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9. ABSTRACT

Since 1971, the Office of Housing of AID has been conducting preinvestment surveys in countries where housing investment guaranty programs are anticipated in order to provide the background and framework for its intervention. These surveys are, in fact, increasingly sophisticated analyses of the shelter sector of each country. Each report is intended to provide the Office of Housing with the information necessary to enable it to answer three primary questions about a specific country:

- . What is the country's capacity to undertake a large-scale housing program?
- . What is the effective demand for housing at a given price level?
- . What is the country's capacity to repay a foreign loan?

To paraphrase the introduction to the scope of work for a recent survey, its objectives are to determine the need for housing at all socio-economic levels of society, to determine the ability of each socio-economic group to pay for housing; to assess the capabilities of the Government to plan and manage large scale housing programs and projects; to analyze the impact of large scale foreign borrowing on the country's economy and its ability to repay; and to assess the ability of the country to absorb large sums of money into the shelter sector industries.

These objectives have been realized with varying degrees of success. Some of the more recent surveys, in particular, provide broad panoramas of the country housing sectors. Some of the earlier ones are more limited in scope and cover only a part of the sector.

These reports provide valuable orientation for anyone becoming involved in housing sector in one of these countries. They should also be useful for comparative studies of housing programs and policies on a regional or world-wide basis.

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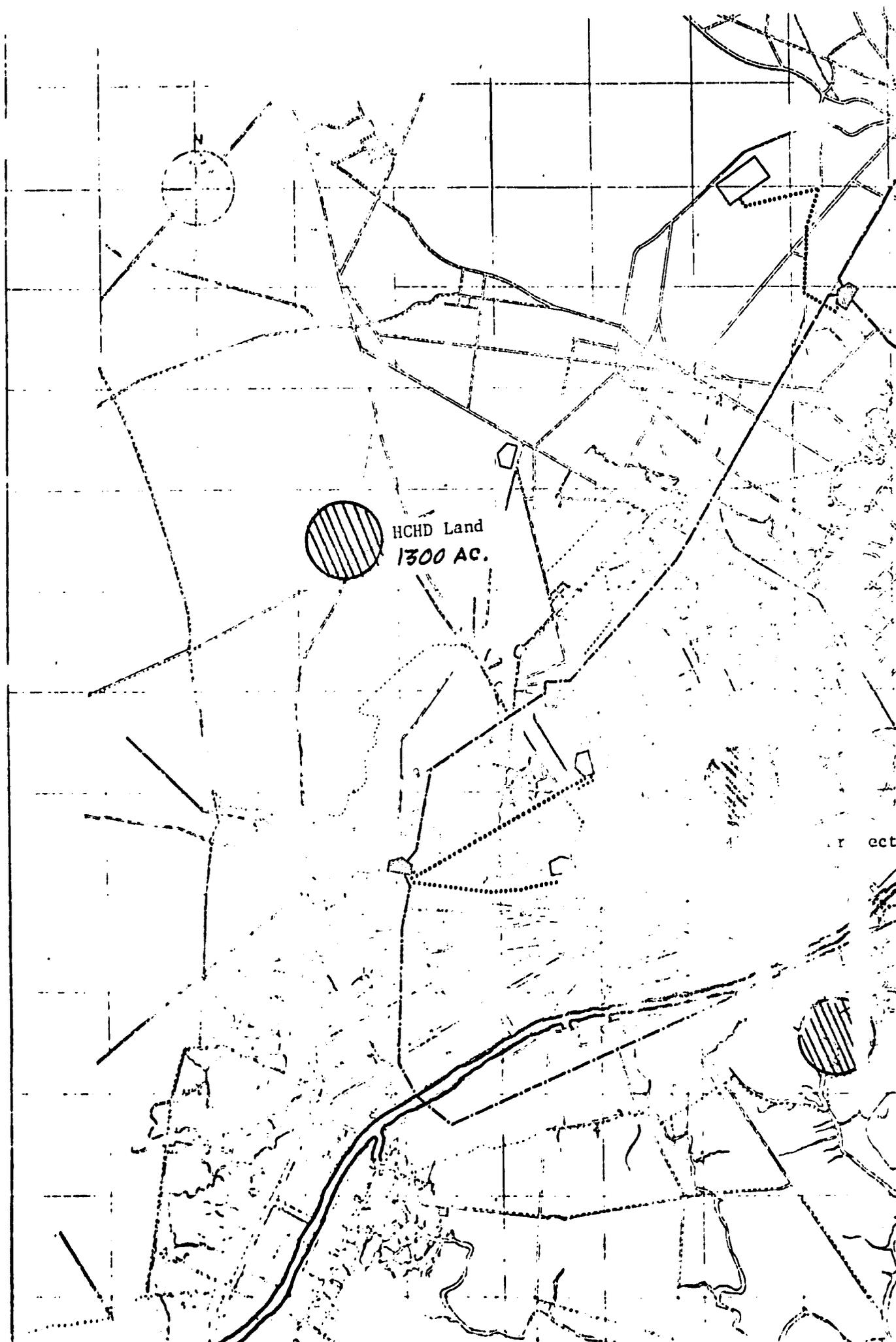
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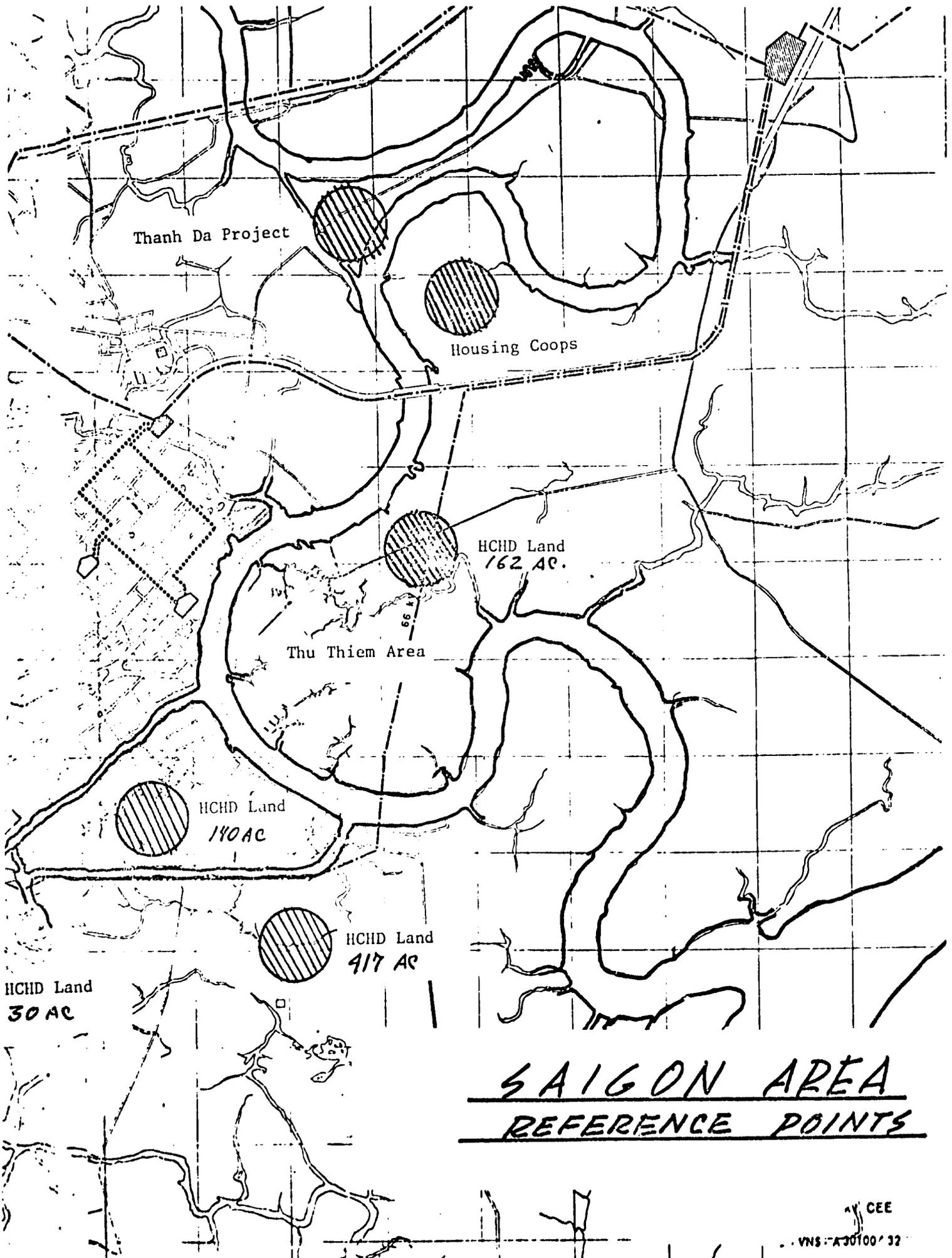
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HCHD Land
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Here is an improved rural house in an AID-supported resettlement site constructed by the owner self-help program with some materials provided by AID.



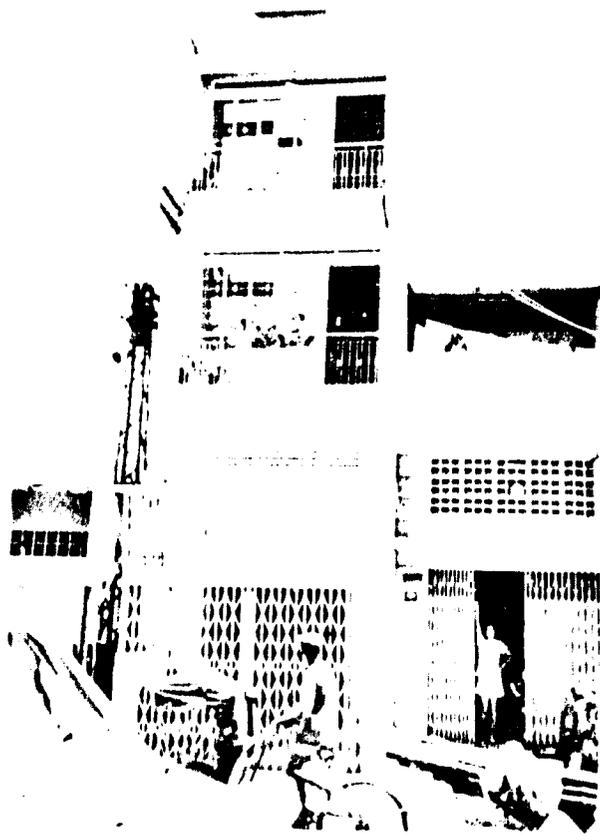
AID assisted in the construction of urban housing to provide shelter for victims of the 1968 Viet Cong Tet Offensive. This is the Ming Mang Project in Saigon.



The typical rural hut, although picturesque, does not offer adequate protection against the elements. The thatched roof is a breeding area for harmful insects and vermin. And the dirt floor also acts a a conduit for disease from farm animals outside.



Perhaps 30% of the people in Saigon are living in slum or squatter areas with extremely high density; with little or no sanitary services.



