

RECENT STUDIES ON URBAN SECTOR ISSUES IN VIET NAM - URBAN DEVELOPMENT AND HOUSING AND URBAN PUBLIC TRANSPORTATION -

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1. INTRODUCTION

Viet Nam is experiencing rapid urbanization and motorization owing to economic development after the introduction of Doi Moi policy. Master Plan of the nation's two major cities of Hanoi City and HCMC (Ho Chi Minh City) expect that populations will be nearly doubled by 2020 (Table 1) and urbanized areas will largely spread out beyond the city boundaries (Figure 1). Urban problems such as traffic congestion, expanding informal settlement and deterioration of environment are becoming important challenges for both cities. This study outlines the current status and issues of motorcycle-dominated urban transportation of both cities, reviews the present regulatory framework regarding the bus transportation, and recommends the regulatory improvement for the promotion of public transportation.

JBIC is increasing its lending operations for urban infrastructure development in Viet Nam. It is thus quite

important for JBIC to focus upon the regulatory and institutional improvements of urban sectors such as urban and housing and urban transportation, to make every development effort much more effective.

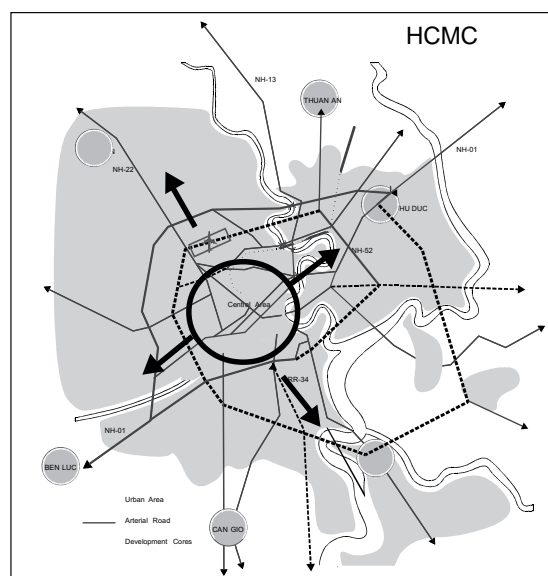
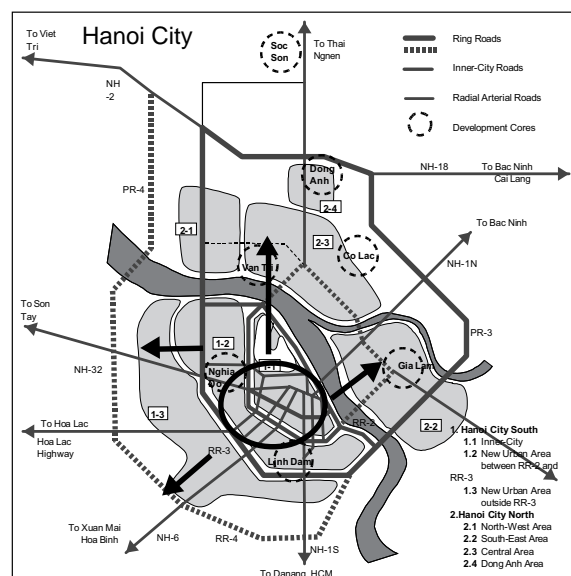
Research Institute for Development and Finance, therefore recently conducted two studies on urban and housing sectors and urban transportation sector respectively aims at examining the sectors' current status and issues in both cities and published as JBIC Research Papers Nos. 3 and 4. The following papers are the summaries of those studies.

Table 1: Development Framework

		Present	Projection/Plan
		1997	2020
Population (thousand)	Hanoi	1,312	2,500
	HCMC	4,990	9,000

Source: Hanoi Master Plan 2020 and HCMC Master Plan 2020

Figure 1 Spatial Structure of Hanoi City and HCMC in 2020



Source: Hanoi Master Plan 2020 and HCMC Master Plan 2020

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URBAN DEVELOPMENT AND HOUSING SECTOR IN VIET NAM*

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SUMMARY

Methods of development permit, land titling and property registration in urban areas of Viet Nam are very complicated and overlapped, and don't function very well. Institutional improvement and capacity building of the authorities concerned are needed, especially for land use management, real estate taxation, and mortgage loan. Both the development of housing finance market and the promotion of housing developers, particularly private ones, must be accomplished by the near future to provide the Vietnamese with better houses at reasonable cost.

