuals to deploy the implementation, and showing the commitment of Vietnam to the world.

To be more specific, in the Decision No. 432/QĐ-TTg dated 12/4/2012, the Government of Vietnam approved “**Sustainable development strategy of Vietnam in the period 2011-2020**”, emphasized that sustainable development was requirement during development; combining closely, reasonably and harmoniously the economic development, social development and environment and resource protection, ensuring national defence, security and social safety order. Sustainable development must match with mitigation of negative impacts of economic activity to environment. Exploiting reasonably and using efficiently natural resources, especially non-generable resources. Preventing, controlling and overcoming pollution, environmental regression, protecting and developing the forest, preserving biological diversification. Limiting the impact of natural calamities, actively adapting efficiently to climate change, raise of sea water... Based on this strategy, Vietnam needs to review general planning of cities from way of approaching sustainable city (green, ecological and economic city, etc.) with core of using and managing the resources stably with reasonable scale to avoid the state of focusing the population over the load of environment and socio-economic infrastructure.

As discussed above, basically urban development towards green growth is also targeted to sustainable urban development. Accordingly, with the aim of Vietnam urban system develops d towards green growth and sustainable development, it is required to concentrate on solving issues: (1) develop stable urban economy, create jobs for urban residents, especially for low-income people and the urban poor; (2) Ensure the physical life and spiritual culture, preserve the cultural identity, ethnic traditions, ensure social justice; (3) renovate, preserve and protect the green, clean and beautiful urban environment with a full sense of the urban intangible and tangible meanings...

Urban development towards a sustainable and green growth has become an indispensable strategic requirement in the orientation of regional, international and Vietnam urban development. The priority areas in the strategy of Agenda 21, the climate change scenario and green growth of the Government of Vietnam must be integrated and specified in the sustainable development strategy of Vietnam Urban areas, namely:

(1) The economic sectors in urban areas need to prioritize for sustainable development: restructure and maintain rapid and sustainable economic growth; Change models of production and consumption habits in the direction of environmental friendliness; Perform "clean industrialization"; Strengthen connection between urban areas and rural areas in a sustainable way.

(2) The social aspects in urban areas should need to prioritize for sustainable development: Develop programs for scientific and appropriate national urban development for the sustainable development of urban systems; reasonably distribute population, labor and urban system under the resources, potential, development threshold of each region; Focus efforts to reduce urban poverty, promote implementation progress and social justice; Continue to reduce population growth

and create more jobs for laborers; Improve the quality of education to improve people's intellectual and professional qualifications, in accordance with the requirements of the process of urbanization; Develop in the number and improve the quality of medical services, health care, improve working conditions and environmental hygiene.

(3) The fields use natural resources, environmental protection and pollution control in urban areas need to prioritize for sustainable development: save land resources; limit urban development and industrial development in the agricultural land areas associated with the national food security strategy; use land resources in the sustainable and effective manner for urban development; protect water environment and use water resources in the sustainable manner; make biodiversity conservation; protect and develop forest ecosystems, agriculture, sea, islands, and between urban areas and rural areas; Reduce air pollution, noise, soil and water in the urban and industrial areas; manage solid waste and hazardous waste; Implement measures to reduce the increase in climate change and limit the harmful effects of climate change (especially the impacts of sea level rise, tide ...), detect and prevent natural disasters; Renew the development of urban planning and rural development; make green urban development and green architecture...

4.1.3. Integration capacity assessment of local / urban

The development of city according to the direction of green and sustainable growth also shows the competition ability and international economic integration capacity of locality/city. City competition basically is to improve the living quality of inhabitants and business investment environment through urban management effort. The capacity of international economic integration of the locality/city is the level of attracting the movement resources for growth and development objectives of the locality/city.

a) Urban competition

In the context that investment resource and high quality manpower are still limited, the cities must have specific solutions, actions to increase the competitiveness, attract the investment and create favorable goods consumption market. Urban competition focuses on managing sustainable, core factors for the life, or in other words, it is competition on general life quality for inhabitants living and enterprises doing business in long term there, thereby, ensuring competitive and sustainable economic development. In other words, the competition at present is competition on urban livability.

The cities of the countries in the world stepped into competition process rather early. For example, in USA, the anatomy on policy and finance permitted the urban Government in the states of USA gaining initiative in building and improving infrastructure works, creating the advantage of attracting investment, developing local economy. This process created steel rail Era connecting very thickly in the region, promoted the coal and mineral industries to develop, broke out in 1920s. Or in United Arab Emirates (UAE), Dubai city created great difference in comparison to remaining cities.

Basically, urban competitiveness in some countries was reflected through urban competition index including many evaluation criteria with specific points for each type of criteria. Being aware of such importance, the developing countries put forth separate evaluation targets applicable to their cities in conformity to the specific features of each country. For example, competition target of Europe - ECI includes five groups of target: creativity, economy, infrastructure and attachment, job and education. The competition target of Australia - UCI includes three targets: production, sustainability and urban living standard, meanwhile, the competition target of USA includes eight evaluation criteria: Administration and financial policy, Security, Infrastructure, Human resources, Technology, Enterprise support, Dialogue and environment policy. Each country has different development knowledge and separate evaluation criteria; therefore, it is very difficult to compare the competitiveness among urban economies as well as ability to apply generally to countries.

Box 2 2: Box 10 evaluation of competitiveness index/Organization of (City Mayors) including:

1. Political and social environment (political stability, crime and legal coercion)
2. Economic environment (regulation on foreign exchange, bank, service)
3. Cultural - social environment (level of censoring, limiting personal freedom)
4. Health and hygiene (medical service, infectious disease, water drainage system and solid waste management)
5. School and education (standard and availability of international schools)
6. Quality of public service and transport (power, water, public transport and traffic jam)
7. Entertainment and rest (restaurant, theatre, cinema, sports and entertainment)
8. Consumption goods (availability of food, normal goods, car)
9. Housing (house, attached equipment, interior furniture, maintenance quality)
10. Quality of natural environment (climate, natural disaster)

Currently, Vietnam only mentions national competitiveness index, provincial competitiveness index (there is not urban competitiveness index), meanwhile many countries such as: China, USA, Netherlands, etc. care much about the grading of small cities than provincial level and the competitiveness index of such cities is considered as background of competitiveness at provincial level and higher level is national level... Over the past time, in Vietnam, provincial competitiveness still happens rather strongly through the work that government of cities try their best to put forth incentives to attract foreign investment capital, focus on infrastructure investment. Series of big economic zones and industrial zones in the provinces were established, many investors which are big groups in the world are present in these industrial zones such as: Prime Group, Honda, Toyota, Nikkon, Sam Sung... and they compete directly to economic zones, industrial zones of countries in the region. Besides the industrial development, currently, some cities in Vietnam are trying to build the trade name according to the competition on Eco Cities, tourist city, festival City,... depending on strength of each locality.

Box 2 3: Box 10 evaluation of provincial and city competitiveness index of Vietnam

Provincial Competitiveness Index or **PCI** (*Provincial Competitiveness Index*) is the index of evaluating and

grading the government of provinces, cities of Vietnam on quality of managing economy and building favorable business environment for the development... Specifically:

- Joining the market
- Land approach and stability in using land
- Explicitness
- Time cost
- Non-official cost
- Self-motivation and pioneering of provincial leader
- Equal competition
- Service of enterprise support
- Labor training
- Legal institution

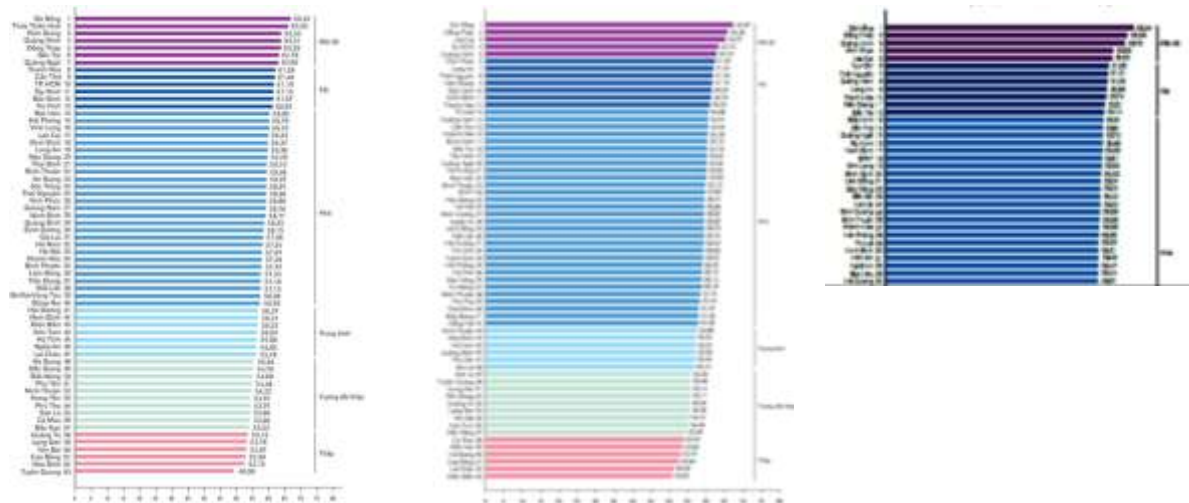


Figure 2 2: Provincial, City Competitiveness Index (PCI) of Vietnam in 2014 (Source: VCCI)

b) The capacity of international economic integration at local level.

The process of international economic integration of Vietnam has experienced nearly 30 years since Vietnam started the renovation, opened the economy towards the market. Currently, Vietnam is integrating deeply into all the integration channels from the participation in bilateral cooperation's and regions such as ASEAN, APEC, ASEM ..., negotiation and sign of free trade agreements (FTA) to participation in multilateral cooperation as a member of the WTO and next-gen free trade agreements with the deep openness and integration such as RCEP (regional comprehensive economic Partnership - ASEAN + 6), TPP (Trans-Pacific Strategic Economic Partnership Agreement)

In this context, the integration capability in particular and effectiveness of the process of international economic integration in general of each locality/ urban area contributes to the overall development of the country and of each locality. Through the Technical Assistance Program after WTO accession, the Australian Agency for International Development (AusAID) and the Department for International Development (DfID) sponsored National Committee for International Economic Cooperation to conduct the Research project of Provincial Economic Integration

Index (PEII) of Vietnam, ensuring transparency and objectivity ..., becoming a useful tool to support the development of this work.

Provincial Economic Integration Index (PEII) has many differences with the Provincial Competitiveness Index (PCI). If the PCI shows provincial economic operating capacity with the policies of the local/ urban government in the economic development of enterprises, the PEII shows the relationship between economic operation, business development and people living. The indexes of local economic integration capacity of Vietnam proposed includes: (1) Institutions, (2) Infrastructure, (3) Culture (4) Local natural features, (5) People, (6) Commerce, (7) Investment, and (8) Tourism. Each index is reviewed based on a number of certain trends and aspects. These indexes both attract resources for such resources coming from the outside, and reflect the current situation of index images existing and tending to move to other places (other localities or economies) which are more attractive. Simple integration level is measured based on the approach of shifting resources between locations in terms of quantity, quality and intensity to see strong or weak level of economic integration. Provincial Economic Integration Index (PEII) has many differences with the Provincial Competitiveness Index (PCI). If the PCI shows provincial economic operating capacity with the policies of the local government in the economic development of enterprises, the PEII shows the relationship between economic operation, business development and people living.

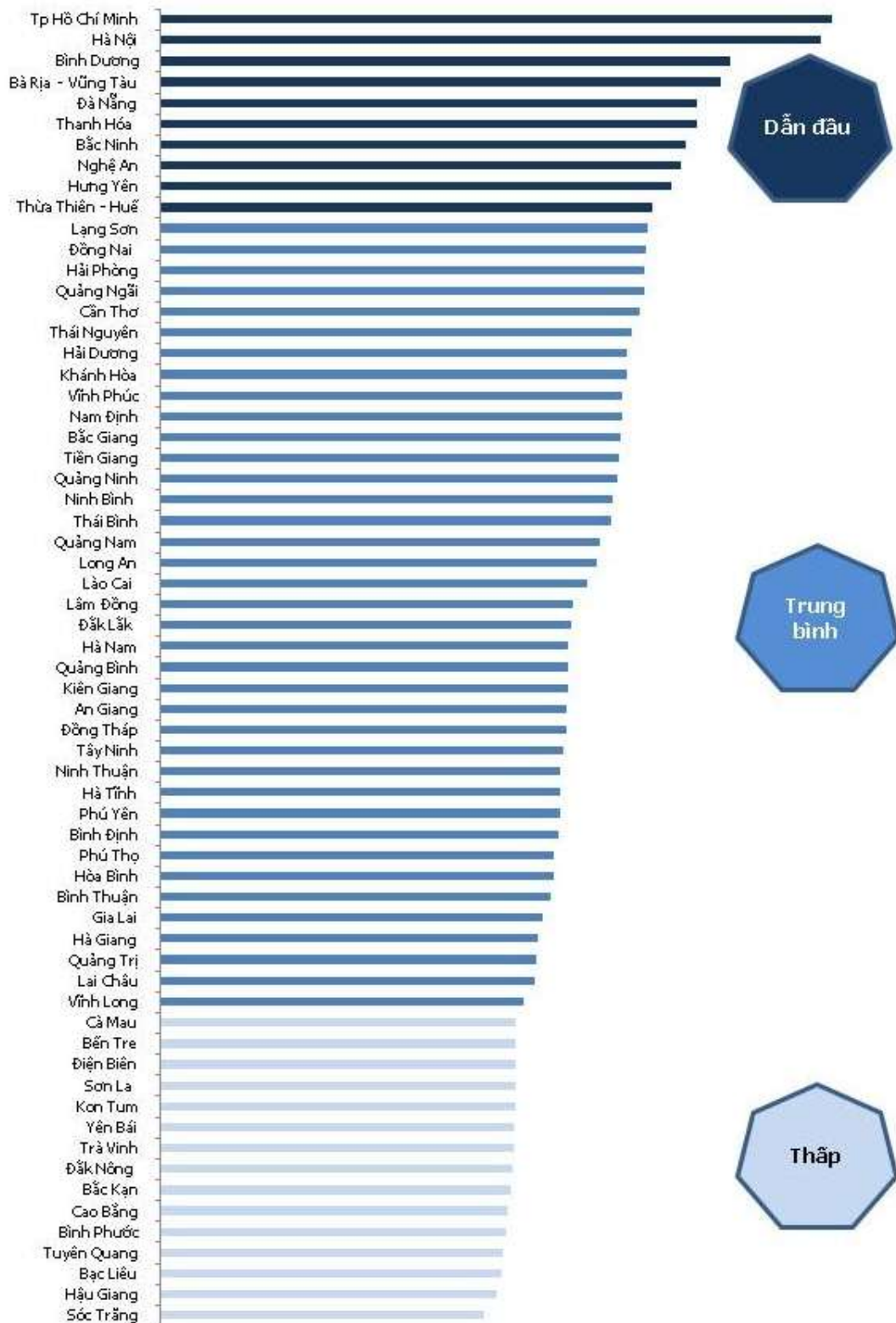
Box 2 4: Provincial Economic Integration Index (PEII)

In order to determine the degree of international economic integration of each locality, impacts of the integration to the welfare growth of the people and the business development of enterprises (non-high-low rating)

- 1) Institutions
- 2) Infrastructure
- 3) Culture
- 4) Local natural features
- 5) People
- 6) Commerce
- 7) Investment
- 8) Tourism

(Source: Report on international economic integration capacity at local level in 2013)

Figure 2 3: Provincial Economic Integration Index (PEII) in 2013.



(Source: The research team of National Committee for International Economic Cooperation)

Each locality/ urban has its own strengths in the process of international economic integration. Current achievements are the results from the efforts of the past, more importantly the future expected value is determined by the roadmap and international economic integration strategy in line with the market context and core competencies of the localities/ urban areas. The main purpose of the assessment of the international economic integration capacity at local level is not high-low rating but in order to

identify the impacts of integration to the growth and welfare of the people and the business development of enterprises. At the same time, assess the fit between the local strategic visions for current integration capacity in order from which, recommend the necessary adjustments to attract resources for sustainable development. On that basis, facilitate planning of socio-economic development with specific integration conditions of each locality. In 2013, it was the second time Vietnam applied international economic integration capacity at local level to get an objective overview of real issues and suggested appropriate adjustments in the future for each locality.

c) Global city

Global city or world-class city is a concept of the organization of Globalization and World Cities Study Group and Network (GaWC). Global cities are the cities with the large impact on the economy, culture and politics of globalization. It involves the recognition that such cities have a tangible and direct impact on the global economy through the means of economy, society, culture and politics that other normal cities do not have. The ranking of cities based the relationship through four "advanced producer services" (advanced producer services): Accounting, advertising, banking/finance and law. Bloomberg financial news agency together with the A.T. Kearney Consulting Company analyzed 66 cities in the world through the five main criteria, to determine the global urban areas, including: Business Activity (headquarters of global firms, leading service companies...); Human resources (population, ranking of universities, the number of foreign students, international schools ...); Exchange of information (news agencies, access to TV news, Internet ...); Culture experience (museums, art activities, sports events ...); and the level of political constraints (headquarters of international organizations, embassies, consulates, research institutions ...). However, in order to agree on the basic indexes convenient for the evaluation and classification of global cities, Vietnam can rely on the suggestions below:

Box 2 5: Criteria for evaluation and classification of global cities

Economy

- As the headquarters of transnational companies, corporations, economic institutions and stock markets with implications for the world economy
- High living standards of the people
- Significantly GDP contribution
- Capable of providing financial services

Politics

- Affecting political activities, participation in international events and world issues
- The location of the headquarters of international organizations
- The center of large urban areas, densely populated
- Achieving standards of life quality
- There is large community of foreigners

Culture

- Good educational facilities
- Popularity (extent known, said to ...)
- There are the well-known cultural institutions
- There are influential media channels
- There are cultural heritages of the world or carrying historical significance
- Major tourist centers
- There are many large sports facilities, sports teams playing in the large sports tournaments

Infrastructure

- The major international airports
- There are advanced transport systems
- There are modern and advanced communication infrastructure
- Qualified health facilities and some other standards

Box 2 6: Indexes for evaluation and classification global level of cities

1. "Alpha++ ($\alpha++$)" cities connected to the global economy than any other cities, New York and London of this type
2. "Alpha+ ($\alpha+$)" cities in the world where they connect with the huge world economy,
3. "Alpha (α)" and "Alpha- ($\alpha-$)" cities with great connection with world economy
4. "Beta (β)" cities with medium connection with world economy
5. "Gamma (γ)" cities with small connection with world economy and other cities.