This house and shop is typical of many constructed in Saigon by its owner



Military dependent housing near Saigon

VIETNAM SHELTER SECTOR ANALYSIS

Subsector - Construction

1. Demand

- 1975 - 1976
- 1977 - 1978
- 1979 - 1980

2. Supply

- 1975 - 1976
- 1977 - 1978
- 1979 - 1980

Subsector - Rehabilitation

- 1975 - 1976
- 1977 - 1978
- 1979 - 1980
- 1981 - 1982
- 1983 - 1984

Subsector - Maintenance

- 1975 - 1976
- 1977 - 1978
- 1979 - 1980
- 1981 - 1982
- 1983 - 1984

Subsector - Operation and Maintenance

- 1975 - 1976
- 1977 - 1978
- 1979 - 1980
- 1981 - 1982
- 1983 - 1984

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VIETNAM SHELTER SECTOR ANALYSIS

Summary and Recommendations

A. PURPOSE

Since the signing of the cease fire agreement in January 1973, the Government of South Vietnam (GVN) has been able to give more attention to some of the social and economic problems facing the country, including housing. The GVN has shown its concern in this area by establishing the High Commission for Housing Development (HCHD) under the Prime Minister's Office in July 1973, with the goal to increase the production of housing for low-income families.

In response to this increased GVN concern with housing and shelter, the United States requested assistance from the AID Office of Housing (OHA) to study the housing situation in Vietnam and prepare an analysis of the shelter sector.

A five man team of housing specialists was selected consisting of two military officers and three private consultants. Three of the team members had previous experience in Vietnam. The team arrived in Vietnam May 5, 1974, and began their work visit. The scope of work was summarized as follows:

The objectives of this survey are to determine the need for housing in Vietnam at all socio-economic levels of the society; to determine the ability of the GVN to plan and manage large scale housing programs and projects; to evaluate the impact of large scale foreign borrowing on the country's economic stability, ability to repay; and to assess the ability of the country to absorb large sums of money into the shelter sector industries. The team should attempt to identify areas where institutional or policy changes could have a significant positive effect. They should investigate those areas to determine the obstacles to suggested change, and they should make appropriate recommendations.

In carrying out this assignment, the team was able to make use of the vast amount of material prepared by many USAID consultants, USAID officers and Vietnamese agencies, (see list of references and list of persons contacted).

B. BACKGROUND

The Vietnamese people are currently going through a difficult period between war and peace. The American troop withdrawal, the 1972 North Vietnamese offensive, the increase in world prices and the energy crisis have all had negative effects on the economy and the quality of life of the people. Unemployment is high, and inflation has greatly reduced the purchasing power of those who have jobs. In 1974, Vietnam will require approximately US \$900 million of essential imports, while export earnings will be about US \$100 million. In order to avoid a complete collapse, foreign assistance will be needed to bridge the gap.

On the positive side, there has been little breakdown of public services, security is good in urban areas, farm production is rising and some local industries are starting to increase production. Providing the military situation remains stable, there is a strong feeling that the socio-economic situation will improve. One view is that the actual fighting will taper off in the years ahead, and that there will be increased competition between the GVN and the communist forces in social and economic areas.

The GVN is promoting new rural and urban development programs to help make the transition from war to peace less difficult. With assistance from USAID, the GVN has relocated more than 600,000 refugees from crowded camps to rural resettlement sites during 1973. It is expected that all of the 400,000 refugees still in camps will be resettled during 1974.

Another 500,000 "displaced people" are now living in crowded urban areas and have indicated a desire to return either to their villages or to new rural resettlement sites. When the refugees from camps have all been resettled, the GVN and USAID will then assist in the resettlement from urban areas.

At the same time, the GVN recognizes that many people living in urban areas need jobs, schools, better housing and improved urban services.

The HCHD has recently outlined a five year plan for housing and urban development (1975-1979) which contemplates the construction of 60,000 new units ranging in cost from \$1500 to \$5000. The total cost of this program is estimated at about \$140 million for the housing component and about \$30 million for urban development.

A major objective of the plan is to create employment, estimated at 40,000 jobs in 1975, and increasing to about 54,000 jobs by 1979.

Another important objective of the HCHD plan is the creation of a housing authority and a land development agency to replace the existing "Credit and Urban Services" and "Land Management and Development Division" of the HCHD.

About \$80 million of the required funds for the 5 year plan will be provided by the GVN. External financing is being sought for the balance of the program.

C. SUMMARY OF FINDINGS

1. General

There is an urgent need to improve the quality of life for urban and rural families in Vietnam as part of the move toward economic and social recovery. A well planned and executed housing and urban development program would contribute to this effort by providing jobs in the construction and building materials industry, while at the same time providing large numbers of individual families with a better place to live. Such a program would stimulate the economy and also

produce many intangible but important benefits in strengthening the social fabric of a country where many families have had their homes destroyed and been dislocated by the war.

2. Government Role

The GVN announced in May 1973, that housing would be a high priority activity in the post-war economic development program. This was followed up in July 1973, by the creation of the High Commission for Housing Development.

The HCHD has undertaken a number of new initiatives since it was created, as described in Section 1-B, but these do not yet constitute a comprehensive national housing policy. The five year plan announced by the HCHD deals mainly with the physical aspects, and does not yet address questions of tax policy, interest rate policy, or a subsidy policy and does not consider the needs of many families who cannot afford even a \$1500 home. However, the plan does allocate a major portion of the 60,000 units to the lower income level (50% to the \$1500 type units) and recognizes the critical importance of establishing a local housing finance institution (Housing Bank). The plan also recognizes the long range importance of acquiring land for low income housing through the land bank idea.

Since there are no private housing finance institutions, the government's role in the shelter sector is largely entrepreneurial, although the HCHD does provide financing for some housing cooperatives. Government programs reach only a small part of the population, however, and the bulk of the people must rely on their own resources to resolve their housing problems.

3. Capacity of the Economy to Supply Housing

The capacity of the Vietnam economy to produce housing was severely tested during the wartime construction boom, when more than 700,000 sq meters of housing were being built. This developed a well-qualified construction industry with a sufficient skilled labor force to handle the proposed HHD construction program. There may be some deficits in managerial personnel and in architectural and engineering services.

Building materials are in large part produced within the country. Sufficient reserve capacity exists to handle the proposed program. The only problem area, where an increase in housing production would require an increase in foreign production or importation.

Land transfer procedures are complicated and cumbersome. Fortunately, the DRV has adequate reserves of land, based on its past experience to initiate a significant construction program without facing a shortage of land.

A large proportion of the housing units currently being built are of a type to be considered substandard. In the present situation, it is probable that most Vietnamese could afford or acquire a shelter. The government should continue to control this effort by encouraging individual initiative, but also by preventing unplanned sprawl which may make it difficult and expensive to provide infrastructure at a later time.

4. Effective Demand for Housing

It is estimated that there are now about 1.5 million dwelling units available for a population of 20 million. It is difficult to determine "effective demand" in developing tropical countries. For the purpose of this report "substandard" refers to housing which does not provide adequate protection against rain, wind, flooding, and does not have sanitary waste disposal or housing which is extremely

overcrowded. Based on observation by the study team, conversations with local officials and a review of previous studies it is estimated that 20% to 30% of all urban families and up to 60% of rural families are living in substandard units. HCHD has estimated that 50,000 units per year would be needed to eliminate the deficit, replace the substandard units in urban areas and provide for demographic increase. This figure is probably realistic in relation to need, but there is little likelihood of its being realized under present or anticipated programs. Current HCHD housing production is 2000 units per year, and the five year plan proposes increasing this to 14,000 units by 1979.

Income distribution figures are not available for Vietnam. However, from salary surveys and household expenditure statistics, it has been calculated that a substantial need and effective demand exists in the 50,000 VND to 1,000,000 VND per month income range (about \$80 to \$200 US). A very rough estimate indicates that there are perhaps 200,000 families in the Saigon area within this range out of a total of approximately 600,000 families. These people would need housing in the \$1200 to \$5000 range, assuming terms of 15 to 25 years and repayment at interest rates of 6% to 12%.

At the present time, most people who could afford a \$1200 to \$5000 house on the above terms are unable to secure financing. Private financing is available only to a few high income people at very restrictive terms (1 to 3 years, 12%). HCHD programs fund a total 2000 units a year, and there are virtually no other sources of financing. A housing development bank has been proposed, but the details have not been worked out as yet.

Most government-sponsored programs are subsidized in one form or another, but there is no overall policy on subsidies which would guide their extent or method of application or the sectors of the population to whom they should be given. The

housing and shelter program. The objectives of the program should be (1) to stimulate the economy and provide employment, and (2) to provide better housing for large numbers of low and middle income Vietnamese. In developing such a program the GVN would benefit from assistance from AID in establishing a national housing policy, creating a local housing finance system and expanding the housing and building materials industry.

F. Specific Recommendations

The following specific recommendations have been discussed in a preliminary way with the GVN and the Mission. The GVN is receptive and is already taking the initiative on the housing bank idea and land development agency.

a. Housing Policy The GVN should undertake the development of a sound, long-term national housing policy which will address the housing needs of all income groups and direct the available resources to the satisfaction of these needs in a balanced manner. The HCHD's five year plan is a good beginning, but must be made consistent with the national housing policy when it is completed. The plan should give particular attention to the housing needs of low-income families and the necessity of and justification for housing subsidies.

b. Housing Bank The GVN should be encouraged in its efforts to establish a national housing bank. The new bank could provide a means for the development of a local savings and loan system which would provide a new source of housing finance. In connection with this the GVN should investigate the possibility of establishing a market mechanism for housing finance.

c. Land Development Agency The GVN should also be encouraged in its efforts to establish a land development agency. The functions of the agency would be closely related to the activities of the housing bank, and would include the acquisition of land for housing projects and the development of its own land areas, if any, owned by the HCHD for low and middle income housing developments.

d. Building Materials Industry The GVN should investigate the possibility of increasing domestic production of building materials in order to reduce the demand for imported materials for its five year housing program. This would be an important benefit to its balance of payments. Special attention should be given to increasing production of cement, fibre-cement, and brick. The latter might be developed as an export item.

e. AID Assistance In relation to reconstruction and development, the GVN needs and wants U.S. technical assistance. Areas of interest are:

(1) Housing program;

(2) Housing program;

(3) Program for housing and development; and

(4) Urban planning, particularly as related to the Urban Development Agency.

It is recommended that as part of any AID-supported housing program, preferably through on-site advisers be provided to cover the program's long-term interest, supplemented by short-term specialists to cover the program's immediate needs.

The capital needs of the Vietnam program of aid reconstruction and development from the early 1960s, in view of the critical financial situation, would not, however, preclude U.S. capital assistance to address the program's needs.

The GVN should investigate additional domestic sources of capital for housing finance, such as the special tax which has been developed in the Philippines and El Salvador.

I. Government Role

A. Past Efforts Government housing efforts started in 1951, when Emperor Bao Dai created the Ministry of Reconstruction and Planning, associated with an Office of Building Industry. The exact mission of this office is not clear, but it was apparently meant to deal with post World War II reconstruction.

In 1956, the Directorate of Lottery of National Construction and a National Housing Administration were created under the guidance of the Secretary of State for Reconstruction and City Planning. These agencies subsequently merged into the Directorate General of Housing in 1967 for the purpose of:

- (1) undertaking construction of housing for government employees and their families;
- (2) purchasing land to be sold to private citizens for self-help housing;
- (3) studying low cost housing techniques; and
- (4) administering of cooperative housing for middle income workers.