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1. Urban Development Policy
 - Administrative Structure
 - Urban Development Policy
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1. URBAN DEVELOPMENT POLICY

ADMINISTRATIVE STRUCTURE

Listed in Table 1 are the Vietnamese authorities concerned with land and housing issues and their functions. MOC and GDLA are the main ministries in charge of the issues at national administration. People's Committees of Hanoi and HCMC don't belong to, but hold the competence equivalent to, the provinces.

URBAN DEVELOPMENT POLICY

Viet Nam is urbanizing rapidly, as being experienced in most southeast Asian countries, and as Japan did. Urban population in 1995 was 15 million and accounted for 20% of the total population. It is predicted to increase to 46 million by 2025, accounting for 45%.

In March 1999, MOC held "National Conference on Master Planning for Urban Development of Viet Nam to the Year 2020," and discussed "Urban Development Strategy¹," which would serve as the nation's first guideline on the emerging urbanization issue. MOC also has expanded the number of designations of urban area² to 623 to deal with urbanization trend. The strategy targets to draw urban development master plans for all the designated urban areas by 2020, while Hanoi and HCMC completed each "Master Plan 2020³" already in 1998.

URBAN PLANNING & DEVELOPMENT PERMIT

Methods of urban planning, land use management and development permission are to a large extent affected by prac-

* This paper is an executive summary of the JBIC Research Paper No.3 "Urban Development and Housing Sector in Viet Nam." The full report is available online at <http://www.jbic.go.jp/english/research/index.html> (under "Activities Research Papers").

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1 The strategy is under preparation and will be disclosed after being authorized by the prime minister.

2 MOC designates the urban area which is usually wider than a city boundary, and ranks it among five classes in accordance with the population. Hanoi and HCMC are categorized as the first class.

3 Both M/Ps predict that populations will be at least doubled by 2020 in each city and the urbanized zones will spread far beyond the city boundaries.

tices of the former Soviet Union. Master plan maps out an urban planning orientation, but does not bind directly on land use. Instead, public and/or private developers must draw a detailed plan at narrower scale for the specific site (Table 2), and must accommodate it to the master plan and submit it to the relevant authorities for approval. Detailed plan functions as the primary instrument for land use management, and is a prerequisite for the subsequent proce-

dures for obtaining the investment license, planning certificate, land allocation and construction permit etc.

These methods necessitate the preparation and approval of the detailed plan for every and all project, and are time and cost consuming or rather impractical in Viet Nam, where numerous developments occur individually because of extremely subdivided ownership of real estates. In fact, the authorities at present are unable to control or

Table 1: Authorities Concerned with Land and Housing Issue

	Ministry/Department	Select Relevant Functions
Ministries	Ministry of Planning and Investment (MPI)	<ul style="list-style-type: none"> • Approval of capital investment
	Ministry of Construction (MOC)	<ul style="list-style-type: none"> • Designation of urban area • Management of BOLUC • Management of construction quality • Preparation of urban development strategy
	General Department of Land Administration (GDLA)	<ul style="list-style-type: none"> • Land management • Management of LUR certificate
	Ministry of Agriculture and Rural Development (MARD)	<ul style="list-style-type: none"> • Management of agricultural land
Hanoi and HCMC (and provinces)	Hanoi Authority of Planning and Investment/Dept. of Planning and Investment (HAPI/DPI)	<ul style="list-style-type: none"> • Approval of capital investment
	Department of House and Land/ Department of Land and House (DHL/DLH)	<ul style="list-style-type: none"> • Issuance of BOLUC and LUR certificate • Preparation of housing development plan • Preparation of resettlement plan, if necessary
	Chief Architect Office (CAO)	<ul style="list-style-type: none"> • Approval of development project • Preparation of urban master plan
	Department of Const. (DOC)	<ul style="list-style-type: none"> • Inspection of construction quality
	Transport and Urban Public Works Service (TUPWS)	<ul style="list-style-type: none"> • Development of urban infrastructure

Source: Interviews with the authorities

Table 2: Stratum of Spatial Development Plans in Hanoi and HCMC

Plan	Competent Agency	Note
Regional Zoning Plan	MOC	Decision 322/BXD-DT
Urban Development Master Plan	MOC People's Committees	Decree 91/CP (MOC is responsible for the M/Ps in Hanoi and HCMC)
District Master Plan	District Offices	Established only in HCMC
Detailed Plan	Developers/Investors	Decree 91/CP

Source: Decree 91/CP and Interviews with CAOs and DPI

inspect individual houses, and consequently connive at illegal constructions.