Below is the list of Asian cities classified into types of α , β and γ [\[1\]](#):

- City $\alpha++$: none
- City $\alpha+$: Honking, Singapore, Shanghai, Tōkyō, Beijing
- City α : Kuala Lumpur
- City $\alpha-$: Seoul, Jakarta, Bangkok, Taipei
- City $\beta+$: Guangzhou, Manila
- City β : Ho Chi Minh City
- City $\beta-$: Hanoi, Shenzhen
- City $\gamma+$: Ōsaka
- City γ : none
- City $\gamma-$: Tianjin

In this evaluation table, Ho Chi Minh City is the city with average connection with the world economy (β), while Hanoi is assessed with the lower connection (β).

4.2. Vietnam urban system is gradually towards integration

4.2.1. Developing urban network, forming the poles, motivation urbanized areas, and key growth corridors

a) Urban network.

With the Comprehensive Plan 10 (in 1998), Vietnam actively developed small and medium urban areas, and controlled of the growth of large cities. To Decision No 445 (in 2009), Vietnam encouraged the development capabilities of big urban areas, as the growth pole of a concentrated urbanized region. With the view of developing a system of cohesive urban network, each urban area has a role in the urban economy of a region and whole country. Accordingly, Vietnam urban network is basically developed and decentralized by levels, including 5 national, regional and international central cities (Hanoi Capital, Ho Chi Minh City, Hai Phong, Da Nang, and Hue), 12 urban areas as centers at regional level (Ha Long, Viet Tri, Thai Nguyen, Hoa Binh, Nam Dinh, Vinh, Nha Trang, Quy Nhon, Buon Ma Thuot City, Bien Hoa, Vung Tau and Can Tho) and the remaining urban areas as the centers of provinces...

Strong urbanization in major urban areas and key growth poles is creating effects promoting rapid urbanization spreading across the provinces, the regions and the whole country. Many new urban areas are formed and developed; many old urban areas are renovated and upgraded the technical and social infrastructure such as roads,

90 urban areas less than Forecast QH2009), including 2 urban areas special grade, 15 urban areas grade I, 14 urban areas grade II, 47 urban areas grade III and 64 urban areas grade IV and 630 urban areas grade V. In term of urban administrative units, because the Constitution 2013 currently went into effect, to upgrade the administrative management and adjustment of boundaries, so upgrading administrative management and adjusting urban administrative boundaries must be approved by National Assembly Standing, in 2014, there were 5 centrally-run cities, 63 provincially-run cities, 47 provincially-run towns, 613 townships (including 27 townships grade IV). The province with the most towns is Thanh Hoa with 28 towns. Ninh Thuan Province has only 3 towns and Danang has no town.

Urban population reached about 30.4 million people, mostly concentrated in highly urbanized areas - great urban areas. Specifically, people concentrated in two urban areas special grade (Hanoi and Ho Chi Minh City) and 14.8 million people in 15 urban areas grade I, accounting for 49% of the urban population of Vietnam. The ratio of the average urbanization in Vietnam at this time is about 34%, average increase of 1%/ year (0.4% less than Forecast QH2009). Urbanization concentrated highest in the Southeast / Ho Chi Minh City (64.15%), lowest in the Midlands and Northern Mountains (21.72%). The centrally-run provinces and cities have high urban population ratio, in which the highest is Ho Chi Minh of 83%, 71.6% in Binh Duong, 68.86% in Quang Ninh, ... The provinces with the lowest proportion of the urban population of Vietnam: 10.7% in Thai Binh, 12.41 % in Tuyen Quang, 13.7% in Son La and 13.05% in Bac Giang...

For urban land, so far, total natural land area reached 34.017 km², accounting for about 10.26% of the national natural land, urban inner city reached 14.760 km², accounting for approximately 4.42% of the national nature land (over 3% increase compared to Forecast QH2009). Many inner-city areas remain 50-60% of agricultural land unused for urban development. The phenomenon of conversion, transfer, mortgage, capital contribution using land use rights. Particularly, the land in suburban areas has been found difficult to control, so the government management is very necessary.

The great urban areas such as Hanoi, Ho Chi Minh City, Da Nang, Hai Phong had solid foundation for economic development, the number of industrial production facilities and commercial services also increased. The economic structure has important transition, the new development dynamics are moving strongly into the fields of education, financial - banking services, real estate, telecommunications and media ... The urban areas have natural conditions of beautiful scenery, especially Ha Long, Nha Trang, Da Lat, Sa Pa, Phu Quoc ..., or urban areas have cultural - historic heritage at national and international stature as Hue, Hoi An, Ha Long, Con Dao, ... then the tourism has become the main development motivation. Social infrastructure and technical infrastructure of urban areas grade II or higher have been enhanced, urban areas grade IV or higher have also been upgraded and improved the infrastructure (electricity, roads, schools, health services, water, garbage ...) thanks to domestic and foreign investment capital.

b) The urbanized areas.

The central urban areas all levels are allocated reasonably on the basis of 6 national socio-economic areas:

- (1) The Midlands and Northern Mountains / 14 provinces;
- (2) The Red River delta / 11 provinces;
- (3) The North Central and Central Coast / 14 provinces; (4) The Central Highlands / 5 provinces;
- (5) The South East / 6 provinces and
- (6) The Mekong Delta / 12 provinces.

It is also 06 basic urbanized areas associated with 06 socio-economic development areas of Vietnam, in which each region has urbanized areas with high concentration, motivation poles, main development corridors according to the program in 2009 proposed.

Red River delta was developed basically based on the Hanoi/ where the focus is the key economic region in the North, including Hanoi, Vinh Phuc, Bac Ninh as triangular growth and Hanoi is the key motivated urban area and the Northern Coast / where pillar motivations are Quang Ninh, Hai Phong. The development of the North Central and Central Coastal based primarily on central key economic zone with Hue, Da Nang City, Qui Nhon as the motivated urban chain, in which Da Nang City as the central urban area. The South East based on the southern key economic zone. The central area of Ho Chi Minh City is a highly urbanized area; Ho Chi Minh City is a key growth pole. The Mekong Delta based on key economic zone in the Mekong River delta, Can Tho City and surrounding areas are key growth poles...

Table 2 5: Percentage of urbanization compare 6 socio-economic (2000-2014)

Số TT	Vùng	Tỉ lệ đô thị hóa %	
		Năm 2009	Năm 2014
	Cả nước	29,6	33,1
1	Trung du và miền núi phía Bắc	16,0	17,0
2	Đồng bằng sông Hồng	29,2	33,8
3	Bắc Trung Bộ và duyên hải miền Trung	24,1	27,1
4	Tây Nguyên	27,8	29,1
5	Đông Nam Bộ	57,1	62,3
6	Đồng bằng sông Cửu Long	22,8	24,7

Nguồn: Đô thị hóa ở Việt Nam/Hoàng Bá Thịnh, Đoàn Thị Thanh Huyền.

In the trend of integration and development, Vietnam and many other countries in the region and the world have formed the "Gathering point/ Centre" and is identified by the name "Trading Space" through indicators such as traffic flow, economic connection points (science - technology industry, service/ training, health, tourism and agriculture), the labor market and the growing migration have led to expanding urban boundaries or areas around a pervasive urban area. According to UN-ESCAP summary, 1993, it is shown that the great urban areas/ Greater metropolis or Extended metropolis/ reaching out along branches of the circulation corridor/ highway to 50 kilometers, can go to work and back in the day. Also from the perspective of globalization, the mega urban areas/ Mega Urban Region - MUR is regarded as a node/ gathering point in the flow of goods, capital and information globally, is the concentration place of GDP and increasing urban population.

Tokyo - Yokohama in the national master plan for the development of Japan proposed multi-intersection structure with selected functions that should be actively distributed to the key cities for business, including clearing areas along Tokyo Bay. The urban structures that are multi-focused/ multi-central and networked seems to have been very popular throughout East Asia and Southeast Asia, for example: Seoul - Kyunggi - Inchon (Korea), Beijing - Tianjin (China Korea), Shanghai - Hangzhou - Jiangsu ... (China), Hong Kong - The South China urban areas, Bangkok (Thailand) - boundaries not separated from the neighboring provinces; Kulua Lumpur - Klang Valley (Malaysia), Metro Manila - Rigal - Cavite ... (Philippines)...

Hanoi Capital and Ho Chi Minh City of Vietnam basically converge the indicators such as traffic flow, the economic connection points (science - technology, industry, service/training, health, tourism and agriculture)... and really became the great urban areas/mega urban areas/key growth poles in the overall structure of the national urban networks, have significant impacts on the domestic and international competitive environment.

Table 2 6: Some indicators developed comparing the capital Hanoi and HCM City region in 2013

TT	Vùng đô thị lớn (Năm 2013)	Dân số (người)	Tỉ lệ ĐTH (%)	GDP/người/năm
1	Vùng Thủ đô Hà Nội	16 000 000	52	1760 USD
2	Vùng TP. Hồ Chí Minh	18 756 792	54,32	3630 USD

Nguồn: VIUP, SISP - BXD

Hanoi Capital Region includes the entire boundary of Hanoi and 06 surrounding provinces of Vinh Phuc, Bac Ninh, Hai Duong, Hung Yen, Ha Nam, Hoa Binh, (Decision No. 490/2008 / QĐ-TTg dated 05/5/2008 of the Prime Minister) / Currently extended three provinces of Phu Tho, Thai Nguyen and Bac Giang. The total area is approximately 24,314.7 km². This is the general economic development area, in which Hanoi is the national political - administrative center, major center of culture, education, science and technology, economy and international trade of the country; is the focal area focusing transport system and national infrastructure; have important positions on security and defense, have important international significance in Asia - Pacific.

Ho Chi Minh City Region includes Ho Chi Minh City and 07 surrounding provinces of Dong Nai, Ba Ria - Vung Tau, Binh Duong, Binh Phuoc, Tay Ninh, Long An and Tien Giang. The total natural area is over 30,591.8 km². This is the region of dynamically developing economy, with high economic growth rate and sustainable development. Industrial and high-tech center, center for finance, commerce, nationally and regionally high-quality services; center for education, training, scientific research and technology transfer nationally and regionally; is the leading driving force of economic development of the country and have great influence on ASEAN region and internationally; has an important strategic position on security and defense. Besides urbanized areas, key motive urban areas, based on the characteristics of natural conditions, relationships and resource development, the urban chains and clusters of Vietnam are also arranged in the basic urbanized area; along the border corridor, coast, island and on the Eastern - Western corridors, creating logical connections in every region and across the entire national territory,

linking socio - economic development to ensure social security and defense.

c) The key growth poles.

Great urban areas and mega urban areas such as Hanoi, Ho Chi Minh City, Hai Phong, Vinh, Hue, Da Nang, Quy Nhon and Can Tho... are organized to develop according to the multicentral model. Hanoi Capital and Ho Chi Minh City are the great urban areas, is an important driving force in the national socio - economic development and international integration, including Hanoi, Ho Chi Minh City as central urban areas and key growth poles.

Over the past time, Vietnam has restructured national territorial space on the basis of development of 04 key economic areas as important driving force to promote the socio - economic development of each province and whole country. Include: key economic zones in the north, the key economic zones in the central, key economic zones in the south and key economic zones in the Mekong Delta. At the same time, Vietnam develops industrial parks, economic zones of coastal and gate synthesis economy in order to exploit the potentials, strengths, create driving force, national key growth poles or secondary growth poles with competitiveness and spreading throughout the country and the region. With goals set out as 2020, the coastal economic zones contribute from 53% -55% of national GDP and 55% - 60% of total export turnover. This shows a very important role of the coastal economic zone in socio - economic development in Vietnam. However, in recent years due to various economic zones of Vietnam developed inefficiently compared to desire and to create breakthroughs in the development of economic zones, the Government of Vietnam has chosen concentrated investment and development from the state budget for 13 key economic zones. Consist of 05 coastal economic zones: Chu Lai (Quang Nam) - Dung Quat (Quang Ngai); Dinh Vu - Cat Hai Economic Zone (Hai Phong); Nghi Son Economic Zone (Thanh Hoa); Vung Ang Economic Zone (Ha Tinh); economic area of Phu Quoc Island and Nam An Thoi island cluster (Kien Giang). 08 economic border gates: Mong Cai (Quang Ninh); Dong Dang (Lang Son); Lao Cai (Lao Cai); Cau Treo (Ha Tinh); Lao Bao (Quang Tri); Bo Y (Kontum); Moc Bai (Tay Ninh) and Ha Tien (Kien Giang).

d) The key growth corridors.

The dynamic economic corridor towards North - South:

- (1) Coastal Economic Corridor (Corridor NH1A, the North-South Railway and the Coast (In which the urban areas serve as sea gateways, integrated economic zones, tourism services, ports, national and international important airports);
- (2) Border corridor (Vietnam - China and Vietnam - Laos, Vietnam - Cambodia) attaches border gate economy with ensuring security and defense.

The dynamic economic corridor axis towards east - west:

- (1) Corridor axis of Kunming - Hanoi - Hai Phong, Lang Son);
- (2) East - West Corridor axis/NH19;
- (3) NH22 Corridor axis... There is some East - West supporting corridor arises such as NH8, NH19, NH26...

After over 15 years of development, the East-West Economic Corridor has achieved

many strategic goals with specific outcomes promoting development potential in the integration process in Vietnam. Many infrastructure projects (National road 9, Lao Bao – Dansavanh checkpoint, Hai Van tunnel, Tien Sa – Danang port, Tuyen Son bridge) are completed or are in the process of exploitation. GMS and MOU facilitate the transit of goods and passengers crossing the border gates of the countries in the extended Mekong sub-region and etc. The East-West Economic Corridor has created many practical and long-term benefits for Vietnam in developing infrastructure, tourism-services, industry, agriculture, the environment and society, promoting cross-border trade. And then boost development of medium and small scale urban system along the corridor supporting development of Western mountainous region.

The East-West Economic Corridor brings many advantages especially for the Central Coast region. But Vietnam is facing many challenges in many aspects, such as investment in manufacturing and service industries is limited, there are many barriers to the transportation of passengers and goods, also many problems in terms of social affairs, such as management of migrant workers across the border gates, the diseases and etc.

In the following years, a lot of responsibilities are posed for the government and local agencies in the corridor fo making a policy on continuing development of infrastructure, calling for donors to continue to support East – West economic corridor in sustainable development in the integration period.

4.2.2. Roles of the central cities

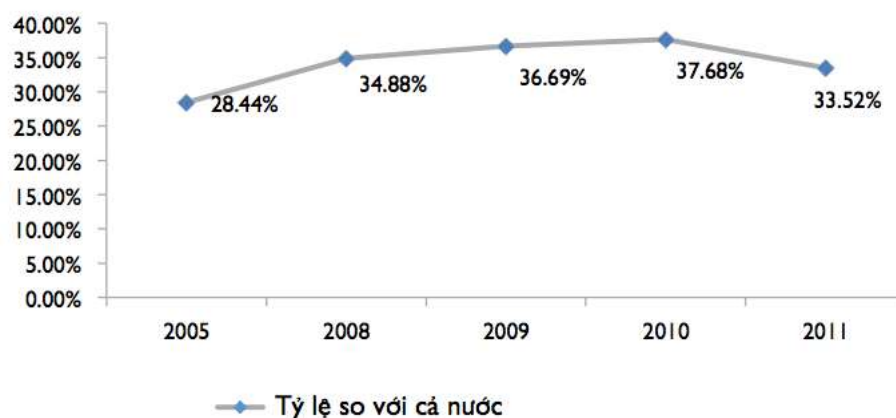
Research by The Asia Foundation combining the University of Economics and Law - VNU, hcmc implemented in 4 centrally-run cities including Hanoi, HCMC, Da Nang and Can Tho, shows the role of the urban areas in economy, culture, science and resources training of the region and country.

a) National Economic Center

The central cities are known as large urban areas as economic centers of the country reflected in the contribution of GDP, budget collection, attraction of FDI, export activities and attraction of domestic investment via a number of enterprises.

For contributing into GDP: four cities contribute over 33.5% GDP

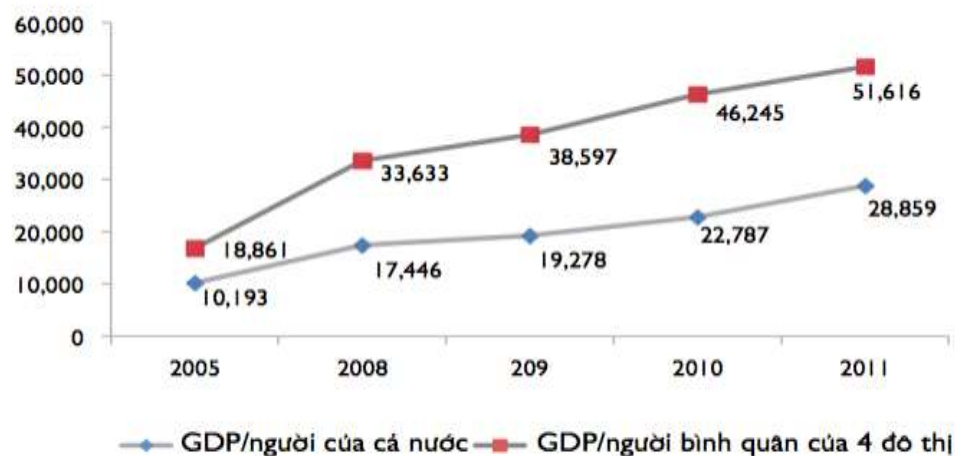
Chart 2 7: Ratio of GDP of four central cities (Hanoi, HCMC, Da Nang, Can Tho) compared to the whole countries



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

GDP per capita of four large cities is higher than GDP per capita of the whole country and this difference has increasingly been significant in the recent years.

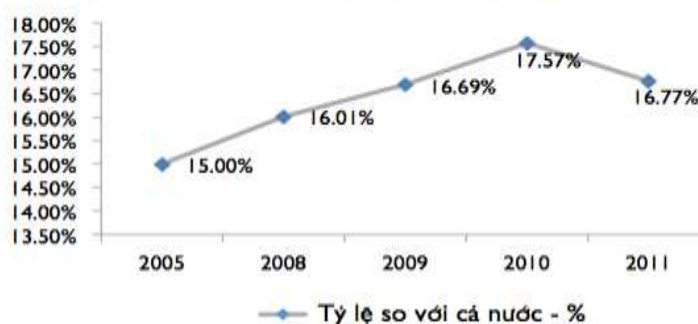
Chart 2 8: Chart on GDP per capita of the whole country compared to GDP per capita of four central cities (Hanoi, HCMC, Da Nang, Can Tho): Unit: million dong.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

For collection of state budget: Until 2011, total budget of these four cities accounted for about 2/3 of total budget of the whole country.