Finally, in 1973, the Directorate General of Housing was reorganized into the High Commission for Housing Development (HCHD). This new autonomous agency has greater responsibility for housing, more authority than its predecessor and reports directly to the Prime Minister.

Because of the war, the GVN has not been able to give this subject high priority nor to attack it in a coherent fashion. Most housing projects completed over the last ten years have been undertaken largely on an ad hoc basis, in response to particular needs rather than as part of an overall strategy. The Minh Mang Housing scheme, for example, was built in order to rehouse the inhabitants of a section of Saigon hit hard in the Tet offensive of 1968. Most other schemes have been projects of "one of a kind" projects designed to deal with particular groups of refugees, war victims, persons displaced by civil strife or the needs of ARVN personnel.

Even though there has not been a consistent attack on the housing problem, the GVN has constructed more than 50,000 units over the last decade:

1963 - 1973:	Saligon	16,500 standard units
	Saligon	4,000 self-help units
	Provinces	1,500 standard units
	countrywide	30,000 military dependent housing

The figure for Saigon includes the Minh Mang project referred to above. This was one of the first large scale government housing efforts within the Prefecture of Saigon and resulted in the rebuilding by the GVN, with the aid of Britain, Canada, Japan and the USA, of more than 6,000 housing units with supporting community facilities.

Following this reconstruction, the Housing Agency began work on the Tanh Da project, located about five kilometers from Saigon on Tanh Da island. This is the most ambitious housing scheme ever undertaken by the agency, and will consist on completion of over 4000 housing units, with schools, a market and various administrative and medical facilities. The first phase of construction, consisting of over 900 units, is complete, and work on the rest is nearing completion. Difficulties were encountered in connecting the utility systems and in selecting tenants, but these difficulties are being overcome.

The GVN also supported some housing cooperatives with loans to the 74 registered societies only a few have actually become operational and constructed housing for their members. The housing cooperatives in the Saigon area have formed a federation of 10 coops with over 40,000 members, including civil servants, teachers, bank employees, policemen, etc. They established a savings plan and then purchased a large tract (1000 acres) of land close to the central area of Saigon. They have constructed several hundred houses ranging from 45 m² row houses to 100 m² villas. The HUD plans to assist them in completing the project. Currently, the HUD reports three government employees' cooperatives are ready to start construction of a total of 224 units. Seven others are in a total of 1300 units, and a budget of \$ VN 666 million are in the planning stage. The GVN has made a strong effort in the provision of houses for the dependents of the military, with assistance from the U.S. Department of Defense. Some 30,000 units have been built over the

past 13 years throughout South Vietnam. Most of these are small scale housing costing about \$500 per unit.

U.S. support of rural housing is mostly and elsewhere by the U.S. military and civilian agencies, and by the U.S. government through the U.S. Agency for International Development (AID) and the U.S. Agency for International Development (AID) projects.

In 1967, in the autonomous city of Chu Phan, the U.S. Agency for International Development (AID) funded the construction of 1500 housing units for 33N military and civilian Vietnamese ex-slaves of U.S. forces, to help relieve the housing shortage created by the buildup of military forces and their support facilities. The project was also intended to demonstrate the use of good command planning, and to serve as a model for other housing projects. The cost of the units was \$ VN 242,000 and \$ VN 280,000 with a 10% down payment and interest of 6% over 20 years. In the Binh Mang area of Chu Phan, the U.S. also funded and supervised the construction of 200 small scale dwelling units on a 14 acre site. The housing units are small scale four-story walk-up apartment buildings and each unit had a living room, sleeping room, kitchen, toilet/shower compartment and a balcony. The dimensions of the units were 13 feet by 13 feet. There was a common area shared, and the units were sold for an average of \$ VN 24,000 with monthly payments not exceeding \$ VN 1000 over 20 years.

The main problems encountered in the Chu Phan and Binh Mang housing projects were the lack of project management and maintenance. The project suffered from a lack of funds for the construction of certain facilities, materials and equipment. The construction of the units, but the project was not

after completion of construction - selecting the new occupants, getting the facilities operating, collecting rents and maintaining the units - proved to be the most difficult part.

At Minh Mang, the occupants considered the apartment as a gift from the people of the United States rather than a housing unit which had to be paid for. The administering agency (Directorate of General Housing) was neither experienced nor organized, nor properly equipped to manage such a large-scale housing project. At Cam Ranh, the same difficulties were encountered by the city administration, but there is less indication there that the problems have been overcome.

In the past, Government organization in the housing field suffered from the lack of a coherent strategy and shifting priorities. Past housing efforts were fragmented and ill coordinated, and the National Planning Ministry was not able to provide guidance.

B. New Initiatives and the 5 Year Plan

In May, 1973, the President of South Vietnam announced that housing would have a new high priority as the country moves toward peace. In July, 1973, the HCHD was formed to promote a program that aims at the fulfillment of national development objectives as well as the construction of housing units.

The overall responsibilities of the HCHD are: housing construction, land development for urban expansion, coping with special housing problems,

clearing of slum areas, provision of housing credit and management of housing estates and other properties.

(A description of the organization of this agency is given in Section III-4)

The HCHD has recently outlined a five year housing and land development plan aimed at increasing production and providing employment. The plan also contemplates the establishment of a Housing Development Agency and a Land Development Agency.

The following activities are proposed to be financed:

- Government housing and land development projects
- construction loans
- manufacture of building materials
- (importing) and distribution of construction materials
- mortgage credit
- Private housing projects

The HCHD plans suggest that capital for the HDB would come from:

- Savings from potential borrowers
- Loans from the government
- Deposits from the HCHD
- Concessional loans from AID
- AID Housing Guarantees

- NEDEF (National Economic & Development Fund).

Under the HCHD five year plan 60,000 dwelling units would be produced, ranging from US \$1500 to US \$5000, at a total cost of about \$140 million.

(see table I and II prepared by HCHD)

Table I. Number of housing units to be built and Financial Requirement, Annual Plan.

Cost per unit:

Class A	US\$	5,000
B	US\$	3,000
C	US\$	1,500

Year	1975	1975	1976	1976	1977	1977	1978	1978	1979	1979	
Class	Units	Million US \$									
6,960	A	800	4.0 (20%)*	960	4.8 (20%)	1,120	5.6 (30%)	1,400	9.6 (30%)	1,680	11.2 (40%)
17,190	B	2,000	6.0 (30%)	2,400	7.2 (30%)	3,730	11.2 (40%)	4,600	12.0 (40%)	5,760	17.3 (50%)
35,760	C	6,700	10.0 (50%)	8,300	12.0 (50%)	7,460	11.2 (40%)	6,400	9.6 (30%)	5,200	7.7 (30%)
59,910											
	Total Units	9,500		11,360		12,310		12,500		14,640	
	Total M. US\$		20.0		24.0		28.0		32.0		36.0

(*) Percentage of annual budget allocated for each class. An increasing need for better housing standard is expected.

TABLE II

Year	Government of Vietnam	External Borrowings	TOTAL
1975	10 million US \$	10 million US \$	20 million US \$
1976	12 -	12 -	24 -
1977	14 -	14 -	28 -
1978	16 -	16 -	32 -
1979	18 -	18 -	36 -
Total	70 million US \$	70 million US \$	140 million US \$

The plan also proposed the use of about US \$30 million for land development.

LAND DEVELOPMENT

Year	Government	External Borrowings	TOTAL
1975	3 million US \$	5 million US \$	8 million US \$
1976	3 -	7 -	10 -
1979	4 -	8 -	12 -
Total	10 million US \$	20 million US \$	30 million US \$

The new employment which the PCED projects as a result of the five year plan is shown on Table IV.

TABLE IV

Year	Construction Fund	Annual Employment
1975	US \$ 20 M.	30,000 persons
1976	24 -	36,000 -
1977	28 -	42,000 -
1978	32 -	48,000 -
1979	36 -	54,000 -

The 60,000 units are to be distributed between Saigon and other sections as shown in Table V.

TABLE V

Class	A	B	C	TOTAL
Type of Project				
I. Supporting economic development sections	8,000	8,000	9,200	20,000
II. Saigon / Gia-Dinh	2,800	4,000	13,200	20,000
III. Cooperatives	1,360	4,190	4,450	10,000
IV. Provinces	-	1,000	8,910	9,910
TOTAL	6,960	17,190	35,760	59,910

The HCHD has also recognized the need for upgrading its land development activities. At present the HCHD owns large areas in and around Saigon and is in the process of acquiring more land at present. It estimates the need for US \$30 million over the period of the five year plan to develop this land for housing by filling low areas and providing infrastructure. Some of the developed land would be used for HCHD projects and some would be sold to provide financing for HCHD construction.

In addition to the new initiatives in housing finance and land development the HCHD is developing plans to:

- 1) Coordinate new housing with new industrial areas to attract foreign investment
- 2) Improve coordination between the different agencies involved in land development, urban planning, military housing and employee housing
- 3) Promote additional studies of urban development in different areas. For example, the TRU-Thien Peninsula Development Study
- 4) Improve and expand the building material industry
- 5) Improve construction financing to stimulate new work
- 6) Increase employment opportunities as an integral part of the new efforts in house construction, land development and building materials production (see Table 27 prepared by the HCHD on potential new employment from the housing component of the 5-year plan).

II. Capacity of the Economy to Supply Housing

A. Vietnamese Construction Industry

1. General

During the past ten years, South Vietnam has experienced a phenomenal development in construction organization, technique and skilled manpower. At the peak of the war-time period, South Vietnamese were participating in one of the most accelerated construction programs ever undertaken. Thousands of Vietnamese were exposed to responsibility in management and trained in modern construction methods and made a transition from 19th century tradition to the threshold of completely modern construction practice. There is at present such a strong desire to pursue modern methods and techniques in construction that Vietnamese contractors may tend to forget that there is an enormous labor force that must be utilized and that it may be necessary for some time to work with a modification of the modern approach in favor of the more labor intensive means.

2. Organization and Capacity

There are approximately 300 building construction contractors in South Vietnam. About half of these are members of the Vietnamese Contractors Association. A contracting office is generally organized in classic U.S. or European manner, divided into Management (Ownership) Administrative (records, personnel and fiscal) and Technical (engineering, estimation and job direction). Companies range from 5 to 25 in their

headquarters or overhead staff. Job forces fluctuate depending on the work load.

At the peak of the recent war-time construction boom, the Vietnamese building contractors were constructing more than 700,000 m² per year and employing a work force of more than 150,000 persons. Today, the industry is in a recession, with approximately 75,000 persons constructing in the neighborhood of 200,000 m² per year.

Clearly, there is at the moment a huge unused force available for housing construction.

While housing construction has represented only a fraction of the overall building construction scene in the past, the type of construction employed in housing is very similar in material and techniques to other building construction undertaken by Vietnamese contractors, i.e., schools, clinics, warehouses, administration buildings. All the evidence points to an organizational and technical capacity of the VN contractors to undertake an annual program of at least 10,000 housing units of 50 - 60 square meter floor area without exceeding their present capacity.

3. Labor

Building construction labor in Vietnam has undergone a revolution in the last ten years. Literally thousands of skilled workers have been developed through on-the-job training and through various U.S. and VN training programs. These skilled workers are widely distributed, but naturally concentrated in the larger urban centers.

Although the use of heavy mechanical equipment and machine tools has not been as important in building construction as it has been in large scale Public Works, there have been important advances in the development of workers who use modern machine tools and equipment for building. Also, many of these tradesmen have alternated between the two principal construction activities, housing and public works.