In such countries as Japan, Thailand and U.S., who experienced rapid urbanization in the past decades, zoning has a mandatory power over land use and zoning map serves as a check-list to approve or disapprove the development project in a simplified manner. An introduction of zoning-based methods should be explored to cope with accelerating urban development needs.

2. REAL ESTATE INSTITUTION

LEGAL FRAMEWORK ON LAND

Land in Viet Nam is a property of the people. Although private ownership is not allowed, Vietnamese is entitled to acquire land use right⁴. “1993 Law on Land” established the comprehensive legal framework, and its amendment, “1998 Law on Land,” assured five rights of land users to exchange, transfer, lease, bequeath and mortgage their land use rights.

REAL ESTATE REGISTRATION

A variety of land certificates had been validated by administrations in the past, even since the colonial time. Under “1993 Law on Land” and relevant regulations, the authorities at present try to exchange those into new certificates. One is Land Use Rights (LUR) certificate designated by GDLA to register land only. The other is Building Ownership and Land Use Right Certificate (BOLUC) to register house with land lot as a whole, designated by MOC with GDLA for houses located inside urban area⁵. However, neither is deployed very much in Hanoi and HCMC⁶.

Since BOLUC requires land and house to be registered as a whole, people cannot register and mortgage the land to be developed for housing. On the other hand, Decree No.17/1999/ND-CP⁷ prohibits to transact land use right without either BOLUC or LUR certificate. Real estate registration should provide the basis for formal mortgage loan. Lack of renewed certificates in both cities is an obstacle not only to the housing finance of individuals and developers, but also

to the development of the private sector, particularly small- and medium-sized enterprises. Regulatory reform on real estate registration in urban area and capacity building of the authorities concerned are in an urgent necessity to rationalize and expedite the registration process.

REAL ESTATE TAXATION

Recent laws and decrees provide for land and house tax, land use levy, land transfer tax, land registration fee, land administration fee etc., but majority of transactions are not registered and notified to the authorities by any means to avoid such taxes and levies. Real estate tax is usually the largest revenue source of municipality in many countries, but in Viet Nam it accounts for only one to two percent of annual revenue of the provinces, Hanoi and HCMC. For the establishment of their tax base, the real estate taxation needs to be enhanced. On the other hand, the exemption of some real estate taxes and levies for a while would expedite the real estate registration.

3. HOUSING DEVELOPMENT

HOUSING POLICY

After the Doi Moi policy, housing subsidy by the public sector was abolished, and instead, housing development by individuals and companies was encouraged. MOC is preparing “National Strategy on Housing up to the Year 2010.” Hanoi and HCMC finalized each “Housing Development Program to the Year 2010” already in 1998, and are going to submit it to MOC and the prime minister for approval after the national strategy is completed.

HOUSING DEVELOPER

In both cities, approximately seventy to eighty percent of housing development is carried out privately by individuals along with carpenters. The remainder is mostly provided by public developers, while private developers account for quite a few percent. The public developers listed in Table 3 construct houses for sale in most cases, since ones for rent are quite unpopular⁸ even for the poor. They

4 Foreign individuals and firms can purchase house and building but not land use right.

5 “1993 Law on Land” stipulated that LUR certificate of GDLA applied all the lands nationwide. However MOC, along with GDLA, enacted the Decree No. 60 of 1994 which entitled BOLUC to apply residential lands and houses inside urban areas.

6 Hanoi started in 1998 to receive applications for BOLUC in selected zones, but it sees almost no progresses in registrations or issuance of certificates yet. In 1999, HCMC decided to issue BOLUC of 700 thousand houses within two years, but it also has faced difficulties similar with Hanoi.