Chart 2 9: Chart on ratio of budget collection of four central cities (Hanoi, HCMC, Da Nang, Can Tho) compared to the whole country in the period of 2005-2011.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

The state budget per capita of four cities is always greater than the budget collection per capita of the whole country.

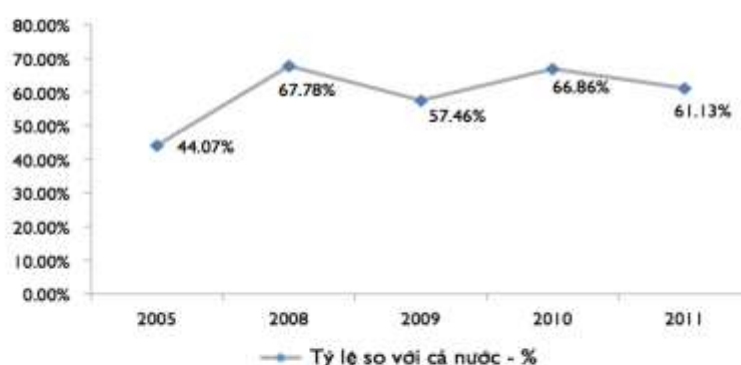
Table 2 10: Budget collection per capital of four central cities (Hanoi, HCMC, Da Nang, Can Tho) compared to the whole country in the period of 2005 -2011. Unit: Thousand dong.

Stt	Năm	2005	2008	2009	2010	2011
1	Thu ngân sách/Người của cả nước	2.772	3.711	4.844	5.088	6.354
2	Thu ngân sách/Người của bốn đô thị	7.107	13.904	15.194	18.324	20.727
3	Thu ngân sách/Người của bốn đô thị so với Thu ngân sách/Người của cả nước (Lần)	2,61	3,74	3,14	3,6	3,26

Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

For the state budget expenses, in 2011, total state budget expenses of four cities were 110,888.4 billion dong, accounting for 16.77% of total budget expenses of the whole country. Expenses per capital of four cities were less than the budget expenses per capital of the whole country.

Chart 2 11: Ratio of budget expenses of four central cities (Hanoi, HCMC, Da Nang, Can Tho) compared to the whole country in the period of 2005-2011.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

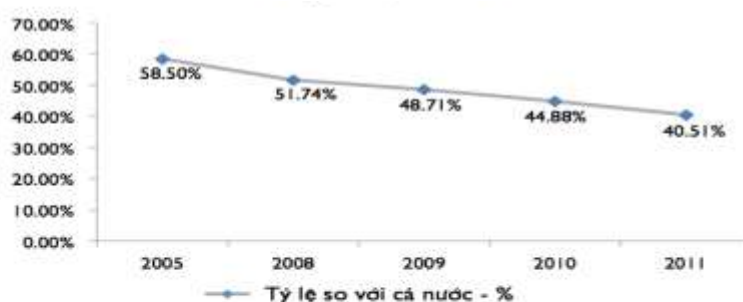
Table 2 12: Budget expenses per capita of four central cities (Hanoi, HCMC, Da Nang, Can Tho) compared to the whole country in the period of 2005 – 2011. Unit: Thousand dong.

Stt	Năm	2005	2008	2009	2010	2011
1	Chi ngân sách/Người của cả nước	3.191	4.692	5.749	6.726	7.529
2	Chi ngân sách/Người của bốn đô thị	2.783	4.152	5.236	6.365	6.736
3	Chi ngân sách/Người của bốn đô thị so với chi ngân sách/Người của cả nước (Lần)	0,87	0,88	0,91	0,95	0,90

Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

For export activities: four cities have a great contribution in the total export turnover of the country. However, this contribution tends to decrease over the years. In 2005, total export turnover of the four cities was US \$ 18,981.58 million, representing 58.5% of total exports of the country, but by 2011, although the total export turnover of four cities rose to US \$ 39,254.86 million, this figure only accounted for 40.5% of total export turnover of the country.

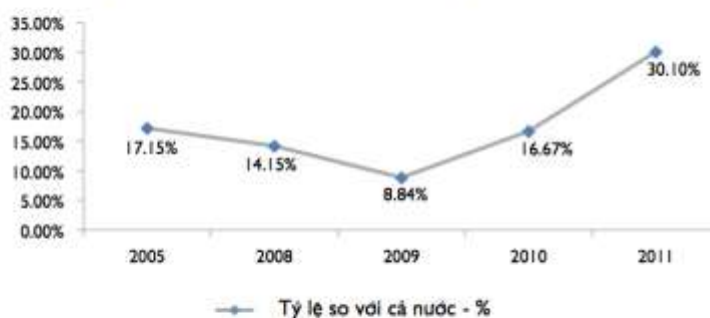
Chart 2 13: Ratio on contributions into export turnover of four central cities (Hanoi, Ho Chi Minh City, Da Nang, Can Tho) compared to the country in the period of 2005-2011.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

On activities to attract foreign direct investment, FDI inflows into 4 cities account for a large proportion in comparison with other regions in the country. In 2011, FDI inflows for registered investment in four urban areas rose sharply, total registered FDI in the four cities was 4,695.676 million USD, accounting for 30.1% of the whole country.

Chart 2 14: Ratio of registered FDI of four central cities (Hanoi, Ho Chi Minh City, Da Nang, Can Tho) compared to the country in the period 2005-2011.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

With its position as the large economic centre of the country, the number of enterprises in four these cities is increasing and accounts for a large proportion of the total enterprises in the country. In 2010, four cities had 57% of enterprises across the country, higher than 40% in 2005. This confirms the position of the four cities as the center of economy and business of the country in recent years.

Chart 2 15: Ratio of total contributions to all enterprise of the whole country of four central cities (Hanoi, Ho Chi Minh City, Da Nang, Can Tho) compared to the rest of Vietnam in 2005 and 2010.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

For the economic restructuring, we can see the economic structure of the four major cities shifts toward more modern with the share of industry and services accounting for over 95% of the economic structure.

Table 2 16: Comparison of average economic restructuring of four central cities (Hanoi, Ho Chi Minh City, Da Nang, Can Tho) compared to the country in the period 2005-2011.

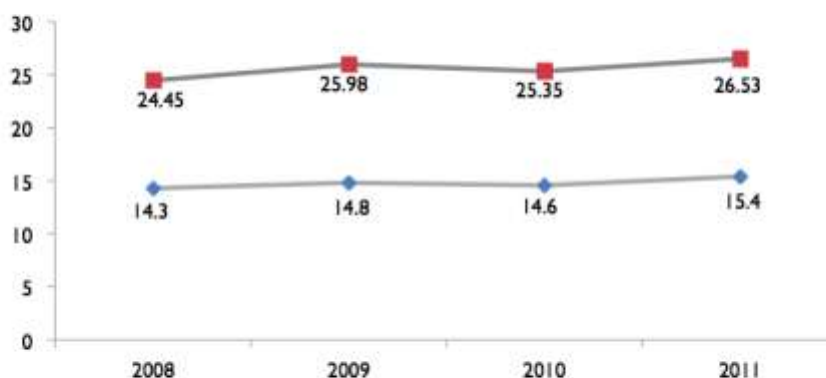
Stt	Năm	2005	2008	2009	2010	2011
1	Cả nước (%)	100	100	100	100	100
	Nông nghiệp	20,97	22,21	20,91	20,58	22,02
	Công nghiệp	41,53	40,35	40,79	41,64	40,79
	Dịch vụ	37,50	37,44	38,30	37,78	37,19
2	Bốn đô thị lớn (%)	100	100	100	100	100
	Nông nghiệp	4,15	4,34	3,77	3,37	3,38
	Công nghiệp	45,16	45,29	43,27	43,88	43,41
	Dịch vụ	50,69	50,37	52,96	52,75	53,21

Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

b) Centers of culture, science and training of human resources

In 2011, the ratio of workers trained to work in four cities was 26.53% and was higher than the average level of employment of the whole country was 15.4%.

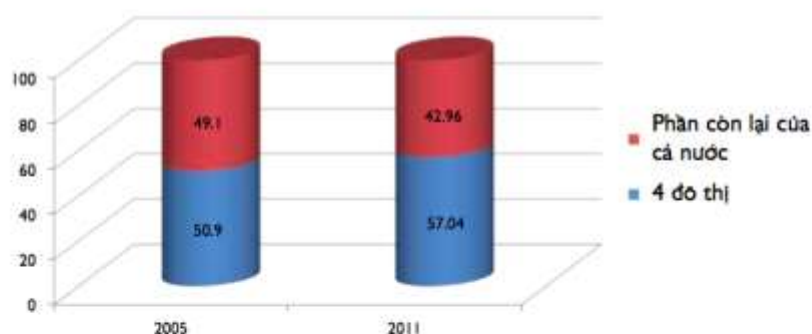
Chart 2 17: Comparison of labor skills of four central cities (Hanoi, Ho Chi Minh City, Da Nang, Can Tho) compared to the country in the period 2005-2011



In 2011, four cities had more than 180 universities and colleges, accounting for

42.9% of schools in the whole country.

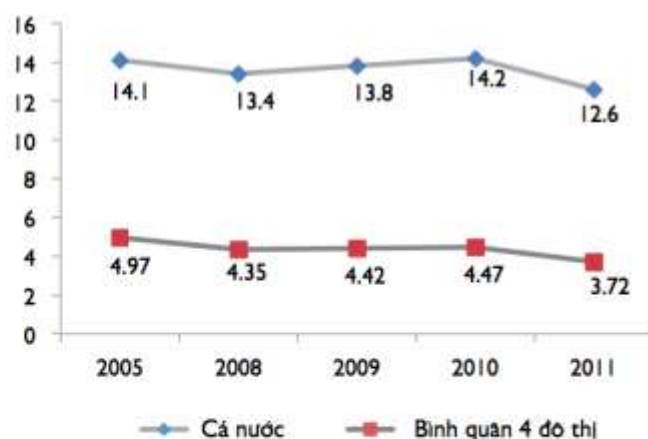
Chart 2 18: Ratio of contribution to the total number of universities and colleges throughout the country of four central cities (Hanoi, Ho Chi Minh City, Da Nang, CanTho) compared to the rest of Vietnam in the period of 2005-2010.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

For ratio of poor households: In 2011, the average ratio of poor households in four central cities was 3.72% (decreased down from 4.97% in 2005), while the general ratio of poor households on the country was 12.6 %.

Chart 2 19: Comparison of average ratio of poor households in four central cities (Hanoi, Ho Chi Minh City, Da Nang, Can Tho) compared to the country in the period of 2005-2011.



Nguồn: Tổng hợp và tính toán từ NGTK Việt Nam và bốn đô thị năm 2011

The above analysis has demonstrated that the central cities are considered as centers of economics, politics and social culture, science and technology of a region, an area of the country, even in the region and in the world and are the driving force for the development of the regions. The central cities in recent years have developed strongly not only on population, population size, but also economic indicators.

4.2.3. Regional Linkage

a) Hanoi capital and Hanoi capital region

▪ General information

Hanoi is a special grade of the urban area, the capital of the Republic of Socialist Vietnam, the national political – administrative center, the headquarters of the central bodies of the Party, the State and political and social organizations, diplomatic

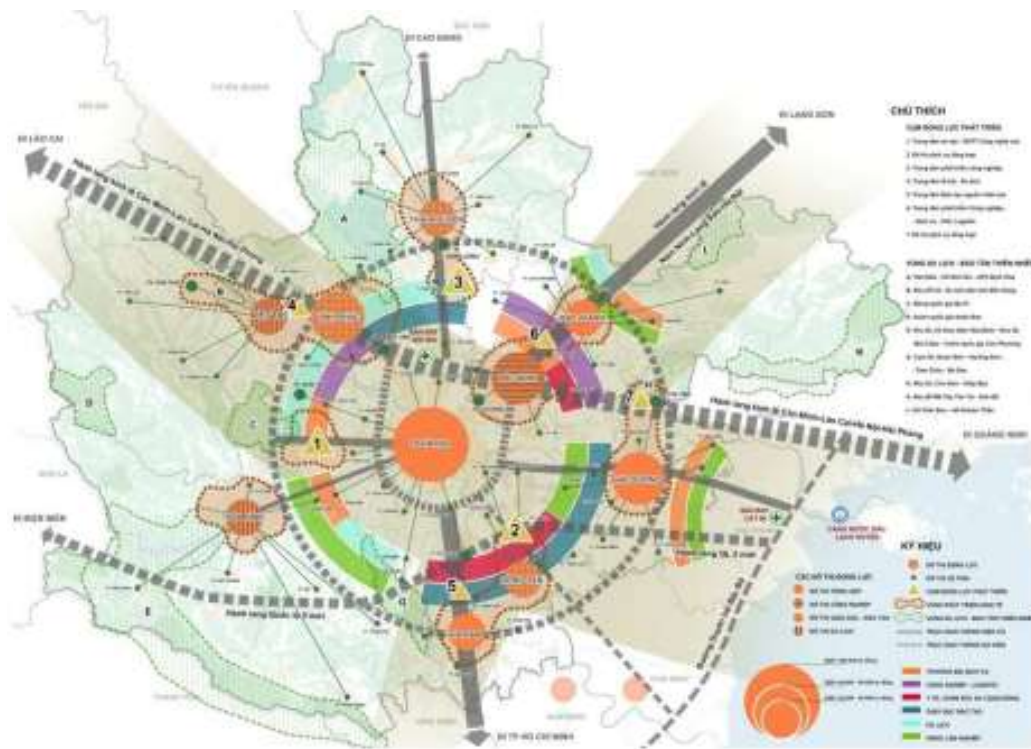
representative agencies, international organizations; is a major center of culture, education, science and technology, economics and international trade of the country; is one of the economic, tourism, trade and services centers of the Asia – Pacific region. Decision No 1259/QĐ-TTĐ dated July 26, 2011 with the goal: Developing Hanoi Capital to become to “Green - Culture - civilization – Modernization” City with expected population by 2020 of about 7.3 – 7.9 million people, ratio of urbanization is about 58-60%. Population by 2030 is about 9.0 – 9.2 million people, ratio of urbanization is about 65-68%.

Hanoi Capital always affirms its role as a strong economic center when contributing to country economy with 10% GDP, 9% of export turnover, 13% of industrial production value and 23% of total social investment. And then, it is on the top and is a motivation for economic development in the North.

The biggest challenge for the Hanoi capital is becoming an urban area on a par with other capitals in the region in the context of development, strong competition of the urban axis large in Southeast Asia, East Asia and Pacific. Hanoi serves as the largest urban center of the northern region with the impacts of economic development and urbanization process in a large area, and is an important market using of products of agriculture, industry, services and training. With the location in the Red River Delta region, the regional, national and international functions are strengthened through the establishment of financial - commercial, research - scientific discovery, conferences, sports, heritage space and international tourism centers. Hanoi together with Vinh Phuc, Bac Ninh is a major center - the focal point to make a significant impact on the development direction of the counterweight around the capital, create a stimulation, increase ability to integrate many leading economic sectors and develop effective relationships with ports sector as well as major economic corridors in the connection of the region...

The Government of Vietnam has approved the "Adjustment on Construction Planning of Hanoi Capital Region until 2030 and vision to 2050" in the Decision No. 768 / QĐ-TTĐ, dated 06/5/2016. Hanoi area consists of the entire boundary of Hanoi and 09 surrounding provinces Vinh Phuc, Bac Ninh, Hai Duong, Hung Yen, Ha Nam, Hoa Binh, Phu Tho, Thai Nguyen and Bac Giang

The formation of economic corridors on the expressways from Hanoi to Lao Cai and Lang Son-Hanoi will be a chance for Hanoi capital to connect easily with the surrounding international areas, promote economic development. This is a change for Hanoi Capital to become a large economic region in the country and in the Asia Pacific region.



Vùng Thủ đô Hà Nội - “Vùng đô thị lớn đa trung tâm - tích hợp” (VIUP – IAU)

Figure 2 5: HCR = "integrated polycentric metropolitan"

▪ **Main issues in urban development in Hanoi Capital**

The biggest challenge for the Hanoi capital is becoming an urban area on a par with other capitals in the region in the context of development, strong competition of the urban axis large in Southeast Asia, East Asia and Pacific.

Hanoi capital itself is also facing major problems to be overcome in the process of urbanization... The big question is that: "How to reduce warping and enables the formulation and implementation of urban planning in Hanoi capital and other cities of Vietnam more efficiently?". At the macro level, from practices, Vietnam should seriously draw lessons from the onset of recent urbanization.

In management and development of Hanoi, it needs the consensus on common interests in the long term for all subjects to have conditions for satisfying the needs and approving the general regulations. Hanoi and other cities of Vietnam need to say "No" to the "Asking - Giving" mechanism, which corrupted moral lifestyle of many groups of people ... Let's repel the way of urban development in the project "New urban area" at all costs regardless of the real needs urban development.

Urban planning needs to be less arithmetic, reduces the indexes, but should be strategic and multidisciplinary integrated. The transparency, openness and the role (democracy) of the community must be respected and enhanced. Hanoi needs scientific and practical urban development strategy... Hanoi is a leader, an example in method innovation, in the management and implementation of planning. Hanoi needs to boldly establish urban development areas (strategic) to the north Red River area (taken Nhat Tan - Noi Bai axis as centre) making up an urban area of important

international gateway in association with Noi Bai international airport and a sea corridor with Lach Huyen international port (Hai Phong). Hanoi also should not be too proud of large natural area scale (over 33,000km²), but should focus on complete research on the Urban development strategies through the Capital Law to build Hanoi early become a Green - Cultural - Civilized - Modern" city, a dynamic and efficient developed urban area with high competitiveness in the country, region and international; with good working and living environment, high quality leisure activities and favorable investment opportunities... towards a specific and modern global urban area.

In the immediate future, in the short and medium term, Hanoi is and will still face many difficulties and challenges affected from the urban population explosion, public transport (which is circulated mainly by motorbikes), overloaded infrastructure systems and public services, environmental degradation, and the impacts from the growth and restructure model of economy as well as global integration trend. These difficulties of Hanoi potentially threaten sustainable development on various aspects:

- (1) *Economic development*, there is inequality and income disparity increasingly between different areas of the city;
- (2) *Social development*, shortages in supply of social housing, workers, students. The system of urban infrastructure and public service supply is outdated and lacked, including systems of transportation and water supply and drainage, overload waste handling as well as overload health services and education;
- (3) *Environment*, pollution and degradation were exacerbated by the uncontrolled urbanization, weak public transport system led to serious consequences on the environment and society;
- (4) *Urban planning*, method of urban planning was slowly innovated. The quality of planning and management of inefficient land use will facilitate currency speculation increase. The capacity of planning management of implementation was weak. Urban architecture and cultural heritage has not been paid adequate attention;
- (5) *Local governance*, the evaluation of public investment programs based on criteria has not taken into account the economic, social, financial and environmental consequences. It was lack of diverse mechanisms to mobilize funds for urban development. Besides, there are still many limitations in skills, knowledge, awareness and responsibility for management of urban local bodies, especially at district and ward level (very weak). The coordination between government agencies and multi-sectorial collaboration are still many issues to be resolved.
- (6) *Competitiveness and international economic integration*, Hanoi needs to change their thinking, ways of working on the basis of eliminating prejudice of "no hurry in Hanoi", should be open and dynamic, to develop strategies and plans to improve competitiveness and capacity of international economic integration.
- (7) *Towards the specific modern global urban area*. This could be a medium-term and long-term vision or strategy of Hanoi Capital in the context of globalization that Vietnam is actively integrating.