In the area of middle level job management (project manager) and work direction (foremen), there has been less development because of the large presence of expatriate job management and work direction. However, for the kind of construction generally associated with housing, this should not be a problem, especially if no attempt is made to employ foreign methods or materials in construction.

There would be no special labor union problem in the development of a large scale housing program. At the moment, the labor union membership represents only a small fraction of the total building construction work force and union leadership is highly concerned with the need for more employment.

The Contractors Association, the Ministers of Public Works and Labor and the High Commissioner for Housing all indicate that the quantity and quality of labor available for the construction of more than ten thousand housing units per year is adequate.

4. Architectural and Engineering Services

In South Vietnam, most architects and engineers are employees of the state, industry or private corporations. There are a limited number of private architectural and engineering firms in Saigon and a few of the

larger regional cities. Most of the design and planning work has been done by various institutional offices and leaves much to be desired in comparison to Vietnamese skills in building construction. U.S. technical assistance would be required in this area on any new large scale housing effort. There should also be an opportunity for the private Vietnamese architects to participate in specific projects adding to the country experience and skill in this field.

5. Contractual Practices

Western contracting procedures are understood and practiced in South Vietnam. Public bidding and negotiated contracts are both utilized. There is a growing appreciation of the need for complete bid documents - including both drawings and specification - in contrast to the older system where contracts were awarded on the basis of preliminary drawings and rough estimates. The terms and conditions of contracts are beginning to resemble those found in the U.S. contract forms, with guaranties, penalties, time schedules and limitations of changes or modifications included as a part of the contract. Inspection of the work has always been a part of contractual requirement, but much improved documentation is making this more effective. Procedures for withholding final payments are used, normally for a period of one year, as a guarantee of good materials and workmanship.

6. Building Codes

Building regulations are a mixture of the French codes and a variety

of recently acquired standards. There is little or no review of construction document or inspection in private sector construction. The various agencies of the government involved in construction have developed their own standards and inspection procedures. Some are quite good while others are less effective. However, there is a growing improvement in the quality of construction work and a growing recognition of the need for construction control in both private and public projects. If a housing finance system is established, the new institutions should have a favorable influence in the area by demanding better construction control.

7. Materials

Traditionally, Vietnam has shown a preference for masonry and reinforced concrete construction for permanent buildings, and wood for temporary or unimportant structures, even though South Vietnam presently has an abundance of wood as a natural resource. One reason is that untreated wood suffers from the tropical climate and attack by termites when it is used as structural or exterior building material. The wood industry has not developed forms of building lumber that are entirely suited for good wood construction. Another reason why wood is not used is that masonry has always been associated with performance in the minds of the people, probably influenced by French public buildings constructed in the last century. Concrete block, hollow clay tile and brick constitute the bulk of material used in one or two story building construction. Reinforced concrete frame with non-bearing brick, brick or tile walls is the normal construction used for multi-story buildings. Steel is not used as a structural material except

in unusual cases.

Fortunately, the climate is such that careful weather proofing methods are not necessary, nor is heating a requirement. Mechanical equipment in buildings can be kept to a minimum, particularly if the designers do not adopt a design that depends on mechanical equipment to assure the proper function of the building. There has been some tendency to imitate western standards, which at the present stage of development tends to complicate construction and calls for excessive import items.

Wood is employed as a framing material for light structures, for roof trusses on larger buildings, for door and window frames, for door and window louvers and for some interior partitions and finishing.

Almost all materials that are needed for simple housing construction are produced locally. This includes piping and rudimentary sanitary fixtures, electrical wire and fixtures, basic structural materials, roofing and simple finishing materials. The production or fabrication of building construction materials requiring iron or steel depends on imports of basic material. Electrical wire is processed into finished form from imported wire stock, and chemicals are imported for manufacture of P.V.C. pipe and electrical insulation material. However, as all the imports are basically raw stock going into domestically produced finished products, and the foreign exchange cost is relatively low, it is possible that as little as 10% of the cost of a housing project would be represented as

foreign exchange cost, depending on whether imported or local cement is used.

Cement has been and will continue to be the largest item of foreign exchange cost for some time. Although there is domestic production meeting approximately one third of national needs, the remainder of the country needs are imported. It is possible that with the present recession in the building industry, domestic production is reaching fifty percent of needs. There is a possibility that domestic production will be expanded in the near future.

Fibro-cement roofing is produced locally and could take the place of traditional corrugated metal roofing for any organized housing project in the future. This would also help eliminate imported metal for roofing.

In general, it can be said that except for cement, the capacity exists in the material production industries to provide materials in the quantities required by HCHD's five-year program.

8. Self-Help Construction

Rural and semi-urban housing for resettled population falls in this category. At present, much of this housing consists of light wood frame with covering materials including wood siding, palm leaf matting, metal sheeting or thatch. The house is constructed by the owner or occupant, sometimes on land he owns, but often not. This kind of housing is supported by little or no infrastructure or supporting services of any kind. It constitutes about 50% of all housing in the country. Although it is predominantly

characteristic of rural areas, urban centers have as much as 30% of their housing in this form.

9. Standard House Construction

There are institutional standards in Vietnam describing minimum acceptable construction standards for housing, which both the public and the private sector recognize when undertaking housing programs. Public housing includes both single family, single floor and multi-family, multi-floor housing. Construction methods have followed normal design patterns for these kinds of structures; bearing wall masonry for single floor construction and light concrete frame for multi-story. Foundations reflect a variety of solutions representing the ever changing soil conditions. Much low land or filled land is encountered and simple pile foundations for multi-story buildings are normal. Multi-story housing construction is normally limited to four or five story walk-ups with no elevators. Minimum electric, water, and sanitary services are included, varying in extent with the quality of housing being developed.

10. Higher Standard Housing Construction

Higher standard housing is constructed by the public sector for highest level civil servants or public officials and by private sector corporations for their officials. Private investors or speculators produce the highest standard of housing for sale to a limited few national or expatriate customer. Essentially the basic construction is similar to standard construction

but has a higher degree of finish, and often elevators and air conditioning.

11. Construction Costs

During the past ten years, building construction costs in Vietnam have been affected by most unusual and artificial influences. The war, with its presence of alien forces, imposed standards and requirements foreign to those that would have been normal to even a developing country, and contributed to the upward spiral of construction cost. Recent increases in costs of imported commodities have added to these higher costs. However, by international comparison, Vietnamese costs are still quite low. This can be attributed to lower pay scales, particularly for women workers, and a reasonable productivity at the job sites.

Low cost self-help housing may be built for as little as 100-150,000 plasters or 5000 plasters per sq. meter for a 30 sq. meter house. This takes into account the labor of the owner occupants - family and friends work. However, current costs of the cheapest standard housing will begin at 35,000 plasters per sq. meter or 1,400,000 for a 40 sq. meter house. With varying space allocation higher standard of water, electricity, and sanitary service plus better finish, i.e. tile floors, etc., the costs may run to 65,000 plasters per sq. meter or 3,250,000 for a 50 sq. meter house.

Infrastructure development will depend on the design solution adopted - the greater the housing density the less attributed to each housing unit.

Construction costs will be somewhat higher in the larger urban areas, but not to the extent that the difference would be of any real importance

in an overall housing program of any magnitude.

12. Cost Trends

As a part of the economy in general, building costs are affected by the current inflation. Construction costs have risen more than 300% from the 1968 level of comparable construction, with most of this increase in the past 24 months. However, construction cost inflation seems not to exceed the general level of inflation, and there are indicators that the construction cost inflation may fall below that of the general level. It is held that this may happen because building costs have been artificially inflated by manipulation, which may be broken by the continued low level of building activity.

13. Construction Financing

By local banks -- up to 10-20% of the value of the project. In theory progress payments will carry the work after the "startup money" has been expended. The failure on the part of government offices to make reasonably prompt progress payments has been a serious problem for contractors; their inability to pay for labor and materials going into projects has actually caused bankruptcy in some cases where they were unable to borrow more than the normal 10-20%. It does reflect higher project costs as contractors "build in" an additional cost to compensate for the costs of extraordinary borrowing because of failure to receive progress payments on time.

B. Unorganized, Self-Help Construction

Individual and cooperative self-help housing efforts have long been

established in Vietnam. Traditionally, especially in the rural areas, people have built their own housing. Out of necessity, thousands of war victims, having fled from their villages, have constructed their new housing by themselves or with the aid of friends, relatives and the government. In urban areas throughout Vietnam, migrants and refugees from the countryside, because of the lack of available housing, or because of their own lack of financial resources, have had to resort to building their own shelter. A good deal of this type of housing is either temporary construction, such as that found in many refugee resettlement centers, or makeshift structures constructed from whatever materials are obtainable at low cost, or at no cost at all (scrap lumber and used tin roofing).

In other instances, additions have been made to existing structures by the occupants in order to make room for family members or friends who had to move in. This has happened primarily as a result of the growing urban population and to a lesser extent as a result of the destruction of existing housing stock during periods of fighting in the cities.

The self-help housing seen in the urban areas of Vietnam takes on many forms and is difficult to categorize. Much of this type of construction is adequate for the living needs of the occupants, and much has evolved into more substantial housing as the occupant was able to make improvements. During the peak of U.S. presence in Vietnam, when there was an abundance of relatively good paying jobs available, there were many improvements made to housing at all socio-economic levels.

The effects of self-help housing in Vietnam's urban areas can be viewed as both positive and negative. Positive, in that the efforts provided needed shelter and, through government supervision, actually improved areas. On the other hand, a great deal of the self-help construction followed the course of least resistance, eroding land which was not suitable for construction, when there was no other plan for city development, or where the land was intended for other purposes. One of the major problems facing the larger urban centers of Vietnam is the problem of squatters on government and private land. In many cases, squatters have settled in and over drainage canals, preventing them from properly performing their intended function.

A large percentage of all urban housing in Vietnam should not be considered self-help, and falls into a category of uncontrolled development from much of its being illegal in terms of location and construction standards. This sort of uncontrolled urban development is considered dangerous in terms of health and security. Without proper drainage facilities, water and sanitation facilities, the large self-help areas found in Vietnam's urban centers constitute a growing health hazard. In most of these areas, vehicular traffic circulation is impossible since the fighting in the urban areas in 1968, hundreds of housing units in squatter areas were destroyed by fire simply because it was impossible to get water or fire fighting equipment to the scene of the fire. The absence of community facilities such as schools, markets and dispensaries is another problem. Saigon and the other major cities of Vietnam were originally designed to support about one third of their present population.

Government support of self-help housing programs has taken place in all sections of the country in support of refugee resettlement programs; in rehousing war victims in the cities; in providing better housing for military dependents; in support of government workers and private sector coop housing programs. These programs have been executed through the Ministry of Social Welfare, the Ministry of Rural Development, and other government agencies under the aegis of the pacification program at provincial, district and village levels. It is estimated that well over 5,000 self-help housing units have been constructed in Vietnam through any of the programs named above. In Saigon alone, about 2,500 units were reported constructed under the sponsorship of the Prefecture of Saigon.