7 When this Decree is strictly enforced, people must further depend upon informal finances.

8 Also, apartments are unpopular extremely in Hanoi and, to a lesser extent, in HCMC.

Table 3: Major Public Developers in Hanoi and HCM

Founder	Developer	Outline
MOC	Housing & Urban Development Corporation (HUD)	<ul style="list-style-type: none"> • Dominant of big projects over 10 ha in Hanoi • Developer of famous Lim Danh project in Hanoi • Not so active in HCMC
Hanoi People's Committee	Hanoi Housing Development Company	<ul style="list-style-type: none"> • Under DLH • Engaged in small projects • Likely to be merged in a umbrella organization
	Hanoi Housing Construction Company	<ul style="list-style-type: none"> • Under DOC • Engaged in small projects • Likely to be merged in a umbrella organization
HCMC People's Committee	Saigon Real Estate Corporation (RESCO)	<ul style="list-style-type: none"> • Dominant in public developers in HCMC • Umbrella organization holding sixteen subsidiaries merged

Source: Interviews with HUD, HAPI and RESCO

are business arms of MOC or People's Committees, and are engaged in, but not dedicated to, the development of less expensive houses.

4. HOUSING FINANCE

MUNICIPAL HOUSING FUND

Respective "Housing Fund"⁹ was established in the early 1990's in HCMC and in 1998 in Hanoi. These funds mobilized capitals primarily from the sales revenue of the former state-owned houses, and are used for housing finance. Another facility named HCMC Investment Fund for Urban Development (HIFU) was set up in HCMC in 1997. HIFU mobilizes capitals from bank loans, equity and trust fund entrusted by the People's Committee, and it invests in urban development including housing projects of the public developers.

HOUSING FINANCE FACILITY

Housing loan activities by lender and borrower are explained in Table 4. Loans for the public developers are chiefly supplied by, 1) Bank for Investment and Development of Viet Nam (BIDV) and Viet Nam Bank for Agriculture and Rural Development (VBARD), among four state-owned commercial banks, and 2) Housing Funds and

HIFU. A few private joint-stock banks in HCMC are somewhat engaged in financing comparatively wealthy people, but rarely can manage to offer a lower interest rate requested by the public developers. Collateral for mortgagee is usually the existing property of mortgagor, but not the land to be developed. Therefore, the developers are unable to expand their operations quickly, by mortgaging the large future project site. Mortgage loans for individuals are uncommon, especially in Hanoi, thus they meet financing needs with their own savings and borrowings from friends and relatives.

Viet Nam has neither a refinancing institution nor a secondary mortgage market, so there is the high possibility that banks providing mortgage loans are accumulating liquidity risks. Such banks also act as substitutes for estate surveyor, real estate broker and juridical scrivener etc. Likewise, real estate market and relevant businesses are still underdeveloped, and the roles and risks are not fully diversified and unbound according to expertise.

In addition to the rationalization and expedition of the real estate registration, both the development of housing finance market and the promotion of housing developers, particularly private ones, must be accomplished by the near future to provide the Vietnamese with better houses at reasonable cost.

9 Housing Funds and HIFU are not incorporated, but are municipal special accounts.

Table 4: Principal Housing Finance Facilities in Hanoi and HCMC

		Borrower			
		Housing Developers	Housing Buyers	Infrastructure Developers	Other Businesses
State-owned Commercial Bank	BIDV	++	++	++	+++
	VBARD	++	++	++	+++
Private Joint-stock Bank	Habubank		+		+
	Housing Bank (HCMC)	++	++		+++
	Asia Commercial Bank (HCMC)	++ (for private developers)	++		+++
Municipal Fund	Hanoi Housing Fund	+++			
	HCMC Housing Fund	+++			
	HIFU	++		+++	

Note: +++; active: ++; involved: +; not very active: blank; negligible or not involved.

Source: Interviews with BIDV, BARD, all Joins-stock Banks listed, HAPI and DPI

Reference Table: Technical Assistance on Land and Housing Issue in Viet Nam

Donor	Counterpart	Fields	Outline	Year
ADB	MOJ	Property registration	Capacity building for registration of properties including real estate.	1998 ~ contd.
KOICA	HPC	New town development	Preparation of master plan and regulatory improvement for Hanoi New Town.	1999 ~ 2000
JICA	MOJ	Law development	Dispatch of a juridical expert for law development including land laws.	1997 ~ contd.
	MOC	Housing policy	Dispatch of experts of housing policy and development.	1998 ~ contd.
SIDA	GDLA	Real estate registration, cadastral mapping, land use planning, geographic information system (GIS) etc.	Regulatory and institutional developments on and capacity building for comprehensive land management. One of the leading T.A.s in the issue.	1997 ~ contd.
UNDP	HPC etc.	Urban development	Capacity building of three municipalities including Hanoi on urban development issues under the worldwide Urban Management Programme.	1995 ~ 1998
	HCMC	Housing and land administration	Capacity building for DHL of HCMC.	1999 ~ 2000
WB	MPI	Resettlement	Law development for involuntary resettlement.	1997
	GDLA	Real estate registration, land use management etc.	Regulatory and institutional developments on and capacity building for real estate registration and land use management for urban area and agricultural area, under PHRD fund granted by Japan.	1998 ~ 2000