- **Roles of Hanoi in HCR linking**

For Vietnam, the Asia - Pacific region is an important commercial market, accounting for about 70% of total export turnover and 80% of total import turnover (Source: Vietnam export-import data, 2012, General Department of Statistics). All countries in the region of TPP agreement are the world's trading powers and also major export markets of Vietnam. With participation in TPP, goods and services of Vietnam will be more favorable when accessing to the markets of partner countries through tariff reduction and abolition of restrictive conditions for investment and services. Vietnam can reach large markets at the rate of 0-5%, which will bring greater competitive advantages and bright prospects for many sectors, especially textiles, footwear, seafood, wooden products as important export sectors in the 10 major export products.

For the Hanoi capital region, Hai Phong port acts as a gateway to the sea transport services of the region with the major market as Mekong River triangular region and Yunnan, Guangxi (China). The opportunity set for Hai Phong port, as well as promotion of regional economy of Hanoi capital region is to create the model of "Cargo transport service of Hanoi region" through the port of Haiphong. Hai Phong and Lach Huyen ports have the opportunity to become one of the complex ports and the focal point for inland and dry ports.

Therefore, one of the important advantages of the region are closely linked with the regions, especially the provinces in key economic areas in the northern such as Hai Phong, Quang Ninh and the northern coastal provinces, Middle land region in the Northern, Northwestern region, Vietnam-China border area, Northern Central region... Relationship with the region asks Hanoi to pay attention to development axes: Hanoi – Phu Ly axle is a gate connecting to Southern region for developing industrial parks along national road 1A, North – South railway, Hanoi – Hai Phong axle, connected by National road 5, Hanoi – Hai Phong – Ha Long expressway, Hanoi – Bac Giang axle, extending to Lang Son considered as a corridor connecting to China; Hanoi – Thai Nguyen, an international integration axle through Thang Long – Nhat Tan – Noi Bai lines, national road 3, Hanoi – Thai Nguyen expressway.

Currently, cooperation for linkage of regional development is the indispensable requirement of the market economy with networks of trading centers, production spatially arranged according to territory, to create growth poles and the development for the region as well as nationwide. Hanoi Capital is defined as a political - cultural - economic center and in international relations of the whole country; hence requirements for linkage cooperation are placed within the context of international economic integration in a deeper and wider manner.

Existing restrictions in linkage of Hanoi capital region are:

- While there are more active operations, but in general, linkage and coordination among provinces in the region are still spontaneous. Many activities just stop at the level of commitment and agreement between local leaders, even some coordination activities have no commitments, therefore leading to lack of legal bases, specific contents as well as the coordination linkages. With a number of local areas in the region, if not because of the geographical borders, Hanoi has not mostly performed any proactive linkage. In addition to infrastructure investment programs with management of ministries: Ministry of Transport, Ministry of Construction, most of linkage operations are local and do not ensure uniformity or

consistency throughout the region, therefore, not promote the comparative advantages of the whole region or local area in the region.

- The scope of links between local area in the region has an extension but is still limited and monotonous. Economic links are not based on economic specialization and division of labor which are mainly links between enterprises and local bordering areas together with investment, production and consumption of products, relocation, investment into technology innovation and etc with small contents and services which are not for long time . Economically, even among different local areas in the region, there are many unfair competitiveness issues with each other in attracting investment and developing infrastructure.
- Linkages under the fields developing slowly, ineffectively, particularly: Some cooperation programs are signed but implementation is made very slowly or can not be made, such as: support provinces in training qualified workers working in the high technology industries. Traffic infrastructure connecting Hanoi and provinces in the region is not performed uniformly, particularly in the areas bordering Hanoi. For environmental protection, coordination for controlling industrial production facilities causing serious pollution but until now, environmental pollution, particularly water resource pollution caused by industrial waste and urban areas tends to increase strongly.
- Linkages in using infrastructure system, logistics services or public utilities among local areas in the region have low effectiveness due to lack of planning in the entire region for development of infrastructure, public utilities, logistics services and particularly assistance industries and etc...

This leads to serious consequences for long time such as: Economy of the Capital and local areas is in small interaction with each other; investment for development is not focused or evenly overlaps due to lack of linkage, support causing waste on resources and unfair competitiveness; lack of leading enterprise, lack of key industries, lack of key products with high competitiveness, accounting for most of the market share and high increase of value; slow shift of Capital industrial structure and etc...

To gain effective and necessary linkage in the Capital region:

- Firstly, develop and complete legal basis, institution for cooperation and links in the Capital region. Based on such planning, Hanoi should revise the plan for development and long-term spatial organization plan as well as consult on development orientation of large regions and provinces in the region. Hanoi can also be proactive to propose to establish a Steering Council for regional cooperation and then establish Cooperation Committee of the Capital region.
- Secondly, develop policies and mechanisms on regional cooperation and links and attract FDI into Capital region. Participate in product value chain in the scope of region and the world.
- Thirdly, implement the planning according to territorial space and determine functions and contents of cooperation and links in the Capital region associated with territorial space in an essential and appropriate manner. In fact, Hanoi is able to have huge attraction for surrounding areas, particularly areas near Hanoi. Therefore, regional economic linkage between the Capital and local areas is an

important factor after determining legal bases in the Capital region. Economic cooperation or linkage between Hanoi and local areas in the near space scope (the first corridor) is required to be considered for specific directions including: Linkage in university training, health care, tourism and trade, production of agricultural products and clean food.

- Fourthly, focus on developing some key industrial clusters of the region, considered as a typical point of cooperation or linkage of the Capital region. Accordingly, Hanoi should focus on developing infrastructure industries and forming satellite industry functional areas for Hanoi, create an appropriate industrial space in large economic areas. For example, particularly, in Vinh Phuc area, there are mainly industries such as computers and accessories, optic equipment and components, assembly of cars. Bac Ninh can have industries on production of visual machinery and equipment, medical equipment, food, beverages. Hai Duong has mainly agricultural and mechanical production industries, equipment for construction, production of electricity, garments and etc.

It is very important to restructure industrial parks, clusters and regions (old) in the model of vocational village industrial clusters in the direction associated with research and development of the market, technology renovation, mechanizing of production states; promotion of effective exploitation of local human and physical resources; Completion of regulations and policies of support and encouragement on production development for solving difficulties to create favorable conditions for production and business and etc...

Cooperation and linkage in the region and development of industrial space are a new trend in organization and assignment of international labor subject to impacts of integration and technology science revolution in the 21st century we need to catch up not to miss the opportunity for development. It helps Vietnam in general and Hanoi in particular create infrastructure industry and connect domestic production enterprises with foreign enterprises, upgrade technology, participate in global production network in a rapid and modern manner.

b) Ho Chi Minh city and HCM city region

▪ General Information

Ho Chi Minh City is a special urban area, large center for economy, culture, training and education, technology and science, in the important political location of the whole country, international exchange connector, and industrial center, multi-field services of the region and South East Asia region. (Decision No 24/QĐ-TTg dated January 06, 2010 of the Prime Minister of the Government on approving amendment of master planning of Ho Chi Minh City by 2025) and etc. Even though, it only accounts for 0.5% for natural area and 8.56% of population of the whole country, but Ho Chi Minh City has contributed 21.3% into GDP of the whole country, 29.38 % of total state budget, 22.9% of total investment of the entire society; 58.33% of international tourists; 43.72% of tourism sales; 26% of export turnover, per capita income of people in the city in 2011 was equal to 2.4 times compared to per capita income of the whole country. (Website of Party Committee of Ho Chi Minh City

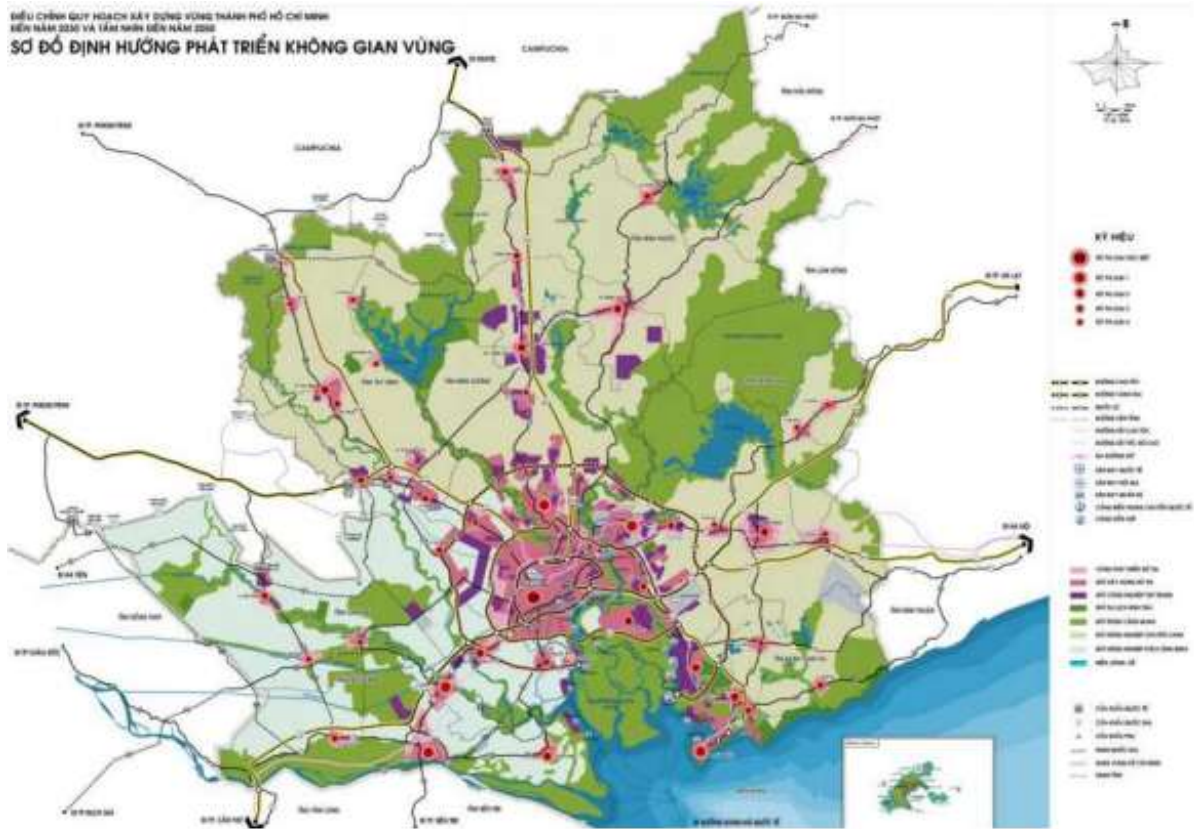
dated August 14, 2012)⁴

Currently, the biggest challenge of Ho Chi Minh City is to become again its brand "Pearl of the Orient", becoming one of the leading cities of the region and the world / global urban zones in the context of strong development and competition from major urban axes in Southeast Asia, East Asia and the Pacific. In addition, urban development and urbanization in surrounding areas of Ho Chi Minh City cause new challenges beyond administrative scope of the City.

The government has to draw up a construction plan of HCMC region and set out strategic objectives for the development of the whole region. In particular, Ho Chi Minh City acts as the central urban area of Ho Chi Minh City region, arranges and forms aggregated and specialized centers in trade, services, education, high technology medicine, culture, entertainment, sports ... of the region; develops clean industries not polluting the environment, with modern technology, high scientific content and greater value added, use fewer unskilled workers; develop roads, waterways, railways, airways to become a transport hub in the region and connect South East region and South West region, the region and countries in the world. By 2025, population is estimated about 10 million people, in-house or out-house visitors (under 6 months) are about 2.5 million people; the urban area population is from about 7.0 to 7.4 million people; suburban population is from about 2.6 to 3.0 million people (of which the rural population is about 0.5 million people).

However, the orientations of the HCM City region are only limited to spatial development orientation without organization of administration and institution for implementing. In fact until now, the City faces many unresolved issues related to the implementation of the development goals of technical infrastructure (water supply systems and wastewater treatment, solid waste management, traffic infrastructure goals ...), environmental protection, economic and housing development.

⁴ According to report of Committee of Party Personnel of People's Committee of the city on socioeconomic situation in 2015 in the 2nd conference of Party Executive Committee of Ho Chi Minh City in 2015, Ho Chi Minh City gains the highest economic growth within 3 recent years, its competitiveness capacity is improved, production and business situation of the enterprises has positive shift. Gross domestic products in Ho Chi Minh City in 2015 reach 961,960 billion dong, increasing by 9.8% compared to 2014 and the highest level in 3 recent years (GDP in 2012 increased by 9.2%, by 9.3% in 2013 and 9.6% in 2014). According to new calculation methods, GRDP of the city is estimated to increase by 7.72% in 2015.



Vùng TP.HCM – Sơ đồ định hướng phát triển không gian. Nguồn: Viện QHXD miền Nam (SISP)

Figure 2 6: Spatial orientation of HCMC region

▪ **The main issues in urban development of HCM City**

Like Hanoi and other large and medium urban zones of Vietnam, Ho Chi Minh City in the macro level, Ho Chi Minh is facing problems due to inadequate urban impacts... The fact indicates that places with strong economic activity have huge manpower attraction. Human resources not only include migration from rural areas to urban areas but also immigrants from areas with a low urbanization... This causes more pressure on infrastructure and urban authorities cannot immediately solve the problems due to lack of policy mechanisms and funds. The appearance of temporary residents (in informal areas) and the lack of equipment have led to serious problems of sanitation and transportation. Thus, the development of these areas must be coupled with the financing of equipment, services and construction of infrastructure (water supply, sanitation, waste collection and treatment, transport, schools, hospitals...

From 2003 to 2013, in Ho Chi Minh City, the number of motor vehicles traffic has tripled. The improvement of the living standards of households and the emergence of a new middle class has made the number of cars raise sharply. Besides, the number of motorcycles is also constantly increasing. Meanwhile, the public transport system consisting of 100 bus routes only meets 7% of the travel needs of the city residents. Therefore, road accidents, traffic congestion and environmental pollution are worsened. A major challenge is posed; the government needs to encourage people to use public transport. Thus, the city must build strategic development of public

transport, in line with the stage of development, with diverse and attractive means in terms of price, to ensure traffic safety and smoothness.

The areas of new urban development, especially Thu Thiem there is up to 65% of the land is 1.5 meters below sea level and flooded in cycles, urban authorities must pay special attention to the impacts of climate change when developing policies and strategies for urban development. Definitively settle the points of flooding, flood tide ... Identify the areas of urban development not affecting the natural laws of Ho Chi Minh City.

In the immediate future, in the short and medium term, Ho Chi Minh City and Hanoi still face many difficulties and challenges from the explosion of the urban population, the unfinished public transport system (mainly travelling by motorbikes), overloaded infrastructure systems and public services, environmental degradation, and the impacts from the growth models and restructure of the economy as well as global integration trends....

▪ **Issues in linkage for development of HCMC region**

Implementation of regional construction plan is made by provinces and cities in HCMC region and specified by a series of inter-provincial projects (infrastructure, water supply, wastewater treatment, solid waste management ...). Such as expanding national road 51 connecting to Bien Hoa City (Dong Nai province) with Vung Tau City (Ba Ria – Vung Tau province), constructing Long Thanh – Dau Giay expressway, ring road 3 of HCMC and etc. This inter-province collaboration involves only 2 or 3 provinces which have close ties with each other and lack of a coordination mechanism among the provinces in the region makes it difficult for the City to implement the goals and orientations outlined construction planning in HCMC.

Without regional – level state management agencies, limiting coordination among the provinces but in some cases also leading to competition among local area. Each province follows its direction without working together. This leads to an imbalance in the area. There are many reasons explaining the difficulties in making the planning of HCMC region:

- In terms of economic aspects, specialization in development of industry and services between HCMC and other provinces in the region has led to competitiveness. The lack of coordination in economic development impedes the promotion of the economic potential of the provinces and thus affects the overall development of in HCMC region.
- In terms of space, implementing the approved plan is not strictly controlled. Therefore, development of residential, industrial and service areas is not harmonious. In addition, the geographical imbalance between urban and rural areas is constantly increasing, the development of new urban areas causes damages to agriculture, forestry and landscape.
- In terms of the environment, the environmental pollution in Dong Nai and Saigon provinces is increasingly serious, affecting the health of people in the provinces located in the downstream (Ho Chi Minh City, Dong Nai, Binh Duong, Binh Phuoc and Tay Ninh). Moreover, rising sea level and earth warming also increase the risk of flooding in the region. Therefore, it is vital to

seek cooperation tools for managing and protecting the environment and promoting the value of landscape.

- In terms of residential area development, the development programs of local housing in the region do not ensure uniformity and the forecasts are still quite highly relative.
- In the coordination between the subjects, the coordination between local areas in the region and especially between the specialized agencies of HCMC with neighboring provinces is not close. Moreover, the implementation of Decision 159/2007 / QD-TTg dated 10/10/2007 of the Prime Minister on the mechanism of cooperation between the ministries and local agencies in the region is also not very effective. The state-owned enterprises under the jurisdiction of the Government and the local authorities in the region also pose many challenges for coordination. Construction planning of HCMC region poses challenges for the development of spatial structure, economic development, infrastructure networks, housing network, protection and promotion of environmental values. Be aware of these difficulties, R & D Institute has launched a proposal to establish a management body which is capable of coordinating all of the provinces / cities in HCMC. However, this proposal has not been approved by the Central Government.

Currently, the major challenge in the region is to develop coordination mechanism to implement the regional construction planning in all areas of urban development. The provinces and professional bodies need to further strengthen coordination with each other. This combination should enhance the interests of local areas and make clear division of responsibilities of the provinces. The levels and sectors also need to further strengthen coordination with each other and make the specific division of authorities among levels.

c) Danang City and Central coastal Region

▪ General Information

Da Nang is a central city since 1997, is located in the South Central region of Vietnam. This is the most 5th populous city of in 5 central cities, one of the centers of economics, culture, education, science and technology in the Central region - the Highlands region. Da Nang is one of 15 urban areas grade 1 and one of 5 central cities in Vietnam.