In many cases, it is difficult to draw the line where organized construction ends and self-help operations begin. From the numerous building material outlets throughout the major cities and the amount of individual household construction or improvements projects which one can see going on, one gets the distinct impression that this kind of building and improving activity has a high priority with the individual Vietnamese. This impression has been confirmed by members of the HCHD staff who say the people work-save-build-improve and save again. Since the start of the U.S. withdrawal in 1972, the intensity of this work-save-build cycle has dropped off considerably. Rising costs of materials, depletion of savings and growing unemployment have also caused a slow down in this sector of activity. Housing agency officials feel that there will ultimately be a

tations extending over periods of up to two years. Shortages of the survey, legal and administrative staff held back attempts to initiate and reform legislation and to improve procedures, and the vested interests of long standing individual title holders serve to slow down the pace of development, particularly in urban areas. On the other hand, if something needs to be done urgently, these institutions can be a great asset. Under the "land to the tiller" program, for example, 1,000,000 hectares were being used as uncultivated land in 1960. In one year, 200,000 hectares were put into production, and the number of people possessing land rose to 200,000,000.

It is to be expected that the present situation will continue to exist until a major effort is made to reform the institutions which are responsible for the land. The present situation is a result of the failure to carry out the reforms.

c. Land ownership

In the past, the land has been owned by the state or by the individual owners of the land under various systems. There are three main systems of land ownership:

- a. In the state system, the land is owned by the state and is used for public purposes or for the benefit of the community.
- b. In the private system, the land is owned by individuals and is used for private purposes.
- c. Most of the land is owned by the "landlord class" and is used for a profit, because of the high interest rate.

All land is divided into:

a. State land:

That is, land to which a government department, local or state agency holds formal title and to which no one has a valid claim;

b. Local land:

That is, provincial or village land, mainly in the form of land which was subject to traditional ownership but which has now been surveyed with great accuracy, if not completely so;

c. Private land:

That is, land, mainly town or plantation land, which is owned and registered by a private person or company. These are usually equivalent to freehold titles in other countries and are taxed at the rate of 1 percent of current value. The taxes are levied annually by the registry, which also checks on current land prices, although the accuracy of these is due to the effectiveness of this procedure.

Fragmented ownership of small parcels of land is characteristic of landholding in rural areas. Over the years 1990-1995 some 1,400,000 hectares have been redistributed to small holders under the "Land for the Tiller" program, and this program continues. Some large plantations for plantation still exist, but although some have been abandoned because of security problems, they are still owned largely by non-nationalists.

Urban land titles are held by all classes, although there is no firm information on the typical pattern of ownership. With the spread of the cities outside the old municipal limits, what were once rural lands are now becoming urbanized, giving rise to problems of acquisition and land use.

3. Title Registration and Transfers

Local land in rural areas is not accurately surveyed, but records describing the land and its ownership are held in the offices of District Chiefs. Formal deeds are usually not issued to the land owner, except under the "land to the tiller" program, but their rights in the land and use of it is clearly known. Deeds in such lands are made in front of the District Chiefs on payment of a small fee.

In Saigon, "Private Land" titles are registered in the land registry. Deeds are held by the owners and copies remain in the registry. Transfers and charges must be transacted before the registry properly registered.

The above procedures are relatively uncomplicated. In theory, transfers and charges can be effected easily and without delay. In practice, however, they are hampered by the fact that because of the tax system, transfers can impose heavy financial burdens on the purchaser. Thus, transfers and sub-divisions may take place without deeds being properly registered; because of this, details of ownership cannot be easily retrieved.

The transfer of owners of the many small parcels of land on the periphery

of towns, where development is usually concentrated, presents special problems - - problems which have been exacerbated by the multiplication of families arising from the war.

4. Expropriation

Land acquisition in Vietnam is still based on a French law of 1903 from over 40 years ago. This law is inadequate to deal with the present circumstances. All its emphasis is on individual rights, the balance of social public needs, and the uses of the land. It does not initiate compulsory purchase proceedings in very broad circumstances. Indeed, in theory, "public purposes" (apart from "public utility") are defined merely as public works and facilities which do not include housing, although in practice tracts of land are expropriated for the latter purpose.

Given these limited purposes to which expropriation may be applied, any Government Department or Agency may commence proceedings to expropriate. These proceedings are in two phases: The administrative phase, which lasts last six months or more, and the legal phase which lasts one year. During the former, public hearings are held to resolve the conflicting claims of different departments. This is followed by formal legal proceedings to consider the objections of the landowner and to determine the amounts of compensation to be paid. There are no time limits on these proceedings.

These procedures are unduly complicated. They lead to unreasonable

delays in acquiring land and in some cases, the payment to land owners of amounts of compensation in excess of a fair valuation. In addition, the uncertainty associated with them means that the planning authority cannot work to a predetermined time schedule.

Finally, but not least important, land which has been expropriated cannot be resold except to its original owners, and at the price which was paid at the time of expropriation. Thus, any value added to the land by public works cannot be recouped through sales, and owners can be deflected in rental agreements. Clearly, this considerably restricts the advantages in planning imaginative development schemes involving the expropriation of land for re-sale to individuals.

In practice, of course, the way round these drawbacks is to begin negotiations for the developing authorities to start expropriation proceedings at the same time as they commence negotiations with individual owners for the purchase of the land. In such a case, the threat of expropriation acting as a pay-off device induces the owners to sell at negotiated prices. Nonetheless, this is still a very unsatisfactory system, and there is a need for reform of the present law.

5. Proposed Reforms in Land Law

A report by WURSTER, BERNARDI and EIMONS prepared for the Planning and Land Development Agency of the GVN has suggested the fields of reform in land law needed to improve registration, transfer and expropriation procedures and to develop the real estate market. It is doubtful, however, whether these suggested reforms will take high priority in the Government's

legislative program. At present, the only change contemplated is a proposal to encourage the renting of vacant properties by giving power to the High Commission for Housing Development to guarantee that the latter body will oversee the eviction of those tenants who take possession and then fail to pay (this, however, is a relatively minor reform, which impinges only on existing tenanted property). Legislation to unify the existing registration system has also been drafted and is said to be ready to go to the Assembly for approval, while efforts are being made to computerize the issue of new titles.

Under Decree 47 of December 1972, it is possible for tenants to enter and use land while leaving compensation to be decided later. It seems, however, that this applies only to rural development and it is not clear whether this decree will also cut down on the time period from the past to purchase land for housing. In practical terms, however, it is clear that when a scheme is strongly backed by government, any land can always be found. For Saigon, the HCHD a road to housing is to promote all the housing it is likely to be able to build over the next 12-18 months. In spite of theoretical flaws in existing legislation, therefore, it is plain that the land problems associated with potential housing projects, at least in Saigon, are not likely to present real difficulties. It was not possible to assess the availability of land in other cities. From visiting a few cities, it is clear that because of refugees, many areas which were available a few years ago have now been taken up by squatters.

D. Local Services

1. Urban Planning

Urban planning in Vietnam is the responsibility of local government through the Reconstruction Service Office. This local service is a part of the Directorate General of Reconstruction and Urban Planning (DIRUP), a branch of the Ministry of Public Works. The planning follows guidelines established by the central government. Approval of urban plans are at the local and central levels of government, but the actual codes are written at the central office and applied throughout the country, with enforcement being the responsibility of the local authorities. All of the major cities in Vietnam have urban plans which are either approved or in some phase of development. In the absence of an approved urban plan, building permits, new subdivisions and other building projects are subject to the approval of the PROVINCE Chief, or the Mayor in the case of Provincial Cities.

A major difficulty in the Saigon Metropolitan area and in certain other major urban areas is the absence of an overall land-use plan to guide urban development. In Saigon, there are a number of urban land-use plans and project plans for parts of the larger metropolitan area, but efforts to draw these together into one coherent development plan have been frustrated largely because of insufficient government priority being given to urban planning, and lack of coordination between government and the private sector. Some examples of these plans are the plans for the Prefecture of Saigon and Gia Dinh (urban area); the University Complex in Di An District; the Bien Hoa Industrial Park; the Community of Thu Dau

and the large number of separate housing construction projects sponsored by government agencies north of the Bien Hoa Highway.

Technically, the Directorate General of Reconstruction and Urban Planning has a planning program for the Saigon metropolitan area. DGRUP prepared five alternative growth plans for the greater Saigon area for government review and approval. This approach will be extended to other major urban areas of the country in 1974. Yet no other government technical agency goes in setting up planning methodologies. As a result, past efforts will continue to be fragmented and uncoordinated unless a high level government emphasis is given to approval and the development of a unified plan.

2. Infrastructure Costs and Availability

a. General

The growth of the urban population in Vietnam over the past decade has been extremely rapid. The government's ability to cope with the economic problems attendant on this has been strained to the limit. The physical impact of the growing population in the urban areas has become a major problem. Vietnam's cities are now far overpopulated in relation to the existing physical facilities, and much of Vietnam's urban population lives in areas with little or no basic urban services and community facilities. At the outset, the question of urban infrastructure is a question of catching up with present needs and demands as well as providing more support for future growth.

b. Cost of Urbanization

Infrastructure costs throughout the country vary depending on the location and condition of the land. In general, urbanization costs are about 20 percent to 30 percent higher in the provinces than in the Saigon metropolitan area. According to HCHD officials, costs of roads and drainage are about 7 percent of the total costs, while costs of water and electric connections vary depending on the distance from the project site to existing water and electric lines. The team estimated that total infrastructure costs for large scale housing projects complete with all utilities and community facilities, including the cost of land, would be about 25 percent of the cost of construction. Taking into account the rising cost of land in and around the urban areas and the probability that adequate utilities and community facilities may already exist, these are conservative estimates.

c. Land Preparation

Land available for construction outside the Prefecture of Saigon and surrounding the country's urban areas is often swampy rice land, or low lying areas, most of which required a good deal of improvement prior to the construction of permanent structures. Such unimproved land costs range from VN \$1000 to VN \$5000 per square meter in areas adjacent to cities. Individuals desiring to build on land which is under water for all or part of the year either construct the house on stilts or build up a mound of soil above the water-line large enough to contain a house and other work or living space. The cost of land fill is about VN \$1000/cubic meter.

Multi-story construction on lands which are swampy, or which have been filled, requires stabilization through the use of piles which are often small trees cut into ten or twelve-foot lengths and driven into the mud. For larger structures, cement piles are used, or sometimes a mixture of both methods are employed. In the Mekong Delta area, costs of building foundations for multi-story construction sometimes reach 50 percent of total building costs.

d. Streets and Roads

Government street and road construction programs in urban areas are far behind in properly serving existing built-up areas. The majority of new residential, commercial and industrial construction throughout the country is following the established lines of roads to and through. However, private sector development of roads and streets in new urban developments is often very basic, and amounts to no more than clearing out the roadway, digging drainage ditches and grading the road with a slight crown to allow for external drainage. Often these roads are too narrow, thus causing heavy congestion when further development takes place and the traffic volume on the roads increases.

The number of primary roads in most urban areas is insufficient to support today's heavy (and growing) volume of traffic. There is also a need for more arterial roads.

e. Public Utilities

Water and electricity are provided by the Ministry of Public Works,

the Directorate of Water Supply and the Vietnam Electric Power Company. Residential telephone service is still a luxury in Vietnam. Rural water supply and electrification programs are operating around the country, but in general the largest share of the budget for public utilities (excluding highways, bridges, airport, and seaport facilities) is spent in the urban areas. As with other elements of urban infrastructure, the needs exceed the government's ability to supply facilities and services.