Note: Not listed up are, among others, a forestry land management project of ADB and a banking sector reform study of WB recommending mortgage system improvement.

Source: Interviews with all donors listed and literature review

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10 Bibliography listed here is selective. For complete listing, refer to the full report.

URBAN PUBLIC TRANSPORTATION IN VIET NAM – IMPROVING REGULATORY FRAMEWORK –*

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SUMMATION

In bus businesses of Hanoi and Ho Chi Minh City, the public sector plays a dominant role as regulator-operator. Regulatory framework is designed mainly for the municipal bus companies, and thus holds the institutional issues in the light of the private investment. In order to promote the private investment to the bus business, a business-friendly environment, under which the private sector can operate and compete flexibly, must be enhanced. This study recommends redesigning the regulatory framework for increased clarity, flexibility and efficiency.

CONTENTS

Chapter I	Current Status & Outlook of Urban Transportation Characteristic of Urban Transportation Urban Transportation Policy and Planning Outlook of Urban Transportation Development
Chapter II	Overview & Regulatory Issues of Bus Transportation Overview of Bus Transportation Regulatory Issues of Bus Transportation
Chapter III	Measures for Regulatory Improvement of Bus Transportation Proposals by the Both Cities Recommendations of This Study

1. CURRENT STATUS & OUTLOOK OF URBAN TRANSPORTATION

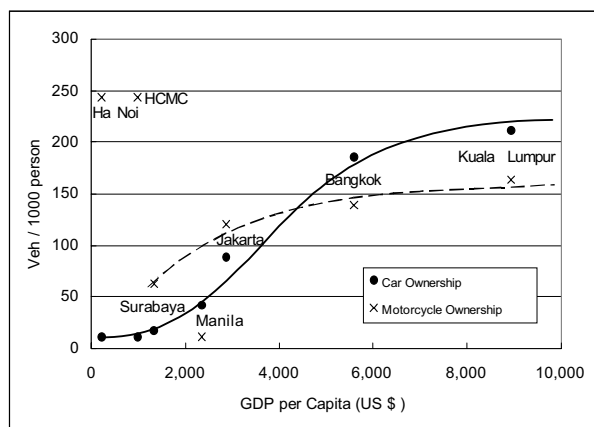
CHARACTERISTIC OF URBAN TRANSPORTATION

Motorcycle ownership rates at both cities are ex-

tremely high, nearing 250 vehicle per 1,000 person (Figure 1), and the modal shares of motorcycle and bicycle exceed ninety percent. High usage of motorcycle can be explained by three reasons, i.e. no driver's license obligation, its asset value and convenience (Table 1).

The modal shares of bus, which is practically the only public transportation mode, account for less than six percent, and are very lower than other Asian cities (Figure 2).

Figure 1: Ownership Rates of Motorcycle and Car



Source: Each city's statistic

URBAN TRANSPORTATION POLICY AND PLANNING

Master Plans of both cities expect that populations will be nearly doubled by 2020 and urbanized areas will largely spread out beyond the city boundaries. Both Plans target to develop decentralized spatial structure with expanded road network (Table 2).

“The Master Plan of Urban Transport for Hanoi City in Viet Nam” was prepared by Japan International Cooperation Agency (JICA) in 1997, and “HCMC Transport Study” by Department for International Development, U.K.(DFID) in 1998. Both studies estimate the capital requirement, but its financing sources are not so fully examined because both cities’ detailed budgets are undisclosed.

* This paper is an executive summary of the JBIC Research Paper No.4 “Urban Public Transportation in Viet Nam -Improving Regulatory Framework-.” The full report is available online at <http://www.jbic.go.jp/english/research/index.html> (under “Activities Research Papers”).