In the three years from 2008-2010, Danang had leading competitiveness capacity index (PCI) in the country. However in 2012, PCI of Danang ranked the 12th in 63 provinces and cities of the country. In 2013, 2014 and 2015, Danang returned to No. 1 on the chart of CPI. In recent years, Da Nang has actively invested in building infrastructure, improving the environment, improving social security, positive branding and is considered "livable city" of Vietnam.

Prime Minister signed a decision approving the adjustment of master planning of Da Nang city in 2030 with a vision to 2050. The development objective is to make Danang become one of the country's major urban center, the center on economy - society in the Central region as a service center; a seaport city, an important transport hub for the transport and transshipment of goods domestically and internationally; telecommunications and financial – banking center; center of the health centers,

cultural - sports, education and science and technology of the Central region; its geographical position is strategically important for national defense and security of the central region and the country; a driving force of economic development of the region and the key economic zone of the Central region and the Central - Highlands; Vision to 2050, build and develop Da Nang city become a national level special city, towards an international urban and sustainable development.



TP. Đà Nẵng – Sơ đồ định hướng phát triển không gian (VIUP)

Figure 2 7: Spatial orientation of Danang City

▪ **Key issues in urban development of Danang City**

With a strategic vision, Da Nang have much tasks to do to make Da Nang city became one of the major urban centers of the country, the social and economic center of Central region as a center of industry, trade and tourism and services; as a seaport city, an important transport hub for transit domestic and international transport; postal - telecommunications and finance - banking centers; one of the cultural - sports centers, education - training and scientific and technological centers in Central region; the geographical position is strategically important for national defense and security of the central region and the country.

Promote the management the implementation of urban planning, investment in construction, and development of synchronous infrastructure, in the direction of an industrial, tourism, service, civilized and modern city. Develop the potential and comparative advantages, focus resources on developing the city in line with the potential of an economic – social center of the Central region, with spillover effects for the development of the surrounding provinces, Highland and the economic corridor of East - West, GMS.

In the period ahead, Da Nang should review the urban, tourism development projects... delayed deploy on the basis of restructuring the planning of eastern coastal regions, ensuring accessibility for all subjects, climate change adaptation, sea level

rise. Resolutely not use reclamation solutions to develop tourism, urban ... At the same time, develop the system of urban public transport in the direction of a modern urban zone for tourism...

▪ **Roles of Da Nang City in linkage of Central region and Highland region.**

Implementation of resolution 33-NQ / TW of Ministry of Politics has pointed out that "Construction and development of Da Nang is very important in many ways for the Central region- Highlands region and the whole country," Da Nang has started promoting its roles in launching the implementation of economic links between localities in the region. In 2011, Da Nang has successfully organized scientific conference linking the provinces / cities in the central coastal region with the participation of key leaders of the provinces / cities and has signed Minutes of commitment on:

- (i) Adjusting the development plan in line with the strengths of each locality;
- (ii) Development of transport infrastructure in sync;
- (iii) Establishing unified tourism and economic space of the region;
- (iv) Expanding the scale and improving the quality of training of human resources;
- (v) Mobilizing capital and building mechanisms and policies for investment in the development of the region;
- (vi) Coordination of promotion in investment, trade, tourism and development, promoting the culture of the whole region and etc...

That is the premise for the extensive development activities linking the whole region. In addition, Da Nang city are active to develop internal resources, implement the commitments, make some practical solutions, creating an important landmark in the development of economic links in the Central Coast region, in particular:

- The city has been proactive in implementing the functions of coordinating linkage activities; Actively organizing and participating in conferences, seminars and other activities of the Coordinating Committee in the Central Coast region, including the Center for Development Research Consultants of the Central region under Research Institute for Social and Economic Development of Da Nang was chosen as the standing body to assist the Regional Coordinating Committee. These activities initially created changes in the perceptions and actions of economic cooperation and development in the Central Coast region from the key leaders of the provinces / cities, political - social departments and organizations, enterprises and citizens.
- On the basis of reviewing, adjusting and implementing economic development plans based on their strengths and in line with the overall planning of the region, the city has implemented the construction, upgrade and modernization of technical infrastructure systems serving regional marine economy, tied to maritime security and sovereignty protection with projects serving the whole region of the seaports, seafood processing industrial and service parks, fish ports, decks for preventing storms and the coastal roads towards forming fishing logistics service center for the entire region.

- With the policy for priorities of infrastructure investment at the first stage, many important projects of cities and the cities engaging in the implementation, have been large-scale and received investment and construction, contributing to shorten the geographical distance, enhance connectivity, trade, economic development of the central provinces such as Hai Van Tunnel; Renovation and expansion of Da Nang international terminal; intersection at another level at Hue intersection (in progress) and etc...
- In economic development, the city pays special attention to establish unified economic space of the region and coordinate in promoting investment, trade, tourism and promoting local, regional and international levels. Commercial infrastructure and logistics of the city are timely oriented fast and quite comprehensively, initially assuming the role for wholesale center for the Central Coast region. Tourism infrastructure has also been focused on investment, formation of many resorts, tours, lines, products, gradually linking and creating unified tourism and economic space of the whole region, maximizing exploitation of world cultural and natural heritages on "world heritage road" in Central region, connecting two of other world heritages such as Luang Prabang and Angkor Wat.
- The scale and quality of training of human resources of the city are growing steadily to meet the needs of the region: The city has prioritized investment, coordination, development of a network of universities, colleges and vocational schools, affirming gradually the role and position of Da Nang as a large center of education - training of human resources of the region.
- In addition, the city also has a priority to spend construction investment capital, and put to use Children and Maternity Hospital (600 beds), Cancer Hospital (500 beds); upgrading Da Nang Hospital with scale of 1,100 beds; attracting and training the qualified health workforce and etc in order to effectively serve the examination and treatment for people in the region.

In order to further promote “leading” role in implementing and improving the effectiveness of economic development linkage in the central coastal region, in the future, Da Nang City continues to implement:

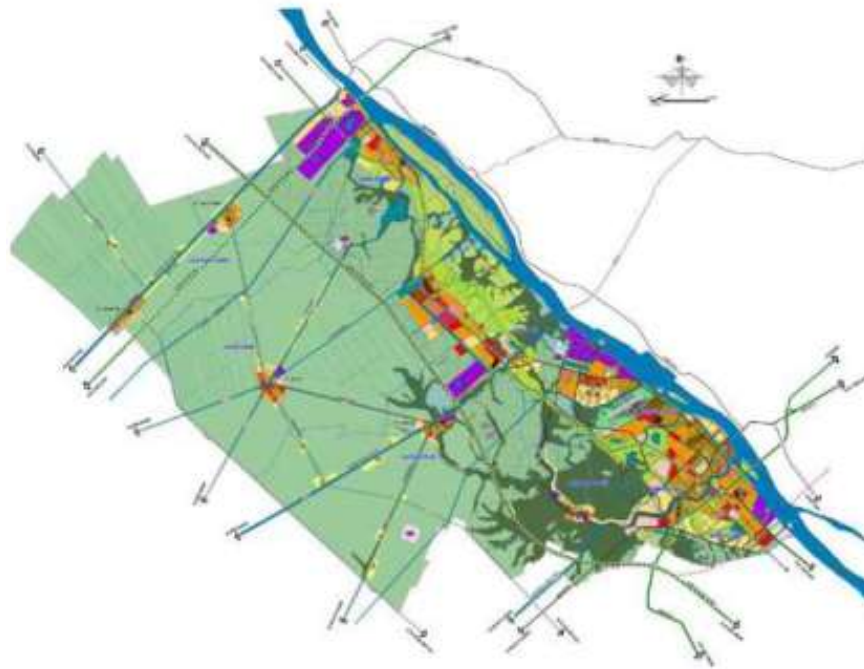
- Identify Da Nang as a local area which is active in implementing the commitments signed with local authorities in the region of cooperation, joint ventures, development linkage, in order to build a unified economic linkage in the entire region.
- The city continues to do well as a focal point leading and coordinating the activities connecting the central coastal region.
- Da Nang continues to affirm its role as a center to support and coordinate the responsibilities and common interests for the development of the region on the basis of promoting the particular strengths of each locality. Be active to research and propose the central government on planning of economic development of Da Nang in the planning of economic development on the basis of the comparative advantages of each locality, firstly continue to prioritize road traffic development in the region.

- Develop mechanisms to support and attract enterprises, especially private enterprises, engage into formation and development of the supply chain, regional linking value chain in orientation of key products of the city.
- Promote the development of infrastructure of trade and logistics services, striving to become a center of wholesale for the Central Coast region. Position a central role in the chain of tourism development for the entire region, create tourism space for the entire region, make synchronous infrastructure, make the most of the location, and favorable conditions of the city in the central region and Highlands region.
- Coordinate, link with local authorities in the region, make strong economic development associated with the protection of sea islands sovereignty, coordinate, exploit fishing, seafood processing ... confirming the role of logistics services for the whole region, firstly make formation and development of fisheries logistics center in Da Nang.
- Develop and maintain a role as a large center of education - training of human resources of the region. Strengthen links between vocational training establishments with local areas and enterprises in the region in the direction of high-quality training on the order of enterprises, corporates, economic zones and etc. Focus on the fields as driven such as tourism, logistics, information technology, electronics, auxiliary industries and etc...
- Research and propose the Central Government for strict direction for the overall planning of socioeconomic development of the region and of each locality, ensure the principle of "unity in diversity" of the economy; on enhancing public investment in the mining sectors, use sea ports, industrial parks and export processing zones; make the redistribution of productive forces in line with the conditions and needs of the provinces / cities, minimize "overload" and "too short" investments in the region; For suggestions for methods of adjusting public investment management towards decentralization in order to promote activeness and creativity of the local areas.

e) Can Tho City and Mekong Delta River Region

▪ General Information

Can Tho city is large, modern and most developed in the Mekong Delta, as well as a central City since 2004, located on the right bank of Hau River and in the Mekong River delta. This is the 4th largest city in 5 central cities in Vietnam. On June 24, 2009, Can Tho City was officially recognized as urban area grade 1 of Vietnam.



TP. Cần Thơ – Sơ đồ định hướng phát triển không gian (SISP)

Figure 2 8: Spatial Orientation of Can Tho City

Can Tho City is the major urban area and the economic center of the Mekong Delta. In addition to characteristics of geography as an important traffic hub in the region between the provinces in the region, Can Tho city with vast river system is also known as an "urban river region". As planned by 2025, Can Tho city will become a center of industry, trade - service, education - training and science - technology, health and culture of the Mekong Delta region, and also gateway urban area to the Mekong river Basin, an important clue about the local and international transport services, with a strategic position on defense and security.

In the period of 2010 - 2015, economic growth reached an average of 12.19% of TP. The economic structure gradually increased in the industry, construction, trade and services, reduced the proportion of the agricultural sector and fisheries sector. Gross domestic product in 2015 reached more than 77,900 billion dong, increasing by 1.8 times compared to 2010; per capita income in 2015 reached 78.46 million dong / year (equivalent to \$ 3,600), with an increase of 2.15 times compared to 2010. Every year, Can Tho City contributed to around 12% of the total budget revenue...

- **Key issues in urban development**

Climate change and sea level rise, especially the impacts and consequences are no longer forecasts, a phenomenon but a matter of urgency, importance to be addressed to actively adapt and overcome the serious consequences of climate change, sea level rise of the provinces in the Mekong delta in general and Can Tho City in particular. As reported by the Natural Resources and Environment sector, Can Tho City is the most affected by climate change, more and more clearly manifested in the increased air temperature, precipitation, level of flooding, drought, invasive salinity and some other disasters. To ensure adaptation to climate change and sea level rise, Can Tho City needs sustainable development towards green urban model with structure of a

water urban (experience of the Netherlands) on the basis of developing a green economy, taking the response activities as the basic motivation for economic development, increasing living standards, livelihoods and enhance people's income, increase cumulative values, socio economic development to strengthen their capacity to respond for the community and the city itself.

▪ **Roles of Can Tho City in linking Mekong delta region**

Mekong Delta region is facing many challenges due to the process of development and enhancing competitiveness with other regions in the country, in which international integration will put Mekong delta region into fierce competitiveness on the domestic and international markets. The region plays an important role in ensuring food security, seafood agricultural exports. However, until now, the provinces in the Mekong Delta region develop mainly based on natural conditions of each locality to call for investment, the link among local areas is not close, which can not definitively settle local competitiveness among localities. International economic integration is increasingly deeper and has direct impacts on economic growth, social security of the region. To survive and develop in a safe, prosperous and sustainable manner, requirements set out for the Mekong Delta region, in socioeconomic development, it needs to develop mechanisms and policies to link the region, actively adapt to disasters and climate change in the Mekong Delta region.

Can Tho city has been active to develop a number of key tasks, in which solutions for regional links shall be focused. The City has proposed extension of the existing "bilateral" links to "multilateralism" links to mobilize the power of the whole region in the implementation of economic relations. The city has also proposed regional level projects implemented by local areas (such as regional data project, project on research against climate change ...). Also, Can Tho has proposed the Government issue policies and mechanisms to support projects with regional nature invested by many local areas.

The City has proposed a solution on restructuring the agricultural sector and expanding links with local authorities in the region and 4 – housing links; strengthening and re-arranging the system of purchasing, processing and export of agricultural products, forestry products and fisheries; accelerating the application of technology and transfer of science and technology, improving the process of production for each crop, livestock and fisheries; accelerating the implementation of the roadmap mechanization of production; mobilizing investment capital for development of agriculture and rural areas. As for the fisheries sector in general and the catfish industry in Can Tho City, offer 3 solutions to accelerate restructuring, such as the planning and development of breeding, strengthening quality control and promoting the implementation of the link of value chain.

Can Tho city continues to develop policies and mechanisms of link and cooperation. Firstly make link and cooperation with the region's local areas in investment in construction of infrastructure, trading and transportation. Make link and cooperation in the construction of industrial parks, distribution investment to develop key industries such as energy, agro - fisheries, engineering, electronics, information technology, high technology agriculture and etc. Can Tho has formed pilot investment area of cultural and services development at Tay Do cultural Center – Can Tho City; called for investment in deep-sea port for the whole region, string up the

general framework program for the Mekong Delta region to call for promoting calling for domestic and foreign investment based on allocation of available resources evenly, a portfolio of common areas that all provinces shall focus on.

In cooperation and link, positioning HCMC as a center of South region; Can Tho is a development pole, acting as motivation for the cooperation of the region, have to influence the western provinces of Hau river; Tien Giang province in the center of Tien River North region; An Giang Province to expand into the ASEAN countries on the mainland; Ca Mau, Kien Giang in thriving maritime economy, mangroves, especially Phu Quoc islands plays an important role in the development of tourism, trade of the region and the whole country.

4.2.4. Medium and small urban areas associated with agricultural – rural regions

Rapid urbanization is a driving force, but also a new phenomenon in Vietnam. Vietnam remains under strong influence from the rural areas, which are home to about 65% of Vietnam's population.

In the context of economic integration, the small cities are a potential connector between urban and rural areas. However, the current policies in Vietnam are only interested in spatial planning and the role of small towns within the big city system. There must be more steps aimed at greater decentralization, such as giving local autonomy and a larger range of action. The National hierarchy system is assigned to small cities with a key role as the provincial centers to promote rural center development equivalent to urban areas type V or IV.

There must be more steps aimed at greater decentralization, such as according to the UDA, at the end of 2015, Vietnam has over 600 urban areas type V in total more than 870 urban areas nationwide. The small towns are not places providing residence for the majority of the urban population and the country and have not experienced the highest urban population growth rate. But due to widespread in the wide range and surrounding areas, they play essential roles for the integration of rural areas. The small towns are important units, where individuals who can come from many places from urban to rural areas, the state or the people communicate with each other.

The rate of urbanization in Vietnam is growing rapidly, the major urban centers benefit from attracting investment resources and rapid economic development; but the flow of immigrants is putting authorities under increasingly large pressure. And rural areas are experiencing exhaustion of funds, manpower and other resources. Life in the countryside is increasingly dependent and easily affected by external factors. All these things contribute to the risk of the development of spatial inequality on the national level.

Orientation of the National Urban Development has confirmed the need for adequate resources for investment and development of medium and small urban areas, on the basis of fully exploiting the advantages and potentials of all regions, link for support each other including rural areas, making all regions develop. Because of its size and structure, the small urban areas are capable of handling the problems of urbanization and developing more flexibly than the big cities. These urban areas play an important role as a key resource for socioeconomic development of the region, provinces, districts, inter-provinces, inter-districts as a direct basis to accelerate the process of industrialization - modernization, together with economic development to ensure international security and defense in many socio – economic areas, urbanized areas and rural areas over the country.

In recent years, along with industrial and urban development, Vietnam Government also promotes the development of rural areas through strategic framework of "Three agriculture", including the construction of new countryside. Recently, the national report on the

achievement of the Millennium Development Goals (GOVN, 2015c: 103-104), the Government of Vietnam pointed out that urbanization and migration from rural to urban areas brings to both positive and negative effects. If the urban development is well managed, urban economy can benefit from increased productivity and the urban population has increased income and better access to services. Also through strategic framework of "Three agriculture", the Government of Vietnam hopes that in the next few years the difference between urban and rural areas will greatly reduce.

Even though, medium and small urban system in Vietnam is fast growing in number (especially in the coming period), but the quality of urban areas is low. In particular, the technical and social infrastructure is not uniform; qualifications and capacity of urban management and development are still low compared to the requirements; Investment funds for urban development are limited. Although some problems and pressures of population size, land, traffic congestion ... like big cities have not suffered. But small and medium urban areas are faced with common challenges such as employment, lifestyle, urban culture and etc, environmental pollution, climate change and sea level rise...

4.3. To recognize urban development trend of Vietnam

a) Strategic adjustment to ensure integration capabilities.