For construction in new areas, the cost of utilities is a major expenditure. Many developers will subdivide an area, construct a market and sell off the lots, leaving the residents, as population grows, to apply to the water and power offices for connections and to pay the connection costs. If the population is great enough, however, the public utility company will itself pay part or all of the cost.

3. Community Facilities

Schools, hospitals, markets and other public facilities are financed through central government and local government budgets. Most categories of community facilities in urban areas are not adequate to serve the present population. In spite of the hundreds of classrooms built over the past ten years, there is still a shortage of space for school-age children, and many schools run more than one shift a day. Privately operated schools are found in most urban areas, but are beyond the means of the average Vietnamese wage earner.

Many cities do not have adequate market space, and municipal bus

terminals are usually overcrowded. Where terminals do not exist, the streets which are used for loading and unloading of passengers are congested and subject to traffic and air pollution problems.

In the long run, the property owner pays, or passes on to the tenants, the costs of urban improvements. As a rule, urban infrastructure is an add-on, developing when ways are found to finance it. Urban planning in the areas where most of the new shelter construction has been going on over the decade - namely, the squatter areas - community facilities and services are either limited, or do not exist.

The effects of local regulations - building codes, zoning laws, and city plans - on present patterns of urbanization is negligible. Codes are not strictly enforced and urban planning is not given high priority in the government to make it effective. Urban development is carried on at will, and squatting on government land is quite common. Lack of enforcement springs from the government's reluctance to take action against the public for fear of political repercussions. If the government were to strictly enforce some of the land use controls, many people would be put out of business.

III. EFFECTIVE DEMAND FOR HOUSING

A. EXISTING STOCK, SUPPLY AND DEMAND

1. Population Data

The population of Viet Nam is estimated at about 20 million. By 1981, if the current growth rate of 3 percent a year is maintained, it is expected to rise to about 25 million.

NIS projections for the years 1991 and 2001 are 34 and 46 million respectively. With 67% of the population under the age of 24 the formation of new households will be at a high rate indicating a tremendous need for housing.

Average size of a family is given as 6.7 persons, but the average size of a "household" is considerably greater. Since the 1971 household survey in rural areas was conducted in only 16 selected provinces, it does not give a guide to the average size of household in the cities. It covers a range, excluding the extremes, from about 6 to 10, but the absolute numbers by category are not known.

TABLE VI

Actual and Projected Population Figures

For the Republic of Viet Nam

	<u>1966</u>	<u>1969</u>	<u>1972</u>	<u>1975</u>	<u>1981</u>	<u>2000</u>
TOTAL:	15.1	16.5	19.2	21.2	25.1	45.9
Percentage						
under 24	-	-	66.9	68.3	66.7	67.4

(GVN National Institute of Statistics)

Distribution is as follows: About 13 million people live in the southern provinces, mostly in the Mekong Delta about 6 million in the Central Lowlands and 1 million people in the Central Highlands. The Saigon metropolitan area has approximately 4 million people and other urban areas account for about 5 million people.

Because of lack of security in some outlying areas and the prospect of jobs directly or indirectly based on the presence of U.S. forces, large number of people moved to urban areas over the past decade. Saigon, Da Nang, An Ranh and Nha Trang, among others, have grown very rapidly indeed. While the current GVN's policy is to discourage the immigration to towns and to encourage a return to rural areas, it is doubtful whether the numbers of city dwellers will fall dramatically as a result. Too many people have now become accustomed to city life, and it seems likely that the best the GVN's policy can achieve is a stabilizing of the populations in some cities at their present level, but this not for too long.

Whatever happens in the long term, however, the immediate situation is one of continuing movement in response to short-term economic and security considerations. While population records are kept up to date, they may not take proper account of military dependents who are sometimes carried on the registers in places other than those in which they actually live. Significant shifts may therefore take place from year to year, especially if projected cuts in the military forces population can be effected.

Based on 1972 figures projected to 1974, the approximate populations of the autonomous cities are:

Saigon	4,000,000
My Tho	120,000
Rah Gia	103,000
Can Tho	180,000
Vung Tau	113,000
Nha Trang	200,000
Cam Ranh	120,000
Qui Nhon	240,000
Dalat	106,000
Hue	210,000
Da Nang	500,000

2. Housing Stock

a. There is little statistical information available on the housing stock. We can estimate the total stock at about 2,500,000 dwelling units, with about 1,000,000 located in urban areas and 1,500,000 in rural areas, based on population data. An estimated 30 to 40 percent of the existing housing stock in the major urban centers is of very substandard construction, and at least 60% of all urban housing is estimated to be extremely overcrowded. Probably 90% of the rural housing stock would not meet even minimum standards of construction and lacks basic services. However, overcrowding is not such a problem in rural areas.

b. The characteristics of the urban housing stock depend on whether or not the structure was constructed according to established building codes. Those houses which were built in accordance with regulations are well constructed by local standards. Many which were built illegally are not. Illegal construction is not all substandard shacks, however, and some of it is quite

permanent in nature. The main problems with this particular category of construction is that it tends to be small, without adequate sanitary facilities, and that much of it is built on government or privately owned land without the owner's permission. This type of construction is usually not properly served by city streets or running water. However, it does represent a positive effort by the people themselves to solve their own housing problem.

3. Housing Need

In 1966, the BVN housing agency estimated that in the next ten years (1967-1977) the country would require an additional 600,000 housing units in Saigon and the provinces to meet the needs of the growing population. This included additional housing units and housing constructed to replace existing slum dwellings. These estimates agree with the current H.M. figure of 50,000 units needed each year to eliminate the deficit and to provide for demographic increases.

Several other studies have been made which estimate the housing need in the Saigon area at about 200,000 units to provide better housing for the 1,200,000 people (30% of the population) now living in overcrowded tenements or spatter shacks. These estimates are probably quite conservative. It is likely that less than 50% of the people now living in the Saigon area have adequate housing.

4. Capacity to Pay-Income Information (Effective Demand)

a. There are no reliable statistics on income distribution in Viet Nam. The Ministry of Public Works is presently conducting an income survey in Saigon, but the results are not expected to be available until the end of the year. This section is therefore written against a background of very little hard information.

b. A sample survey of about 50,000 industrial and service workers in Saigon in some 40 different trades indicates that the combined average monthly gross earnings for salaried employees was some 28,000 piasters in December 1972, with a range from textile workers averaging 11,000 piasters to bank employees at 61,000 piasters.

Figures for the first half of 1973 show that by June, average daily wages were:

Male laborer	VN\$ 843
Female laborer	VN\$ 666
Skilled workman	VN\$ 1104

The Contractors Association gave the following information:

Laborers	VN\$ 800 per day (average)
Carpenters	VN\$ 1,500 per day
Masons	VN\$ 1,200 per day
Plumbers	VN\$ 2,000 per day
Architects	VN\$ 65,000 per month
Engineers	VN\$ 60,000 per month
Draftsmen	VN\$ 50,000 per month
Inspectors	VN\$ 25,000 per month

c. The real wage for male and skilled workers has declined since 1973, even though nominal wages have increased. The real wage for females has also begun to decline over the past two years.

Because of the family system in Viet Nam, it would be unrealistic to judge the capacity to pay for housing from salary figures alone. Most households consist of several wage earners, and in many income is supplemented by a small business or by produce from the family garden. House purchases or improvements to dwellings are usually financed on a family basis, and any mortgage repayments are likely to be met in the same way.

d. Although income distribution figures do not exist, the National Institute of Statistics conducted a survey of household expenditures in the major cities in 1969 and 1970. These surveys are outdated, but their statistical accuracy is thought to be good. And although there have been changes in wages since the surveys took place, there is reason to believe that certain relativities in the statistics are unlikely to have changed much; for example, the percentage of expenditure devoted to housing, and the percentage of the total working population in different expenditure groups.

The main feature shown in the tables is the remarkably low average percentage of expenditure going to repairs-rent and maintenance.

TABLE VII

<u>Household Expenditure</u> <u>Group (1969-1970)</u>	<u>Average Percentage of Expenditure</u> <u>on Rent, Repair, and Maintenance</u>
a. Under 100,000 piasters	3.0
b. 100,000 - 200,000 piasters	1.9
c. 200,000 - 300,000 piasters	2.1
d. 300,000 - 400,000 piasters	2.4
e. Over 400,000 piasters	6.1
All	3.0

Source: Viet Nam Statistical Year Book 1971.

The average figures for rent expenditures include many families who pay rent or those buying a house under a government program, 10% to 25% of whose income is devoted to housing.

The reasons for this uncommonly low average percentage devoted to housing are probably:

- a. That many people in Saigon already own their own houses;
- b. That others squat in semi-slum conditions on unoccupied land;
- c. That yet others occupy apartment for which they refuse to pay any rent, relying on the reluctance of the authorities to take politically unpopular eviction proceedings.

Unfortunately, no systematic analysis of the mode of tenure in different cities has been made, and none is projected. It is therefore not known how many families fall into each of the above three categories.

In Saigon, percentages of total expenditures on food and clothing were as follows:

TABLE VIII

<u>Total Expenditure</u> <u>VN\$ in 000</u>	<u>% of Total Household</u> <u>Expenditures on Food</u> <u>and Clothing.</u>
0-100	75
100-200	74
200-300	72
300-400	73
Over 400	68

Other cities follow broadly similar patterns.

In 1969-1970, in Saigon, the percentage of households surveyed falling into each expenditure class was:

TABLE IX

<u>Piasters a Year</u>	<u>Percentage in Each Class</u>
Under 100,000	4
100 - 200,000	20
200 - 300,000	27
300 - 400,000	16
Over 400,000	29

Average annual household expenditure was 274,000 piasters.

e. The main target group for a large scale GVR housing program should be those from any middle income family who can afford some regular payment including teachers, civil servants, skilled laborers, engineers, etc.

The family income range would be from about 1,000,000 to 120,000 per month.

A second target group for a large scale housing program should be urban squatters now living in miserable conditions, refugees and military dependents. Incomes for this group are too low for a self-financing housing program and various forms of subsidies should be considered to help them improve their shelter.

When considering the main target group, we could assume that families with the lowest monthly income of \$50,000 VN (US\$80) could afford about \$VN 5,000 per month (US\$8.00) for housing (10% of income). If the program could provide terms of about 6% interest for 10 years, a payment of \$8 per month could finance a loan of \$1100. A downpayment of \$100 would give a total \$1,200 available for a shelter solution, which could consist of a small lot, a sanitary core and a multi-purpose room. This basic unit could then be expanded in the future as the family income increases.

The upper range solution for a family income of \$VN120,000 (US\$200) would be based on a monthly payment of \$30 (15% of income) and could go as high as \$50/mo. (25% of income). Terms at this level could be 6% to 12% interest and up to 25 years depending on the source of financing and the SVN policy at the time. As an example, a loan of \$4,600 could be financed with a payment of \$30 per month at 6% interest for 25 years. With a down payment of \$400, this would produce a \$5,000 single family home of good quality with 2 or 3 bedrooms.

Solutions for the second target group (refugees, squatter and military dependents) would range from \$600 to \$1,000, providing minimum shelter with only a token payment at first. If a shelter program was combined with a job producing program these families could start by renting for perhaps \$1.00 per month and later enter a purchase agreement for \$5 to \$8 per month when they got a job.

5. Shelter Demand by Refugees and Military Dependents

During the past year, the GVN has relocated almost 600,000 refugees from crowded camps in the cities to new rural resettlement sites. About 400,000 people are still in camps and will also be relocated to rural site in the next few months.