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OUTLOOK OF URBAN TRANSPORTATION DEVELOPMENT

Increasing commuter needs and extending trip length will together generate huge traffic volume in both cities. Modal shift from motorcycle to motorcar is also emerging, and is anticipated to bring about heavy traffic congestion and severe air pollution. For the decentralization of spatial structure targeted by the Master Plans, the public transportation mode linking the city center with suburbs is indispensable, since motorcycle is not so suitable for longer trip length.

The People’s Committees of both cities put high priority on the promotion of bus transportation, bearing in mind the possibility of future upgrading to higher capacity modes such as LRT and MRT in the mid- and long-term

perspective. According to the transportation studies of both cities, the modal shares of public transportation (i.e. bus) are estimated to increase to nearly ten percent in 2020 (Table 3), and in Hanoi, for example, the number of bus vehicles required will reach approximately 3,000 in 2010 and 4,000 in 2020, while the figure at present is less than one hundred.

2. OVERVIEW & REGULATORY ISSUES OF BUS TRANSPORTATION

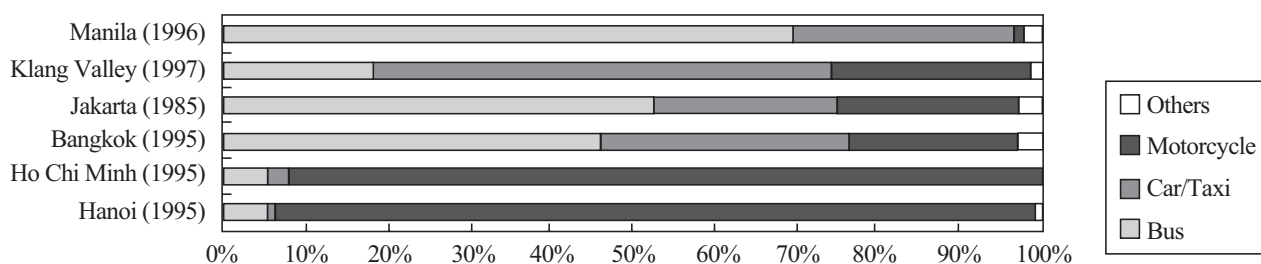
OVERVIEW OF BUS TRANSPORTATION

Bus operation within both cities are basically monopolized

Table 1: Reasons for High Usage of Motorcycle

Reason	Description
No driver’s license obligation	No driver’s license is required when driving motorcycle of smaller than fifty-cc displacement.
Asset value	The price of used motorcycle does not depreciate significantly (e.g. USD 2,300 for new one versus USD 2,000 for used one, in the case of the most popular Honda Dream II). Motorcycle holds asset value among others like real estate and gold.
Convenience	The city areas are still limited compared with other Asian cities, so that people can commute almost everywhere easily by motorcycle.

Figure 2: Modal Split Comparison among Asian Cities



Source: Each city’s statistic

Table 2: Development Framework

		Present	Projection/Plan	
		1997	2005	2020
Population (thousand)	Hanoi	1,312	1,730	2,500
	HCMC	4,990	6,200	9,000
Road space against city area	Hanoi	7.7%	n.a.	25-30%
	HCMC	7.0%	n.a.	25-30%

Note: HCMC has much wider area thus the percentage of road space at present is lower than Hanoi. But in the city center HCMC has spacious grid roads.

Source: Each city’s Master Plan 2020

by the municipal bus companies under each Transport & Urban Public Works Service (TUPWS) (Table 4). In the early 1980's, the modal shares accounted for twenty-five to thirty percent, but the number of bus routes and the frequency have decreased after Doi Moi, when subsidies for public companies began to get curtailed.

In Hanoi, an entry proposal for the business was made by a Korean conglomerate in the mid 1990's, but was rejected because the authority and the conglomerate could not agree upon the investment scale and fare level etc. In HCMC, an Australian investor formed a joint-venture with the municipal bus company and entered upon the business in 1993, but withdrew for a financial reason in 1997.

REGULATORY ISSUES OF BUS TRANSPORTATION

Bus business generally has a competitive and contestable nature that provides an easy access for the private sector to enter into the market. In both cities, however, the public sector plays a dominant role as regulator-operator. Regulatory framework is designed mainly for the municipal bus companies, and thus holds the following issues in the light of the private investment:

- *Unclear and complicated procedures:* The entry proposals are assessed throughout the relevant authorities

including Management & Operation Center for Public Transportation (MOCPT), TUPWS, Hanoi Authority for Planning & Investment, HPC and Department of Planning & Investment, HCMC People's Committee (HAPI/DPI), People's Committees, Ministry of Transport (MOT) and Ministry of Planning & Investment (MPI), but the regulations don't strictly define who evaluates what with what criteria.