To improve the quality of urbanization and sustainable urban development in Vietnam, it is necessary to continue to perform (but make adjustments for suiting) The decision of the Prime Minister (No. 445 / QĐ-TTg, dated 07 / 4/2009) approved the "adjustment on orientation of master planning for Vietnam urban system development until 2025 with a vision to 2050" on the implementation of strategic development goals of national urban systems: "step by step develop a complete Vietnam urban system under development model of urban networks; have the appropriate, synchronous and modern technical and social infrastructure; have better environment and quality of urban life; have advanced urban architecture ground; have rightful relationship and position, have high competition in economic development and the national, regional and international society development contributing to the good two strategic tasks which are to build socialism and protect the country". The formation and development of Vietnam urban system in 2025 with a vision to 2050 are to ensure that: (1) In accordance with the distribution and level of development of productive forces throughout the country, with the requirements of the process of industrialization and modernization and international economic integration trend of Vietnam, create resources for socioeconomic development; (2) Develop and rationally distribute all over the country, create the balanced development among regions. Appreciate urban-rural linkages, ensure national food security strategies; enhance urban quality, preserve and promote traditional cultural values in conformity with each stage of development of the country; (3) Make stable and sustainable development based on streamlined environment organization, rational use of natural resources, land, energy saving; environmental protection, preservation of ecological balance; (4) Construct sync social and technical infrastructure with modern or appropriate qualifications, depending on the requirements of the exploitation, use and

development strategies of each urban area; (5) Strengthen the role of state management in controlling urban development; innovate mechanisms and policies; mobilize resources for the purposes of rehabilitation and construction of the urban areas, ensure urban development under the planning and legislation; (6) Promote the application of advances in science and technology for the purposes of renovation, construction and modernization of urban areas; develop electronic governmental agencies; (7) Combine closely with assurance of the security, defense and social security; for urban areas in the coastal regions, islands and along the border corridor to be associated with protecting and maintaining national sovereignty.

Accordingly, the Vietnam urban system to 2025 and vision to 2050 is basically developed under the model of "urban networks", to ensure the legacy of the advantages of orientation approved in 1998, in line with the requirements of socio-economic development, sustainable development of the country in each period and the trend of international economic integration of Vietnam. Orientation for general development of urban space throughout the country in the direction of ensuring proper development of urbanized areas (determined on the basis of six economic areas, national society is developed under the green growth), among Northern region, Central and South regions; between Eastern and Western, in association with the development of national major and secondary growth poles, and ensure the development under networking, there is a tier connection under the level and type of urban areas.

The capacity of Vietnam urban system in the new development environment depends on many economic and political factors after the 12th Congress of the Vietnam Communist Party ... But the immediate need is to focus on the dynamic and major urban areas (According to the Decision No. 445 / QĐ-TTg and overall restructuring of the economy associated with the growth model transformation in the period of 2013-2020” of the Government of Vietnam) as the core, such as the Hanoi capital region (Hanoi, Bac Ninh, Vinh Phuc as the core); Ho Chi Minh city region (Ho. Ho Chi Minh City, Binh Duong, Bien Hoa as the core); key economic region in Central region (Da Nang, Hue, Quang Ngai, Quy Nhon as the core); Mekong Delta key economic zone (Can Tho city and neighboring areas as the core); northern coastal areas (Hai Phong, Quang Ninh), Highlands (Ban Me Thuot, Da Lat)...

b) Trends of Vietnam urban development in the future

(1) Multidisciplinary approach associated with the National Development Framework

The approach of QH2009 noted the multidisciplinary in the establishment of development scenarios - developed in stages (association with the structure, economic growth, land resources, environment, resources, mechanisms and policies ...). For example, in the period from 2009 to 2015. The government has focused on directing the priority to development of key economic areas (the northern key economic zone,

the central key economic zone, the southern key economic zone and the Mekong Delta key economic zone); review the coastal economic zone, islands, border gates for prioritizing to focus on developing 13 dominant, potential economic zones ... serve as national key or secondary growth poles. Promote the strengths of each key region in order these regions increasingly contribute to the overall development of the country ... Focus on attracting investment capital; developing the great and mega urban areas (Hanoi Capital and Ho Chi Minh City), the great and mega urban areas (Hanoi, Ho Chi Minh City, Hai Phong, Da Nang...) serve as the key and the main regional development dynamics, creating balanced development in the national territory in order to contribute to promoting the development of the entire economy of the country...

The development scenario by stages and the model of Vietnam urban system developing by network (QH2009) basically having advantages when being in phase from 2009 to 2015 proved the correctness... Especially in the current period, Vietnam is entering into 2nd Innovation with the Project of "Overall restructuring of the economy associated with growth model transformation in period 2013-2020" of Vietnam Government. Accordingly, Development Framework of national urban system can be adjusted to the extent consistent with the process of economy restructuring and growth model transformation in Vietnam, especially in the period after 2015.

(2) Urban model and development strategy

As analyzed above, the development scenarios of Vietnam urban system (QH2009) developed in stages: (1) The period from 2009 to 2015; (2) The period from 2016 to 2025; (3) The period from 2026 to 2050; Models developed under the network (network link)... This is the model towards showing the role of government at all levels from the central to local; the Urban network decentralization and organization in hierarchical form distributed relatively evenly throughout the territory of Vietnam, reduce the development gap and facilitate more balanced development between regions, between urban and rural areas. The technical infrastructure network, synchronous and modern development society facilitate people enjoy better urbanization quality, access to urban service quality, science and technology, IT ... that are better and more complete. Vietnam's urban system developed balanced, sustainably, closely affiliates with the rural areas, do not harm the environment, has high competitiveness, has rightful position, has links in harmony with the regional and international urban system.

Development scenarios by stage to ensure the urban development in accordance with socio-economic development requirements of Vietnam by period, is the crystallization of characteristic chains of Vietnam urbanization process that gradually changes from the topology model (by urban level, grade), associated with the growth

poles, according to reasonable distribution under national territory and the whole country in the period beyond 2025 into the network structure (under link) and uneven development in the period beyond 2025 (network model - network link).

“Development framework” national territory is established on the basis of resource allocation in order to create socio-economic development framework of Vietnam as well as development resource for Vietnam urban system basically based on the characteristics of natural conditions, position, potential resources, relationships, integration trends, the industrial development strategies, socio - economic development in Vietnam, inheriting the positive sides of the 1st Innovation, the 2nd process of urbanization (Urban outbreak). At the same time, anticipating changes in the 2nd Innovation (the process of economic restructuring and transformation of growth pattern of Vietnam), preparing for the 3rd urban outbreak as well as opportunities and challenges in the integration trends, climate change, sea level rise ... as a basis for determining the "Development Framework" in the national territory, in which remaining the key and secondary growth poles/ key economic areas, great urban areas, mega urban areas, the EZ ..., the Northern - Southern key motive economic corridors; the motive economic corridors linking for the Eastern - Western support, belt corridor of borders and islands associated with the marine economy, border gates, nation security and defense.

V. ISSUES AND CHALLENGES IN URBAN DEVELOPMENT STRATEGY OF VIETNAM

5.1. Urban growth

5.1.1. Facing demands for housing, jobs, infrastructure and urban services

Box 2 7: Urban Growth and generalize some common problems in the world.

Urbanization is the expansion of urban areas, calculated by percentage of the urban population and urban areas over the total population or area of a region or area. It also can be calculated by increase proportion of the two elements over time. If in the first way, it is also known as the degree of urbanization; while the second way, it is called the speed of urbanization. Urbanization is the wide development of urban lifestyle expressed in terms of population, population density, quality of life... The developed countries (such as in Europe, the US or Australia) often have high level of urbanization (over 80 %) than the developing countries (such as Vietnam or China) (about ~ 35%). Urban zones of developed countries should be largely steady, urbanization rate is much lower than that of developing countries.

Urban growth is calculated on the basis of the increase of urban zones compared to the original size (in terms of population and area) of urban zones. Therefore, the urban growth is different from urbanization rate (just the index of the increase over the period of time defined as 1 year or 5 years)

The largest cities in the world in the early stages of the twentieth century belong to the most industrialized nations. At that time, there were only a Tokyo of Japan (Asia) with 1.497 million people; the city was ranked the 7th in the 10 largest cities in the world. In the following decades, the trend of global urban development began to change. Especially after World War II, the world's largest city moved to Asia. The main reason is that the population explosion and the shift from industrialized countries to the countries in Latin America, Asia and Africa. The big cities quickly grew in terms of quantity, the size of land and population. In 1935, New York reached 10 million people, 6 different cities with more than 5 million people. In 1950, 3 Asian cities were in the list of 10 largest cities including Tokyo (7 million), Shanghai (5.4 million), and Calcutta (4.8 million). In 1965, Tokyo city reached the threshold of 20 million people and became the largest city in the contemporary world.

According to Thomas Brinkhoff, in 2003, in terms of population size, there were 418 cities with a population greater than 1 million. In 28 cities with the population of over 8 million people, Europe and North America had eight cities; 6 Latin American cities; 1 Africa city; Asia had 18 cities. This shows that the urbanization trend is strongly shifting from West to East... That was the inevitable law of the development of economy, society, science and technology of mankind.

Usually, big cities formed, developed rapidly thanks to the advantages of all geographic location - economic geography. Advantages of geographical location are created in regional relations, the potential position ensure opportunities and growth in the future. Such advantage is the distance, the opportunity to develop the technical infrastructure system (or systems have been invested, and available) as transportation systems (rail, road, waterway, airway, communications ... When the advantages work, investment attraction gets stronger, manufacture develops, services and trade increase rapidly... Promote greater demand for labor; labor attraction of big cities is mainly from the surrounding area, from small towns, or large amounts of labor from the agricultural sector. The business operations and services are concentrated in urban centers; grow into lines gathering the goods and monetary accumulation between national areas (Tokyo, Osaka, Bangkok, Manila contributing from 24-37% of GDP. In Vietnam, Ho Chi Minh contributed 33% of the income of the national economy). This is the motivation to create competition. The big cities have advantages that other municipalities do not have such as:

- As the economic center, a center of commercial services, culture, education and training, health, science and high technology;
- The percentage of contributions is large in the total national income;
- High employment opportunities facilitate the successful start-up of organizations and individuals.
- A place of storage, legacy to promote traditional values, selectively receive new values.
- As a cultural asset, a trademark of a province, a region or a country.

Besides the outstanding advantages, there are also major urban drawbacks to concern. Growth in population size leads to pressures on the overloaded technical infrastructure, environmental degradation, lack of public services, housing... The most obvious challenge is employment, unemployment, housing shortage, deterioration, congested streets, water pollution, flooding, dust, lack of clean water, temperature rise, theft, increased social evils... Together with the challenges on the major changes in the urban landscape because of the pressing need for infrastructure development such as power supply, water, information, public lighting,

reconstruction and new construction of commercial buildings, services... waste treatment, cemeteries... the new flow of people coming to the urban zones brings new practices, the different cultural nuances causing major impacts on the local culture.

Urban growth in Vietnam and the challenges of the needs for housing, jobs, infrastructure and urban services

Urban development and growth in Vietnam are generally delayed and slower than some countries in the region. Distribution and development are uneven between regions and many differences between the regions with different characteristics and geography. Delta, coastal regions have rapid development, while the mountainous and highland regions develop slowly. The living standards of urban and rural zone are largely different. Urban zones are overloaded in all aspects of technical infrastructure and social infrastructure. The development in recent years, particularly from 2000 to 2015 is beyond the strategic expectation earlier.

According to the assessment of a number of N/C foreign organizations (WB, ADB, Habitat, United Nations Development Programme UNDP, 2015 ...), Vietnam is in the process of urbanization and economic development. Above 34% of Vietnam population currently live in urban areas and contribute 51% to national GDP. The speed of urbanization in Vietnam reaches 3.4%/ year, the urban population increases by more than 3%/ year that are expected to double in less than 25 years. Vietnam has gained many benefits from urbanization in the past few decades, but many evidences show that the rapid growth of urban population while infrastructure has not caught up with the process of urbanization, this became a major challenges in planning, construction, transportation, power supply, water supply, environmental remediation, energy saving and consumption ... It is time for Vietnam to reassess the situation of urban development and the dominant factors of urbanization in Vietnam: market; the factors of production (land, labor, and human resources); public finance; adjusting strategies, methods for urban development and providing services for compatibility with the demands of a growing market economy. The structural transformation of Vietnam economy from an agricultural country into a modern industrial one after 2020 is indispensable to develop a strategy and plan for the urbanization process. This process is an important part of Vietnam in the future to ensure livable cities, and being able to compete regionally as well as globally. It will become an essential part of the economic development strategy of Vietnam.

Urban growth in Vietnam will continue to take place until 2030, 2035. Each year, Vietnam continues to increase urban population > 1 million. With the growth of industry and services (mainly urban services) as the present, perhaps the urban population will continue to increase at a rate even higher in the coming years. If the rate of new job creation in formal sectors continues to increase (higher than current level), the percentage of urban population will be increasing, the number of people living in rural areas will decrease. Like the rural population in China, it began to decline a decade ago, the same thing was happening to Vietnam. If the criterion to determine the urban residents is established more objectively and not based on administrative boundaries as at present, in fact, the urban population will be much higher, while the growth is also much faster than the existing statistics. These surveys on living standards in Vietnam have underestimated the urban population because it uses the administrative criteria to distinguish rural and urban population. Many

communes considered rural in this survey in fact have a high degree of urbanization, if based on objective criteria.

The recent experience of Thailand, Philippines, and Indonesia showed that, bad urbanization planning is a potential origin of political and social instability. People who are homeless also need relatively stable, clean living environment, educational services and quality health care for members of their families. Vietnam has the saying "A rolling stone gathers no moss". Proactive policies, efficient and timely investment are the necessary measures to avoid accidents, crowded, congested traffic, and unhealthy urbanization, which are obstacles to the growth of the economy. With skyrocket real estate prices as at the present, many people are confronted with a difficult choice - either move to the suburbs and accept longer time to get to their workplaces, or live in the crowded and expensive inner city. Rentals are very high in the center apartments are beyond the reach of most households in the city.

Vietnam is inexperienced against this emerging problem. Recently, in 2002, almost every household in the city has private houses. Only 8% of them have no home, and the majority of them leases houses of the state. But the new immigration wave, the situation is different from that of the past. These immigrants do not even counted as people living in the cities; their income is not enough even to buy a small house in the city. So if they do not have any other assets or no acquaintances or relatives in the city, the only option is to live in peri-urban areas (creating the informal, temporary, messy houses polluting the environment). If the urban population raises over one million people each year (including natural population growth and immigration) the responsibility for providing housing, infrastructure, schools and public services for the new population will be extremely heavy. The recent decision of the government of Vietnam for easier registration for immigrants to the cities is a very welcomed policy. However, this will be an important engine to encourage farmers to continue migrate and create more pressure on urban areas.

Land policy is a complex issue for both urban and rural zones. But now in urban zones, policies on land acquisition, zoning, and infrastructure development are pushing up land prices beyond the affordability of most workers. Land has become an investment and speculation, not merely serves the purpose of building houses. Moreover, profits from land speculation are more attractive than any investment production activities, and this transferred a large part of the economic resources into non-production purposes. A system of comprehensive policies on urban development also includes the provision of public transport, property tax and real estate tax for revenues to develop infrastructure and other public services, and the basis for a more equitable and reasonable distribution. Policies to provide long-term financing tools for development activities of Companies developing infrastructure or buying apartments of households will help many people buy houses, although the poorest households will need additional help. Same situation here, the experience of other countries could provide useful lessons, such as Hong Kong and Singapore began building public housing for the poor families in the 1950s.

South East Asian countries had failed to handle the challenges of rapid urbanization. Southeast Asian cities cannot provide its residents with the minimum services like

education, health, and sanitation satisfactorily. Regarding these aspects, Ho Chi Minh City seems to be getting into the footsteps of Southeast Asian cities. These symptoms are frequently warned by press, including traffic congestion, flooding, lack of classrooms, poor hygiene standards of food safety, overcrowded hospitals, inadequate fire protection and etc. One of the causes of this condition, which is that although four southeastern provinces (HCM City, Dong Nai, Binh Duong, Ba Ria - Vung Tau) absorbed most of the mechanical population growth and immigrant population, as well as the region contributing the most to the national budget but less than 10% of national spending. Of course, the increase in investment and spending is not the panacea to heal the weaknesses of the urbanization (especially in the context of many public infrastructure projects are facing delayed schedule and losses presently). HCM City urgently needs to build a focused and effective municipal administration. Otherwise, increase investment while the governance is poor, the situation only becomes worse. Propose the construction of municipal government to improve the quality of city governance that should therefore be considered a top priority of Ho Chi Minh City as well as other big cities in Vietnam.

5.1.2. Facing the requirement for sustainable urban development

Many studies suppose that urban growth has its own the positives and negatives. Besides the urban development is always accompanied by the pressures of increasing population size, settlement of jobs, employment, demand for housing, urban, social infrastructure (health, education ...), poverty, environmental pollution ... Due to lack of experience, Vietnam's urban system is facing many challenges of sustainable urban development at both the strategic macro level... to the specific problems of the urban zones.

Development scenarios for Vietnam's urban system (Decision No. 445 / QD-TTg) developed by period: (1) The period from 2009 to 2015; (2) The period from 2016 to 2025; (3) The period from 2026 to 2050; strategic overall model of Vietnam urban system - development by network (network link) ... This is the model towards showing the role of government at all levels from the central to local levels growing strongly; decentralization and organization of urban network in the form of layer distributed relatively evenly throughout the territory of Vietnam, reduce the development gap and facilitate more balanced development between regions, between urban and rural areas. Network of comprehensive and modern technical infrastructure, social development, facilitating people enjoy better quality of urbanization, access to better, more complete quality urban services, science and technology, IT.... Vietnam's urban system has a balanced, sustainable development, closely affiliated with the rural areas, not harming the environment, with the ability to adapt to climate change, sea level rise, high competitiveness, deserved position, harmonious linkage with regional and international urban system.

The scenario of development by period to ensure the urban development in accordance with the requirements of socio - economic development of Vietnam by period, is the crystallization of characteristic chain of the urbanization process of Vietnam gradually transferring from network architecture model (by type, grade of urban zones), attached to the poles of growth, according to the reasonable distribution

of the national territory in the area of the spine and the nation in 2025 into the network structure (by linker) and even development in the period beyond 2025 (network model - network link).