The relocation is on a voluntary basis, and appears to be quite successful. The typical rural resettlement site consists of about 5,000 people located along a main road. The site is planned as a new village with a central market area, church and administrative buildings. Each family is to receive a lot of about 600 M² for a small house and garden within the village and also a farm plot of up to 6 acres in the farmland surrounding the village. They will also receive a few sheets of roofing material, some cement and some cash to build some type of shelter.

Although housing is not their first priority these families obviously need and want better shelter.

In one resettlement site USAID, CARE and the UN have set up a self-help housing program providing a small house of concrete blocks for less than \$300. A permanent house of this type gives the family a sense of belonging to the village and also produces other important intangible benefits, i.e., sense of security, "roots for the family" and perhaps even better health.

In a sense, all of the 1,000,000 resettled people need better shelters. They have little or no capacity to pay at present, and a large scale program to help them would require a heavy subsidy in various forms. In absolute terms, the cost would not be very high if \$200 is the price and could be justified on a humanitarian basis.

Military dependents also need serious housing programs. Their needs are so low that only a self-help program can have any effect. It is estimated that over 30,000 units for dependents are needed and estimates are made for 50,000 more.

B: HOUSING FINANCE

1. GENERAL

Housing in Vietnam is financed almost entirely by individuals, the typical pattern being for a family to pool its capital resources to pay for a site on which they then proceed to build a house. Initially, the house may consist of only one or two rooms, which are then added to, extended and improved as time goes on and family circumstances permit.

There are no existing savings and loan institutions, nor are there any banks specializing in housing finance. It may be that a handful of people have obtained short or medium term loans for building, but they are very few and far between. For the most part, the banking system concentrates on providing commercial and agricultural credit, typically avoiding long term commitments. With the exception of apartments built for leasing to the U.S. Government, on which owners expect (and appear to get) their capital back in three to five years, there is little speculative building and no contractors in the business of building "estate houses" for sale. The work of the High Commission for housing & development is described in Section C below.

This agency, together with a few other GV. ministries, are the only providers of mortgages to ordinary citizens. Thus, anyone ineligible to enter one or other of the relatively few Government house purchase schemes, must find his own capital. Typically, this will be amassed from the sale of jewelry or land, and any balance will be borrowed from friends or family. Given present rates of inflation, no credit institution would be interested in making long term loans at fixed rates, when such more profitable business can be done in financing

exports and imports and in purchasing stocks against price rises. Any attack on the housing problem in Vietnam needs to start from the knowledge that a housing finance base is virtually non-existent, and that even the concept of saving through a bank is only just beginning to be accepted (chiefly because of the success of the Agricultural Development Bank described below). The Government has tried some forced saving schemes among civil servants, which do not appear to have been very successful, but there is nothing to compare with the "Post Office savings schemes" or other savings schemes operated in many countries. With inflation now running at the rate of perhaps 65 percent a year, it is doubtful how much a scheme could possibly operate successfully without some arrangement for protecting the real value of depositors' money.

The desire for house ownership is very strong among all classes. While there are no statistics to back up the point, there is general agreement that a high percentage - possibly about 30-40 percent - of all households in Saigon could find ways to collect a down payment of say US\$500, if they thought this might qualify them for a loan to purchase a house. An additional 30 percent could support a lower down payment. The difficulties (discussed in section III: A.4 on capacity to pay) would come in finding purchasers with steady incomes who could make monthly repayments, and the savers to provide a housing finance institution with some deposit income.

There are several reasons why no serious attention seems to have been given to the founding of a housing finance institution in the past. First, there has been relatively little GVN interest in starting a nationwide housing program until recently; secondly, there has equally been very little outside interest in providing housing loans; and thirdly, in an inflationary situation, private enterprise banks are more likely to employ their money profitably in providing commercial credit.

Thus, any new institutions would need to be started from the bottom. There is very little experience in this field and even expertise in small savings program is lacking. There are, however, two government banks with some knowledge of small loans, namely the Industrial Development Bank and the Agricultural Development Bank. Neither would be a suitable base for housing bank, but it is perhaps worth describing the latter because it does have a network of branches which reaches down to the small man and could provide some form of credit for home improvement.

The ADB sprang from a branch of the Agricultural Department and is theoretically an autonomous agency. In practice, it is directed by government officials and it carries out government policies. It is capitalized at US\$200 million and its aims are to make medium and long term loans for agricultural enterprises, including fishing.

73 percent of loans are made without guarantee and the remainder against chattels or real estate. Over 61 per cent of its customers borrow less than VN\$50,000 and over 90 per cent less than VN\$100,000.

Progress of ADB's loan activity over the past five years is impressive; and is summed up in the following tables:

TABLE X

	1969	1971	1973
Loans made	89,405	170,611	328,961
Amounts loaned (VN\$ Million)	4,614	10,067	33,077
Amounts collected	3,328	7,460	20,847

Deposits have also grown:

TABLE XI

VN\$ Million	<u>Current</u>	<u>Demand</u>	<u>Time</u>	<u>Grand</u>
	<u>Savings</u>	<u>Deposits</u>	<u>Deposits</u>	<u>Total</u>
Dec. 1970	258	256	67	580
Dec. 1973	1304	1111	4319	6734

The ADB now supports a network of 66 private rural banks, the numbers of which are constantly expanding, helps to train staff and provides some non-voting money for these. The activities of these private banks are shown in the following table:

(Relates to 60 private rural banks in existence in February 1974.)

TABLE XII

	Feb. 73	Feb. 74
No. of loans	4,371	4,114
	\$VN million	
Amount	642	679
Collections	884	815
Outstanding loans	4107	3679
Outstanding deposit	333	314
Outstanding discount	363	378
Common stock	709	688
Preferred stock	662	672

To ensure that the bank keeps to its purpose of aiding the small man, borrowers are restricted to those of limited means. Average interest charged for short time loans is 24 per cent for production loans and 27 per cent for agri-business loans, plus 2 per cent a year for administration.

The rural banks in turn have spawned various village "credit unions" but we have no statistics on the numbers nor information on their effectiveness other than that they are said to meet the short term, week to week credit needs of the farmers whom they serve. Since the ADB and the network of rural banks are strictly confined to agricultural loans and do not provide capital for housing, their relevance to the founding of an HDB is very limited. Since, however, they seem to be the only banks which really reach down to the small man, it may be that some of their experience can be applied to any future new housing institution.

The establishment of a Housing Development Bank would probably require bringing together experience from several local institutions such as the HCHD, the NEDEF and the ADB.

Subsidies

There are so relatively few "normal" government housing schemes in Vietnam that no real policy on subsidies has been developed. Many schemes were begun in response to special circumstances; occupiers were selected from particular groups who had suffered hardship in one form or another, and repayments were usually fixed on generous terms. In Minh Mang for example, loans on 75 percent of the cost were fixed at 6 percent over 25 years. In the housing for veterans schemes, similar special terms apply.

As explained in the section on maintenance of value, current thinking is that the element of subsidy arising from inflation should be met by the government. If this is disregarded, however, the feeling about any new schemes is that if a subsidy is to be given, it should be made in the "once and for all" form of cheap land. In other words, the price of the house would not include a proper element for the cost for land and all the infrastructure which has gone into preparing the site. This would be borne by the HCHD out of funds allocated for land development, and is probably a better way of giving help than by entering into a long term commitment to subsidise monthly repayments.

Maintenance of Value Mechanisms

It is apparently because of, rather than in spite of, inflation that the HCHD have not attempted to adopt any maintenance of value mechanisms. The argument is that inflation has hit wage and salary earners very hard, and that it would be unrealistic to expect occupiers to increase payments at a time of economic stringency. The present policy of the Housing Agency is therefore for government to carry the burden of the subsidy which this policy entails, and there are apparently no plans to introduce

any changes. The example of Singapore, where repayments remain constant, was quoted with approval, and it seems obvious that no serious thought has been given to the future financial burden which the policy may place on the HCHD.

That the owners of government sponsored housing may, in these circumstances, become a privileged group, more protected than the general inflation than those whose housing is not so subsidized, has not yet been considered. Given, however, that the economic situation in the past year has been exceptionally bad, the reluctance to face this problem is understandable.

However, there is strong interest in the HCHD and its staff to know more about how other countries have used maintenance of housing to develop housing in inflationary economies. Brazil, Chile, Colombia and other Latin American countries have interesting techniques which could have application in Vietnam.

Repayment Experience

Delinquency rates on government housing loans in Vietnam are high, and rent payments from government sponsored housing are declining. No precise figures are obtainable, however, since the High Commission for Housing Development is currently in the midst of reorganizing the housing system, having recognized the urgent need for additional efforts in this field.

At Minh Mang, in 1973, some 9.8 million piasters were collected out of a total due of 100.5 million piasters. Experience in the first three months of this year, when a new drive was made to improve on the past, is much better. But there is still much to be done. The following table gives the details:

TABLE XIII

COLLECTION SITUATION

MINH MANG HOUSING COMPOUND

(2,000 Units)

1st Quarter 1974

Month. year	Expected Collection (VN\$)	Actual Collection		Remaining Collection (VN\$)
		Amount (VN\$)	Percentage	
01/1974	3,909,861	695,132	17%	3,214,729
02/1974	3,909,861	907,427	23%	3,002,434
04/1974	3,909,861	980,400	25%	2,929,461
Total:	11,729,583	2,583,959	22%	9,145,624

TABLE XIV

COLLECTION SITUATION

MINH MANG B HOUSING COMPOUND

(2,000 Units)

as of 31st December 1973

+ Total expected collection	VN\$100,504,100
+ Total actual collection	5,336,898
+ Ratio $\frac{\text{actual collection}}{\text{expected collection}}$	5.3%
+ Total remaining collection	95,167,202

Minh Mang, however, is a very special case, as the occupants are said to feel strongly that they have no obligation to pay for houses which merely replaced the houses they formerly occupied on a site devastated during Tet. Nonetheless, we were told that repayment experience in other

schemes was also poor, the reason being the recession over the past year and the rapid inflation which has badly hit the purchasing power of wage and salary earners.

The bright spot in this picture is that the HCHD seems determined to tackle the problem it has inherited. The collection office has been strengthened and rationalized, and there has been a dramatic increase in repayment since the new administration took over. Certainly, the new Director and his staff realize the importance of an effective revolving fund system in providing revolving funds for further expansion, and the fears are that they are already beginning to erode the poor repayment record.

Foreclosure Practice

We were not able to obtain statistics on foreclosures, but we told that the institution of foreclosure proceedings is still unknown. Owing to the war and the unsettled state of the economy, and from a continuing movement of refugees throughout both rural and urban squatters are found almost everywhere. The government is reluctant to evict them, except where alternative housing is readily available. Many poor people have become used to paying little or no rent on many types of housing.

To get through the legal hazards of foreclosure involving long and complicated proceedings, and the authorities are reluctant to act against illegal occupiers. This probably explains why several apartment blocks in Saigon are standing empty. Owners are apparently unwilling to risk letting apartments to people who may pay the first month's rent and then default on all future payments, knowing that eviction proceedings are unpopular and, seemingly, rather ineffective. The HCHD, however, is pushing for a new law which would make eviction easier and has expressed its determination to overcome the problem of non-payment. It has already had some success, and seems intent on continuing to press for further government action.