- *Huge capital investment requirement:* The authorities expect candidates from the private sector, especially foreign investors, to equip a large number of buses, e.g. more than 100 vehicles, and thus impose harder hurdle for small-scale operators who are active in suburban and inter-city services.
- *Limited operational autonomy:* The operators must comply with the approval on almost every operational aspect, e.g. routes, operation hours, frequency etc., and can not flexibly alter it on demand.
- *Rigid fare regulation:* The fare level is regulated politically very low. Rigid fare regulation discourages the private investment, and rather shrinks the bus services.
- *Ineffective subsidization:* Subsidy is calculated by a vehicle-kilometer basis, and is offered only to the municipal bus companies. But this method does not give them an incentive to achieve efficiency gains.

Table 3: Projection of Modal Share of Public Transportation

			Present	Projection/Plan
				2020
Travel demand (the number of trips)	Hanoi		3.3 mil. (1995)	8.9 mil.
	HCMC		8.2 mil. (1996)	22.1 mil.
Modal share of public transportation	Hanoi	Policy Goal	n.a.	50%
		JICA Study	3.6% (1995)	9.5%
	HCMC	Policy Goal	n.a.	50%
		DFID Study	5.5% (1996)	8.5%

Note: Figures of HCMC refer only to data of the AM peak hour.

Source: Each transportation study

Table 4: Outline of Municipal Bus Companies

	The number of companies	The number of registered vehicles	The number of passengers
Hanoi (1997)	1	83	18,000
HCMC (1998)	2	86	16,000

Note: This table excludes minibus cooperatives, mainly serving suburban routes.

Source: Each transportation study

3. MEASURES FOR REGULATORY IMPROVEMENT OF BUS TRANSPORTATION

PROPOSALS BY THE BOTH CITIES

For the promotion of bus transportation, each TUPWS proposed, to the respective People's Committees and MOT, policy instruments such as vehicle procurement using foreign aid and reduction of tax and levy for the municipal bus companies. These instruments, however, aim to enlarge the preferential treatment for the municipal bus companies under the current regulatory framework. Meeting the public transportation needs in the future only by the public sector could not solve the existing constraints and would not develop the bus transportation market.

RECOMMENDATIONS OF THIS STUDY

In order to promote the private investment to the bus business, a business-friendly environment, under which the private sector can operate and compete flexibly, must be enhanced. This study, therefore, recommends to redesign the regulatory framework for increased clarity, flexibility and efficiency as follows:

- *Simplified and clarified procedure:* The operator (municipal bus company) and the regulator (MOCPT) must not be under the same authority (TUPWS), to secure the fair competition between the incumbent and the newcomer. MOCPT should be separated from TUPWS and vested with much authority to simplify the procedures and to clarify who is responsible for what in evaluating entry proposals.
- *Lowered capital investment requirement:* Huge capital investment requirement should be lowered or repealed for an easy entry to the bus business, so that the new, additional and upgraded services are offered to the potential users who have neither access nor convenience to ride the buses at present.
- *Increased operational autonomy:* The operator must be given a greater operational autonomy for flexible service delivery. The operator needs not apply for an approval on, but should notify of, operational aspects such as route, operation hour and frequency.
- *Deregulated fare control:* To make the bus business much attractive for the private sector, the maximum fare level can be somewhat raised with an introduction of the price-cap control, under which the operator is allowed to flexibly set the fare level below the maximum. Otherwise, the bus transportation might get

shrunk further without capturing new private investments.

- *Rationalized subsidization:* Subsidy must not deprive the operator of an incentive to become cost-effective. Receiver of subsidy should compete for either better service quality under the same subsidy amount or lesser amount keeping the same quality.

The pilot project, such as bus-dedicated lane with limited-term in selected route, is also considered to demonstrate effectively usefulness of the bus service for the citizens, marketability for the investors, and policy of the People's Committees for both. Lessons to be learned from the pilot project will help materialize the regulatory improvement and hence promote the public transportation.

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