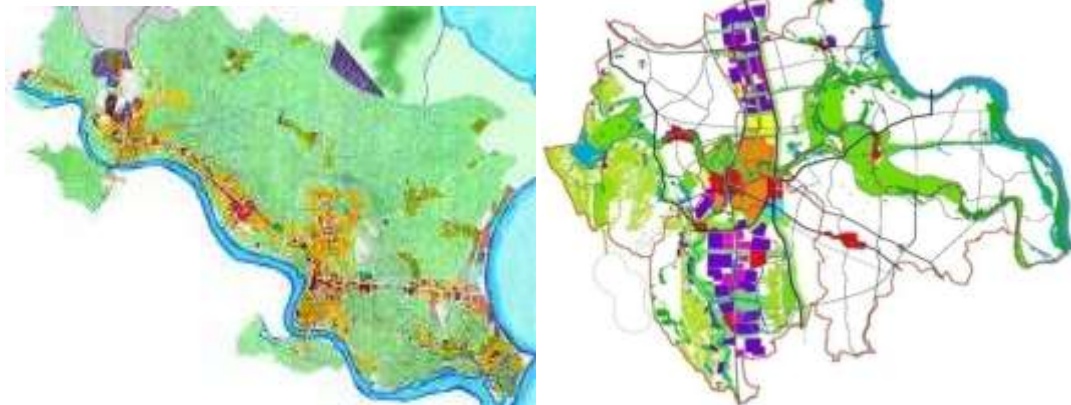


Figure 2 9: *Spreading urban development along the roads (by strip)*

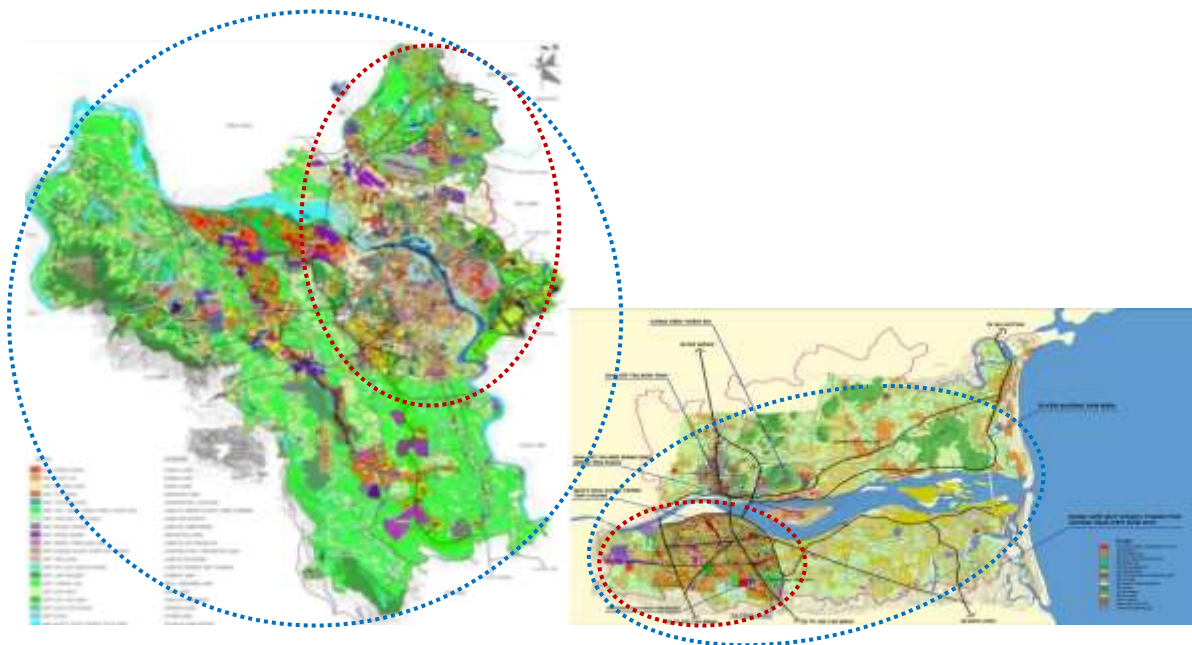


Figure 2 10: *Merger adjacent areas (Cases of Hanoi and Quang Ngai)*

However, urbanization (2010 - 2015) taking place relatively quickly in Vietnam has made a significant impact on development scenarios. Especially morphological structure of urban development is spontaneous... spreading by strip (along the roads), expansion of urban boundaries by merging the adjacent areas (such as urban model of Vinh Phuc, Bac Ninh, Hanoi, Quang Ngai, Quy Nhon, Da Lat ...). Urban development in a multi-center due to the impact of the market economy... Besides, the "hot" development of urban environment affects natural resources, the ecological balance: Land resources are exploited fully, unscientifically for urban, industrial development reducing green area and water area, causing flooding, along with the demand for water for daily life, service, production increasingly depleting water resources; many plants and factories causing major environmental pollution located in the suburbs, now in densely populated areas; the expansion of urban space leads to

misappropriation of farmland, affecting the food security of the country and the lives of the people in suburban areas; Industrial production thrives, causing a large amount of waste, including increasing hazardous waste; motorized traffic explosion causing air pollution and severe noise; Urbanization increases the flow of migrants from rural areas to urban areas, causing considerable pressure on housing and sanitation, forming "slums" and the urban poor areas. According to statistics of the Department of Transportation of Hanoi, the number of cars travelling on the main roads is about 3000 - 7000 cars / hour. The rate of motorcycles, automobiles increases, estimated between 17- 20% per year. The vehicles are mostly outdated, road system is overloaded or lack of repair, maintenance, and rudimentary vehicles travel with motor vehicles, vehicles must often change the speed, emissions discharge more causing serious air pollution. Dust pollution: Hanoi around 1.2mg/ m³, 3-4 times higher than the permissible standards; Haiphong about 1.8 mg/ m³; Ho Chi Minh City about 1.6mg/ m³.

One of the main causes of pollution in the urban environment is that the environmental issues have not been adequately addressed and the urban construction planning is not properly focused. In addition to land use planning and zoning function, the underlying problem of urban infrastructure, such as drainage system, waste collection and disposal, sewage treatment, air and noise pollution reduction... have not been paid due attention. Although the reporting of environmental impact assessment for urban planning project has been provided for in the Law on Environmental Protection, but the implementation has been slow, inefficient and does not demonstrate the importance of protecting the environment in urban construction planning.



Figure 2 11: Traffic jams in Hanoi

Another reason making the cities suffer from growing environmental pressure is the lack of effective measures in the direction and management of construction planning. The messy, uncontrolled construction in large urban zones is a pressing issue that

requires urgent efficient measures to manage, otherwise, the price to pay for solving the environmental consequences will be extremely large. The management of construction planning is the next step and concretization of the planning of urban construction, a key factor in building sustainable cities in harmony with the environment.



Figure 2 12: Floods in Central region of Vietnam



Figure 2 13: High tide in Ho Chi Minh City



Figure 2 14: Slums (informal) and environmental quality of urban life

Sustainable urban development is a fresh perspective on the process of urbanization is interpreted on the basis of maintaining the understanding of economy, culture and environmental protection. Urban development is the foundation for national industrialization and modernization. A simple way to understand sustainable urban development is the interference with strategy of humans in the process of urbanization in line with trends, resources, common development rules and characteristics of each nation.

On August 17, 2004, in Decision No. 153/2004/QĐ-TTg, the Government of Vietnam has issued strategic orientation for sustainable development in Vietnam (Agenda 21 in Vietnam) to the country's sustainable development on the basis of close rational and harmonious cooperation for economic and social development and environmental protection. Strategic orientation for sustainable development of Vietnam is a framework strategy, including major orientations as the legal basis for ministries, branches, localities, organizations and individuals concerned to implement, while demonstrating the commitment of Vietnam to the world.

To be more specific, in Decision No. 432/QĐ-TTg dated 12/4/2012, the Government of Vietnam has approved the “Strategy for the sustainable development of Vietnam in the period 2011-2020”, has emphasized sustainable development is throughout requirement the development process; reasonable and harmonious combination of economic development with social development and protection of natural resources, environment, ensuring national defense, security and social order and safety. Sustainable development must be coupled with reducing the negative impacts of economic activities on environment. Rationally exploit and efficiently use resources, nature, especially non-renewable resources. Prevent, control and overcome pollution, environmental degradation, protect and develop forests, conserve biological diversity. Mitigate the damage of natural disasters, actively effectively adapt to climate change, sea level rise...Based on this strategy, Vietnam should review the overall urban planning and sustainable urban approach (ecological and economic, green urban zone...) with a focus on sustainable use and management of natural resources, reasonable size to avoid excessive concentration of population and environmental load of economic - social infrastructure.

5.1.3. Exploitation of opportunities and solving challenges of urbanization growth

Relationship between urban growth and economic growth.

Historical practice and researches show that urbanization process is often associated with promotion of economic development. However, how urbanization is "planned" and executed (according to the subjective will of human), which can affect the benefits obtained from this process. If urbanization is uncontrolled, developed rampantly and not in accordance with the rules, it can result in opposite effects, even causing economy to be decreased and waste.

According to a research recently declared in the impact of urbanization on regional economic growth by Standard Chartered, basically, urbanization process has a positive effect on economic development. In his research, Standard Chartered divides 10 ASEAN economies in three groups based on the level of urbanization: (1) Group 1 with urbanization level of 75% or more, including Singapore, Brunei and Malaysia; (2) Group 2 has urbanization level of 50% or more, including Indonesia and the Philippines; (3) Group 3 has urbanization level of lower than 50%, including Laos, Thailand, Myanmar, Vietnam and Cambodia. The aim of the research is to find out if how GDP per capita in the region will grow when the countries of Group 3 reach the urbanization level of countries of Group 2 (50%), while Group 2's countries reach that of Group 1's countries (75%) with the assumption that GDP per capita of Group 1's countries is kept unchanged. The two main results gained are: Firstly, GDP per capita of ASEAN can reach US \$ 10,290, three times increasing than US \$ 3,509 in 2011. Secondly, regional GDP growth may reach the average rate of 6% in the 2012-2019 period, higher than the average growth rate of 5.3% for the 2000-2011 period.

According to the data of the World Bank (WB), the world's urbanization rate reached 50% in 2007. However, in ASEAN, half of countries have not still reached this level yet (until 2012). Thus, if the region overcomes urbanization barrier, it is possible to help the region maintain its growth momentum. Urbanization is often in parallel with promoting economic development. And with the current urbanization which is still relatively low in the ASEAN countries, the Law of Diminishing Returns (i.e. the higher urbanization level is, the lower impact on its growth is) is still not at the risk of occurring. Vietnam in group 3 also has many opportunities of economic growth when its urbanization rate reaches the forecasted threshold in the strategic orientations of Vietnam's Government.

Exploiting opportunities for urban growth.

In the context of cooperation, globalization, Vietnam has joined bilateral, multilateral agreements on economic, trade and investment cooperation with international organizations such as WTO, AFTA, FTA (EU-Vietnam free trade agreement) and TPP (Trans-Pacific Partnership). Its economy comprehensively integrates with the world economy. Vietnam is considered as the most prospective country out of VISTA economies (including Vietnam, Indonesia, South Africa, Turkey and Argentina); With the 2nd Innovation Strategy on the basis of restructuring and transformation of economic growth model, by 2020 Vietnam aims

to become a modern, developed industrial country, modernizing rural agriculture and developing sustainably. Vietnam becomes one of the countries which significantly contribute to the general growth and prosperity of the region.

With such favorable opportunities, Vietnam's urban growth rate takes place spectacularly or not when the two previous urban outbreak stages still leaves a lot of restrictions which are necessary to be overcome. Does Vietnam's urban system ensure stable and sustainable development, contributing to promoting the economy to actively integrate in the region and the world, proportional to the role and position and overall economic space of Asia – Pacific Region and globe?

Along with the 2nd Innovation Strategy on the basis of restructuring and transformation of economic growth model, for urban growth has quality, Vietnam needs to quickly renovate planning methods and mechanisms, policies (laws, decrees, circulars, TCQC, etc.); innovation of urban development methods is both strategic and planned etc. Strengthen urban governance to be more effective, sustainable.

5.2. Strategy Building and Territory Management and Development

5.2.1. Necessity of establishing and adjusting the Comprehensive Plan No. 445 in 2009

To improve urbanization quality and sustainable urban development in Vietnam, the Government of Vietnam has approved "Adjustment for orientation of Comprehensive planning for Vietnam's urban system development until 2025, vision to 2050", (Comprehensive Plan No. 445 in 2009) with the strategic objectives: "step by step build and complete Vietnam's urban system, develop urban network model; have suitable, synchronous and modern technical and social architecture ; have good urban environment and life quality; have advanced, urban architecture, rich of identity; have rightful relationship and position, high competitiveness in economic development, national, regional and international society, contributing to the good performance of two strategic duties such as building socialism and protecting the country".

Formation and development of Vietnam's urban system until 2025 and vision to 2050 must ensure: (1) to be suitable for the distribution and development level of production force of the whole country and for Vietnam's requirements of industrialization and modernization process and international economic integration trend, creating resources for economic and social development; (2) Develop and reasonably distribute in the whole country, create balanced development among regions. Appreciate Urban-Rural linkage, ensure national food security strategies; improve urban quality, preserve and promote traditional cultural values appropriate to each stage of general development of the country; (3) Develop stably, sustainably and enduringly, based on reasonable organization of environment, rational use of natural resources, land, energy saving; protect environment, maintain ecological balance; (4) Construct synchronous social and technical infrastructures with appropriate or modern qualifications, depending on the requirements of exploitation, use and development strategy of each city; (5) Strengthen state management role in controlling urban development; innovate mechanisms and policies; mobilize resources for the purpose of urban rehabilitation and construction, to ensure urban development in accordance with planning and laws; (6) Promote application of scientific and technological advances for the purposes of urban rehabilitation,

construction and modernization; build electronic urban government; (7) Strictly combine with ensuring security, national defense and social safety; for coastal, island cities along the border corridor, must be associated with protecting and firmly maintaining national sovereignty.

Accordingly, Vietnam's urban system until 2025 and vision to 2050 basically develops under "urban network" model, in accordance with the requirements for socio-economic development, sustainable development of the country over each period and Vietnam international economic integration trend.

The general national urban space development is under orientation of ensuring proper development of basic urbanized areas (determined based on six national economic - social regions, developing in green growth trend), between the North, the Central and the South; between the East and the West, in association with the development of national key and secondary growth poles and ensures network – based development with terrace linkage by urban level, types.

In the next stage, it is necessary to adjust the Comprehensive Plan No. 445 in 2009, especially integrate new elements of climate change and sea level rise in urban management and development.

5.2.2. Some issues of urban governance on management of construction investment

a) Land management and urban density

For land management.

Overall, Vietnam should make plans for urban land use and use planning tools to manage and control development. It should adjust orientation of general planning for Vietnam's urban system development until 2025 and vision to 2050 which is carried out in stages. On such basis, provinces and municipalities should review and make adjustment for provincial, regional construction planning, general urban planning, etc. Conduct making plans for urban land use based on adjusted planning for a term of 5, 10 coming years as stipulated by the current Law on Land in order to have basis for zoning planning, detailed planning and urban design for urban development projects in existing and new urban areas. Zoning planning, detailed planning and urban design are very important planning tools for land use management. In addition, publicize planning projects, management regulations attached for convenience in monitoring and evaluation. According to the experience of India, making land use plans is considered to be medium-term comprehensive plan of urban patio - economic development.

Many countries apply principle for mixed land- use (mixed land - use), different from the neo- performance in 20th century (or socialism before innovation in Vietnam), stipulating each urban area is used in only one of three residential, working and shopping - entertainment functions, connected to each other by circulation space. The development of market economy, structural and economic growth model transformation has a strong impact on transformation of urban structure in accordance with market rules in Vietnam. Urban study encourages to use mixed land with many different functions flexibly to increase usability, save land and ensure that people only need to move in short distance, even by going on foot or by bikes, they can go

the place they need during the day. Streets are also a public space, where people have opportunities to communicate, therefore, they should be designed and constructed to ensure access to all objects, such as access for the disabled, equipped with appropriate urban utilities (public toilets, base and shelter from rain and sun under eaves)

On the basis of establishing urban development areas (According to Decree 11 of the Government of Vietnam), detailed planning, urban design projects are basis for making construction investment projects and granting construction license to carry out land use plans in short term, rather than "to cover" planning as planned. The resolutions directing from superior as before make the situation "frozen planning" to arise, not originating from the real needs for urban development. New urban area projects should be developed in the area of urban development established to create a connection, frame infrastructure synchronization of cities. Projects for rehabilitation planning, urban embellishment are basis for preparing rehabilitation, embellishment and completion investment projects for each old urban areas, which need to be managed under the motto of the place is done, such place is neat, not to allow the situation that whole urban area is a construction site occur, affecting the environment, people's lives and the operation of urban area.

Regarding reclaiming, gathering and adjusting land.

Nowadays, land is an sensitive and pressing issue, which affects a number of life and social aspects. Land is an important asset of a nation, is an key internal source and a huge capital source of a nation. Thus, it is essential that land must be purposely exploited and used, in a saving and efficient way, which can promote its potential. Besides land must be invested to expand its area, protect the agricultural-used land, ensure the national food security and ecosystem as the Governmental plan. Land use strategy which is attached with process of setting up the land use plan has an important meaning and be essential and oriental for land use organization and land-source management in the future. In many countries in the world, in order to meet requirements in executing the targets of social – economic development in different periods, they has established unified system: Strategy – Planning – Sub-planning of land as an significant tool for fully, properly and efficiently arranging and managing land – a limited and non-recycled national resource of each nation. Actually, land source of Vietnam has not been effectively exploited and used so as to be a motivation for social-economic development. During developing industry and urban area, a lot of projects have been carried out in most of provinces in Vietnam, however the ratio of fulfilling land is low and land is lavishly used, etc. It is partly due to such use is not based on real development demand of urban (such use only has purpose of real estate business based on the mechanism of “periodical thought” or “Asking – Giving”). The situation in which land that is allocated, leased by the Government for investment project is slowly used or not used or re-sold to sub-investors still happens commonly. Land is not suitable with accessible capital, as well as labor force remains low, the same is needed technology capacity.

Actually in Vietnam, activities of land reclaiming, compensation for area clearance and accommodation re-settlement organization so as to have “clean” land as required in each project of urban/ industry/ infrastructure development projects are facing

many obstacles, which is less supported by citizens due to many reasons (lack of transparency and equality, etc). It causes delay in carrying out several projects, waste of money and social instability (due to dispute, claim, etc). As a result, Vietnam need to improve and change mechanism and policies so as to quickly deal with such difficulties.

In addition to the land reserve method which basically base on state power, Vietnam need to study international experience (such as Japan, Korea, India, Nepal, United Kingdom, United States) to be able to adjust size, shape plots to meet requirements of the plan. That is the method of land gathering (land pooling), land adjusting (land readjustment), land massing (land consolidation) according to the market mechanism to facilitate the rectangular plot, neat, new routes opening, renovation with a roadbed width, alignment suitable for effectively upgrading the urban. During the last period, many old road-widening projects or opening new roads in Vietnam urban such as Hanoi, Ho Chi Minh city have created the "ultra-thin" or "deformed" houses, which is not perpendicular with the main street. It is due to lack of land consolidation or land adjustment as international experience has shown. (Although in Clause 3 of Article 31 and Clause 4 of Article 62 of the Law on Urban Planning show specific provisions, but due to many reasons such as unclear and inconsistent policy mechanism, and lack of capital ... or because of lacking the consent of people, irresponsibility of urban governmental authorities who cites the difficulties so as not to make effort).

Obviously, land consolidation and land readjustment must be conducted in a democratic, open, transparent, fair way. This is the process of negotiation and discussions which gives back difficulties and time consuming, and requires adequate capable authorities and need advice from a professional consultant firm. If you've successfully completed a preparatory stage / negotiation stage, the implementation of land consolidation is very smooth, fast, and facilitate urban development planning. Land consolidation method is completely consistent with the motto "State and people are working together" of Vietnam government and helps to resolve difficulties for current land acquisition.

Regarding urban density management.

According to experts of the Vietnam Construction Association, land use management is closely related to population management, which is urban form (Urban form) in broadly speaking, i.e. the spatial structure of settlement with an important factor is urban density with two basic indicators as follows: (1) the population density and (2) building density. These two indicators have certain correlations, where population density is high, the building density is also high and vice versa. The average population density can be calculated for both internal and external urban area, or for specific population density of inner city (used as urban classification criteria in Vietnam). The average population density of the municipality which is calculated for the entire area of the inner city has not demonstrated the characteristics of unequal population distribution in regions, population is often concentrated in the commercial center and decreased in further area. Building density includes net building density and gross building density, in which the maximum value is specified in the National

Technical Regulation on urban construction planning, depends on the functional use and the area of land lot, and the height of buildings. Building density and land use factors are relating to each other.

In urban areas that have a high construction density, the land will have high value. Accordingly, a partial value-added of land can be governed by increasing building density to create the financial resource needed for the redevelopment of such area. So N / C can allow raising of building density in urban embellishment, redevelopment, renovation projects so that such density is higher than current density of the urban area. This measure is applied in many countries to facilitate the implementation of projects and create market for right transfer. Vietnam Regulations also allow raise maximum gross density permitted in social housing projects to 70%, compared with 60% in common units.

In the world there are a lot of urban area having high building density as well as population density (such as Shanghai, Hong Kong/ China). They are compact cities which use land in a effective and saving way and is criticized to be capable for well coping with storm, flood and climate change...

Regarding management of reinforced level.

Construction floor level (in the preparation of land for urban construction) is closely associated with technical infrastructure system planning, especially with transportation systems, water drainage. Drainage planning, including identifying floor level, is conducted in the overall planning, lot-division planning, detailed planning. Floor leveling in general planning only has control meaning to ensure the overall drainage when completing urban construction in accordance with general planning. In Vietnam, since way of urban development during the last period is not overall, which causes shortcomings in floor level management of zone-division planning and detailed planning, details are: (1) Due to real estate development project is designed not to focus on urban development areas (as stipulated by Decree 11) but carried out in places not having frame infrastructure, in which floor level is set up in partial way to resolve a temporary way for water drainage using existing lakes, but this temporary way is likely to be blocked by a following project, causing local flooding phenomenon; (2) due to decentralization of construction permit granting is not well cooperated between the city and district levels, and between the agencies managing infrastructure projects, which results in inconsistency of floor level management. There have been many cases in which the gap of floor level of two zones having joint boundary is 0.5 to 0.7 m, even higher due to differences between reality, planning and provided information. The situation of unplanned construction, or the project being implemented on agricultural land which is intertwined with urban area, as well as weaknesses in floor level management causes local flooding in urban areas in cases of heavy rain or high tide. The solution for this problem is to develop urban on the basis of the establishment of urban development region after the general plan is approved by the competent authorities, implementation of complete land preparation before allocating land to individual real estate projects. On the other hand, we must resolutely combat the phenomenon of unplanned construction in peri-urban areas and land along suburban roads towards urban centers.

b) Mobilization of sources to managing urban



Figure 2 15: Urban Management Resources (Dr.Hieu Nguyen, 2014)

5.2.3. Urban development in implementing sustainable urban development

On August 17, 2004, in Decision No. 153/2004/QĐ-TTg, the Government of Vietnam has issued **Strategic orientation for sustainable development in Vietnam** (Agenda 21 in Vietnam) to sustainably develop country on the basis of close, fair and harmonious combination between economic development, social development and environmental protection. Strategic orientation for sustainable development in Vietnam is a strategic framework, including major orientations as the legal basis for the relevant ministries, branches, localities, organizations and individuals to implement, simultaneously showing the commitment of Vietnam to world.

In order to be more specific, in *Decision No. 432/QĐ-TTg dated 12/4/2012*, the Government of Vietnam has approved the "**Strategy for the sustainable development of Vietnam 2011-2020**", emphasizing that the sustainable development is required throughout the development process; Strict, reasonable and harmonious combination between economic development with social development and protection of natural resources, environment, ensuring national defense, security and social order and safety. Sustainable development must go hand in hand with reduction of the negative impacts of economic activity on the environment. Rational exploitation and efficient use of natural resources, especially non-renewable resources. Preventing, controlling and remedying pollution, environmental degradation, making protection and development of forests, conservation of biological diversity. Mitigating the damage of natural disasters, actively adapting to climate change, sea level rise ...

In the context that the more than half the global population have moved to live in urban areas, the World Bank (WB) has proposed a strategy for sustainable urban development with 4 points (indicator groups): (1) Livability; (2) Competitiveness; (3) Good Governance and (4) Bankability. Four these indicator groups may be interpreted as follows:

- (1) To meet people in housing, employment, quality of urban infrastructure;
- (2) To ensure to balance the needs of people, aiming to build the common interests for the community, nations;
- (3) To master land management, infrastructure construction and gentrification;
- (4) To protect natural resources and avoid urban spread;
- (5) To facilitate economic activities;
- (6) To prevent inequality in society.

Based on the principle of sustainable development, with the characteristics of the urban concept of sustainable urban development based on the principle of consolidation: Urban economy; urban society; urban ecological environment; urban infrastructure; urban space (containing space requirements of the above components, excluding the soft components); urban management (the soft components), to find the common area/common voice to ensure requirements: equality, good life and sustainability. In order to define the criteria for sustainable urban development, it is necessary to change planning method. Planning in general, urban planning in particular need to integrate kinds of planning: economic planning:, social planning:, environmental protection, urban infrastructure and urban space (according to strategic planning method of consolidation), on that basis, to establish the strategic development of a common region/ territorial space/common voice to ensure the requirements of equality, good living conditions and sustainability. Simultaneously, it must be based on this strategy to identify six indicators of sustainable urban development as above described or at 4 groups of the basic indicator groups for sustainable urban development proposed by the World Bank: Livability; Competitiveness; Good Governance and Bankability ...

Vietnam Urban Planning need to be more strategic, flexible, specific and realistic; to ensure openness and equality with participation of the community, to ensure harmony of interests among stakeholders; create urban structure under friendly way, protect the environment, save resources and improve the quality of living space towards Urban tructure for human.

5.2.4. Promotion for urban development in regional linkage

Vietnam's urban system is basically formed and developed in line with distribution and level of development of productive forces, the requirements of the process of industrialization - modernization and international economic integration of Vietnam; Relatively reasonable development and distribution over the country create the balanced development among North, Central and South regions and etc on the whole country.

The regional links are set on the basis of allocation of resources, space, infrastructure and policies, mechanisms. Indeed, today with four key economic regions in four regions which are particularly important in Vietnam, six socio – economic regions, general economic zones, urbanized areas, big urban areas over the country, Vietnam initially has created these resources in developing socio - economic sense with leading level for spreading and promoting the development of the provinces within the region and neighboring provinces.

However, for awareness in development of regions by growth roles, sometimes confusion between the region types is made (socio – economic zones, key economic zones, urbanized areas, big urban areas and etc). The coordination between the provinces and major cities in the region mainly stops at the level of commitment and the agreement between the local areas in the narrow linkage scope. In particular, linkage, sharing the internal functions in many regions (including the major urban areas, basic urbanized areas and etc) are limited and not strict. As the main motivation and leaders of some provinces do not have much meaning as before due to non-existence of the mechanism on coordination, management and development of regions. Recently, Binh Duong Province People's Committee has organized an international workshop to collect the opinions of numerous experts to transform the growth model in order to continue to maintain this level in the dynamic local areas on the top of the South region. Many experts have recognized Binh Duong, along with Dong Nai, Ba Ria - Vung Tau have to manually link together through a series of asynchronous satellite infrastructure development policies.

According to Pros. Professor Tran Dinh Thien, Director of the Vietnam Institute of Economics: "As the local agencies have realized the presence of a dynamic economic region, counting on "leaders" as motivation for pushing the whole region development (HCMC), which was able to work as effectively as creating links together that does not depend on "leaders". This is also consistent with the opinion of experts of the Institute of South Urban Planning: "Ho Chi Minh City has too many agreements in economic cooperation with many provinces / cities in the country (including the Northwest region). Meanwhile, in the southern key economic region, mostly containing all elements required for comprehensive cooperation is again being loosely connected, even somewhat limits each other".

In fact, vertical regional links (decentralization) are still main types of links. Meanwhile, horizontal links (sharing benefits and responsibilities among the provinces in the region) are too faint, or evenly not exist. The regional link only stops in the authorities of the provinces / cities together but no connection between enterprises. Most of the key economic regions and the big cities (except for Hanoi region) as well as basic economic / basic urbanization areas have no steering committee and no coordination mechanism for implementation, although regional construction planning has been approved by Prime Minister and is continuing to be adjusted.

Currently, many people argued that construction planning of inter-provincial region (key economic regions, urban areas, urbanized areas and etc of the type of inter-provincial region) is established but with unknown management object and assignment of responsibilities for implement which is not specific but not made. Planning lacks cohesion, is not uniform and has many overlapping, conflicts, lacks of multidisciplinary consistence reducing efficacy and efficiency of the planning. In particular, this lack of cohesion should lead to handling interdisciplinary and inter-regional problems occurring very popularly in the locality of each region and the whole country. On the same territory, there is a lot of planning duplicating contents and approval levels leading to difficulties when implementing and reducing the effectiveness of the planning. Regional construction planning mainly focuses on engineering, lacking of bases for determining motivation for the development and not appreciating territorial cohesion. Legality of regional planning is still low.

Thus, to ensure effective and practical regional linkage, it is vital to be fully aware of the nature and objective laws of development of the market economy and the development needs of each entity. Under the Research Scheme, proposals for policies of regional economy and linkage (Economic Committee - Central Executive Committee) are necessary to:

- (1) Raise the awareness and capacity of the leaders from the central to local levels about the need for economic development in the region, promote regional links in local economic development;
- (2) Based on natural and socio – economic conditions of the country, organize master plan on socio - economic development in national territorial space.
- (3) Develop and issue socioeconomic development strategies of the region;
- (4) Develop the institutional model of management of regional economy and link in a diverse manner, in accordance with practical needs and conditions of socio - economic and natural development;
- (5) Make a reasonable decentralization, combined with accountability and transparency ... Especially strengthen linkage, multi-sectorial consistency in development.

Accordingly, it is necessary to strengthen:

- (1) In-land linkage;
- (2) Out-land linkage and vice versa;
- (3) Linkage with multi-dimensional and flexible nature among regions, in accordance with the requirements of the process of restructuring and transformation of growth model in Vietnam.

5.3. Urban finance and the need for innovation

5.3.1. Urban financial resources and limits that urban areas in Vietnam facing

Urban budget is only entitled in proportion % of revenues (revenues from natural resources, from property, from production, business and public services), this ratio is regulated by provincial authorities on the basis of calculation of resources⁵, revenues and expenditures of Urban tasks only have completely dominated the revenues from resource mobilization, including: (1) non-refundable aid and voluntary contributions from organizations and individuals at home and abroad for the urban area; (2) mobilization from organizations and individuals in accordance with law; (3) Revenue from the urban budget balance and other revenues as prescribed by law.

Urban Finance in Vietnam but had institutional innovation but still limited and weak, is how far the criteria for sustainable financial resources that the countries in the region and internationally adopted. (Hope from the fiscal year 2017 there will be

⁵NUDS Project: Urban economic sector

more innovation through the State Budget Law No. 83/2015 / QH13 effect). Is a local funding mechanism operating under the Law on State Budget Regulators finance current urban Vietnam encountered contradictions and difficulties that limit many aspects of urban development. The contradiction is reflected in the following aspects: (1) The functions of urban authorities> <Revenue is decentralized to manage; (2) The urban development requirements> <Financial source for urban development; (3) The development of urban> <Mode of budget decentralization. In some cases, urban authorities themselves also facing difficulties due to the conflict between administrative boundaries and scope of revenue and expenditure budget. Many urban areas have leveled sawn finance resources development objectives in rural areas (coastal, urban expansion areas ...) within its management. The limited mainly to finance the current provincial cities are: (1) The tight budget revenues; (2) Poorly attracting private sectors to participate in supplying public services; (3) It non-budget additional revenue.

Want to mobilize financial resources for urban development, they must abolish or narrow the restrictions listed above, complete financial institutions to achieve sustainable financial resources. If financial resources with sustainable urban development, the provincial also benefit, because the urban will contribute more to the provincial budget and the ripple effect the development of the province. *(Ability and force are understood that to have strong financial balance capacity to meet the needs of urban development through coherent revenue and expenditure system they may predict, and comply with practices on accounting, financial management and public procurement, enough credibility to get credit when approaching the capital market. Strong financial resources are evaluated through a series of indicators of rate % of taxes, fees, additional amounts of their superiors, loans and other revenues in total revenues, in addition to payable loan interest indicator and the proportion of mortgage loans in the total loans)*

5.3.2. The urban financial renovation requirements to improve the speed and quality of urbanization

In fact, Vietnam urban areas have many potential sources of revenue that may be mobilized. In order to get a strong financial resource, urban authorities need to be empowered more widely, need to innovate .. financial mechanisms and policies contribute to the promotion of urban quality and speed of urbanization.

To complete the urban financial institutions

Due to the characteristics with focus on the scale, social diversity, ability to attract economic forces, urban authorities are responsible for providing services (or the large-scale services, has weak externalities affecting local variety) than the local authority. Thus, the capacity and size of financial budgets often larger urban to ensure implementation of the specific responsibilities of urban authorities. Accordingly, urban authorities need to be more decentralized, with autonomy bigger budget, reflected: (1) The right to define its own policy of urban areas; (2) The percentage of urban budget in total national budget; (3) The level of Urban autonomy in the allocation of budget spending. Pursuant to the Law on State Budget No.

83/2015/QH13 issued on June 25, 2015, it takes effect from 2017, the Government of Vietnam should issue the Guiding Decrees that enclosed with the addition of above suggestions ... so that the localities plan to immediately deploy. For specific urban areas (According to difficult regions ...), it also needs to have mechanisms and policies with specific characteristics on the basis of creating the best conditions for financing local urban to satisfactory ... promote urban development plan, plan...

To stabilize and enhance the revenue allocated by provincial authorities

One feature of urban area is the place gathering activities of non-agricultural economy with high density, economic activities, culture, society, politically active, the province is an important contribution rate on revenues of local budgets. To implement clustered functions and leadership on economic development - its social areas, urban authorities should be to create conditions to encourage the active, flexible handle any new problems arise, should therefore be equipped with the necessary management tools, including financial instruments. Therefore, the Provincial Council allocates proportion % with revenues distributed to provincial urban level with regulations clearly required under the provisions of the Law on State Budget and other relevant regulations. Specifically: (1) Rate % to share revenues needs to be stable for each 5-year plan period; (2) Urban areas receive 100% land tax (also known as property tax, which constitutes 30-70% of urban revenue); (3) Urban areas of Type 1, Type 2 are allowed to establish financial reserves from the increased revenue, the balance of the budget and mobilize domestic capital when needed, such as the provincial level; (4) Urban is the investor of the project development urban infrastructure, including projects using the additional capital of the province or the ODA.

To make calculation of accurate and full public service costs

Subsidies for some public services (sewerage, urban lighting ...) are contributing a burden for the urban budget in Vietnam. The reduction or elimination of subsidies that contribute to increase revenues to balance the budget. Reducing subsidies should be carried out according to a schedule, but it is more important to calculate accurate and full cost of the services based on the principle of the market economy. Urban authorities are responsible for ensuring that urban residents can use the full services with best quality, so the Urban People's Councils is the agency regulating level of fee and it should not be the Provincial Council as current provisions.

To encourage private sectors to participate in the provision of public services

To encourage and attract the participation of private sector to provide of public services is one of many effective solutions to help urban solid financial gain. Vietnam has seriously and open-door policy for the public service sector domestic private sector and foreign participation under BOT, BTO, BOO, BT ... Diversification of funding sources for investment economic development - social, which plans to issue Urban bonds, preferential credit loans. If the services are correctly and fully, openly and transparently will encourage and facilitate the private sector to attract strong participation in this business sector.

To mobilize non-tax revenues from urban land

During the development, in addition to tax revenues from urban land is an important source of financing for urban development. Urban land is used according to plan, the value of land primarily depends on its location in the urban structure. Urban land in the area may be built or planned in the area of new development. Urban land market Vietnam has two levels: (1) *Level 1 market* exclusively dominated by the State by land acquisition for delivery to users because the public interest, including for implementation planning; and (2) *Level 2 market*, in which people who have legitimate land use right transfer, interchangeable. Real estate markets major contribution to financial resources and urban development, hence the need to create conditions for its smooth operation, healthy and transparent. With appropriate tools tax, value added tax in addition to other progressive taxation on profits earned through every contract of sale of real estate, urban authorities on the one hand and limited by speculation, on the other hand has created a significant revenue source for the budget. However, if the high price of urban land is also significant impacts to the urban development process. How fair is organized public bidding and transparency to select urban development projects efficiently and with adequate financial contributions for the urban area.

To effectively manage urban finance

Với phân cấp nguồn thu ngân sách theo luật định như hiện nay, tài chính đô thị mới With the decentralization of statutory budget revenues at the moment, urban finance only meets basic needs for regular expenditure. The remaining revenues only partially meet the investment for development, maintenance of public utilities, wastewater treatment, environmental sanitation. Therefore, in order to make urban development investment, urban authorities must mobilize more resources from the state budget, ODA and focus on exploiting the land to generate revenue to continue to invest in infrastructure and gentrification and transport development. The investment in development of industrial zones have also the call for investment from FDI and domestic enterprises ... To improve the financial efficiency of urban areas, urban authorities need to implement effective urban management solutions. The breakthrough in urban financial management is seriously implementing Investment Law to plan long-term investment, reorganizing the planning, classifying levels of priority for investment projects, projects in line with the situation of socio-economic development of the locality.

For the public services to serve urban areas, urban authorities need to implement the tendering to select supplier of maintenance services for transport systems, waste water treatment system, sanitation system ... Enterprises participate in the implementation of public services shall make management innovation, improve the quality of services towards efficiency. In the field of investment management, it must be publicly, transparently implemented in the selection of contractors and investors to participate in investment projects in the province. Urban financial resources shall be public so that organizations and individuals can involve in monitoring the use of public financial resources.