C. PUBLIC AND PRIVATE INSTITUTIONS

As has been described above under Housing Finance, there are no private housing finance institutions in Vietnam. The only public institution is the High Commission for Housing Development, which was created in 1973, replacing the Directorate General of Housing.

The role of the HCHD in implementing the five-year housing and land development plan is discussed in Section I of this report. Its experience in collections and foreclosures is covered in Section III-B. Following is a description of the functions and organization of the HCHD.

HIGH COMMISSIONER FOR HOUSING DEVELOPMENT

The office for the High Commissioner of Housing Development is organized into two major divisions: Administration, accounting and housing project management responsibilities fall under the office of the Deputy High Commissioner for Management. Construction activities, and research and design and land development activities are the responsibility of the Deputy High Commissioner for Technical Affairs. The Secretariat falls directly under the office of the High Commissioner and is responsible for the coordination of administrative matters within HCHD with other ministries and other branches of the government.

The entire organization is staffed with some four hundred persons, including part-time employees. Of this number, twenty-seven are professionals, mostly from the ranks of the Engineers (20) and a comparative few from the field of architecture (7).

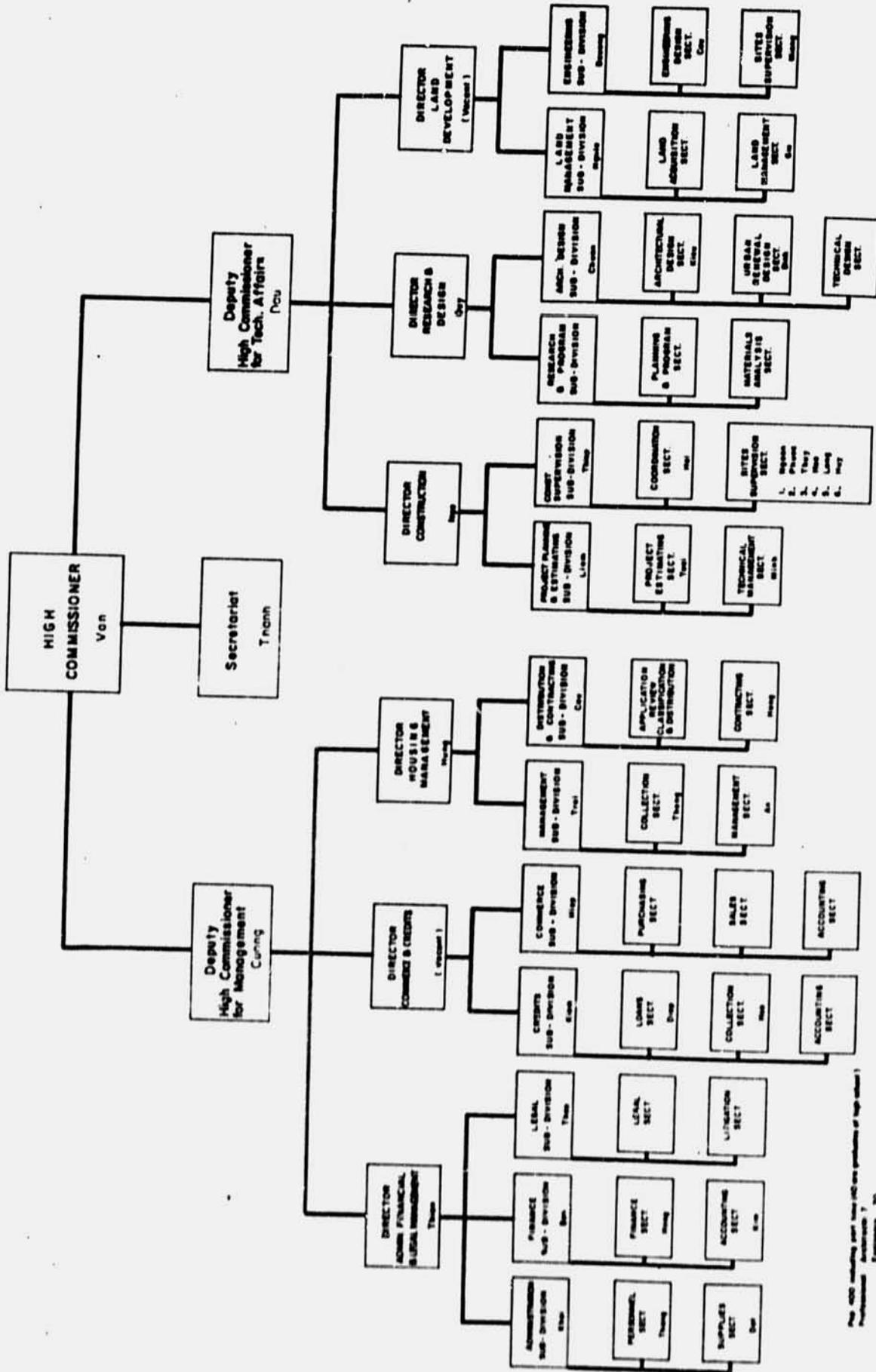
Primary responsibility for day-to-day project management is under the Deputy for Management in the Housing Management division. This section reviews applications for housing units, writes contracts with prospective

purchasers, makes collections, and sets up and maintains management in on-going projects. HCND loans to individuals and organizations, usually housing coops, for the construction of housing. Typical would be a government employee's housing coop, borrowing money for development of housing for its membership. Management of these loans - establishing eligibility criteria, processing applications, developing the terms of the loan etc., as well as the collections on the loan come under the Commerce and Credit Division. Additionally, under the Commerce and Credits Division, are the services responsible for the purchase of construction materials HCND keeps on hand to use in construction projects. Some of these materials are sold to coops at government prices, which quite often are less than the prevailing market costs.

In the field of housing construction the Construction Division, under the Deputy for Technical Affairs undertakes the actual building of housing units for HCND usually through local contractors. This overall activity includes drawing the project plans, or having them done by private architects and engineers, obtaining necessary government approvals for construction. (Urban planning for example), coordination of activities with other branches of the central and local government, preparing the necessary cost estimates, reviewing contractors bids and inspecting and general project supervision. Selection of contractor is made in coordination with other sections of the Management Division.

The Research and Design Division has the title responsibility for the many technical construction systems and in the analysis of construction materials. This section has most of the project development responsibility from the start of construction activities. The Land Development Division acquires land for the HCND, prepares the engineering design needed to get the site ready for building, manages the execution of land preparation programs and manages all other activities relating to HCND lands.

ORGANIZATIONAL CHART HIGH COMMISSION for HOUSING DEVELOPMENT



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IV: ABILITY OF THE ECONOMY TO REPAY EXTERNAL BORROWINGS.

A. Introduction: This section of the survey describes the recent economic performance of the Vietnamese economy and its probable future prospects with a view toward providing general insight on the ability of the economy to provide for improvement in the material welfare of the populace and on the probable capacity of the economy to repay foreign debt.

B. Recent Economic Performance: As is well-known, Viet Nam has been a battleground for many years and, although the tempo of war has recently abated, the country cannot yet be described as being at peace. Consequently, the economic structure of Viet Nam has been seriously distorted by these events and any evaluation of its performance must keep this fact uppermost in mind.

The economy has recently been severely dislocated by the withdrawal of U.S. Forces and by dramatic increases in the world prices of key commodity imports. The combination of these factors has produced in Viet Nam what may reasonably be called an economic depression accompanied by substantial price inflation; unemployment is currently estimated at 20% of the work force while the rate of inflation is estimated at approximately 65%.

A significant part of the unemployment now being experienced in Viet Nam can be attributed to the withdrawal of U.S. Forces. Direct employment of Vietnamese by the U.S. Forces in 1971 was approximately 150,000. Furthermore, it is estimated that an additional 150,000 Vietnamese were employed in the private sector in servicing U.S. Forces in 1971. Allowing for some re-employment, the direct and indirect employment loss attributable to withdrawal is estimated at 250,000.

Insofar as inflation is concerned, approximately two-thirds of the current rate may be attributed to the dramatic increases in the world prices of several key commodity imports, petroleum especially.

Given that a significant part of Viet Nam's price inflation is

due to rising import prices, it is not surprising that a deficit in the current account of the balance of payments exists. Moreover, the withdrawal of U.S. Forces resulted in an approximate loss of US\$300 million per year in foreign exchange inflow after 1972. Viet Nam will require approximately US\$900 million of essential imports in 1974 while its export earnings will be only about US\$100 million. Foreign assistance, predominately from the U.S., net foreign transfers, and direct foreign investment will have to cover this gap, inasmuch as Viet Nam has already reduced its holdings of international monetary reserves to the prudent minimum.

Although the data presented in Table XV indicates that real growth has taken place since 1960, the growth pattern has been quite unstable owing to the circumstances under which the economy has been functioning. It is also clear that real per capita GNP has declined since the withdrawal of U.S. Forces.

The composition of GNP by expenditures, as shown in Table XVI, provides further insight into the state of the vietnamese economy. Since 1969, real private consumption has trended downward, as have gross capital formation, exports, and imports. Of particular concern, however, is the overall pattern of imports and exports. In the early 1960's although a trade deficit in real terms existed, a serious imbalance did not begin to appear until after 1965. In 1965, imports were roughly twice as large as exports; in 1966 imports grew to three times exports and in 1967 to almost four times exports. In 1973,

TABLE XV

GROSS NATIONAL PRODUCT

(Billions of Piastres)

	<u>GNP (Current terms)</u>	<u>GNP (Constant terms: 1960=100)</u>	<u>Rate Of Growth (%)</u>	<u>GNP Per Capita (Constant terms)</u>	<u>Rate Of Growth (%)</u>	<u>Population (Millions)</u>
1960	81.8	81.8				
1961	84.6	81.7	.1%			
1962	93.9	89.3	9.3%			
1963	101.0	90.0	.8%	5882.4		15.3
1964	115.3	99.1	10.1%	6312.1	7.3%	15.7
1965	146.1	108.0	9.0%	6708.1	6.3%	16.1
1966	237.7	108.5	.5%	6575.8	- 2.0%	16.5
1967	356.7	110.7	2.0%	6511.8	- 1.0%	17.0
1968	385.1	105.8	- 4.6%	6080.4	- 7.1%	17.4
1969	557.5	110.2	4.2%	6156.4	1.2%	17.9
1970	804.5	117.5	6.6%	6420.8	4.3%	18.3
1971	977.9	120.7	2.7%	6420.2	--	18.8
1972	1102.0	120.4	- .2%	6238.3	- 2.9%	19.3
1973	1551.0	123.8	2.8%	6221.1	- .3%	19.9

TABLE XVI
COMPOSITION OF GNP BY EXPENDITURE
(Billions of 1960 Piastres)

	<u>Consumption</u>		<u>Gross Capital Formation</u>	<u>Exports</u>	<u>Imports</u>	<u>Net Factor Payments</u>
	<u>Private</u>	<u>Public</u>				
1960	63.8	14.0	10.3	6.1	11.6	- .8
1961	66.1	14.8	7.3	5.7	11.5	- .7
1962	71.5	18.5	8.8	5.9	14.8	- .5
1963	72.4	19.0	7.3	8.3	16.6	- .4
1964	76.4	21.6	11.2	7.3	17.1	- .4
1965	78.3	24.9	13.4	9.9	20.4	1.9
1966	77.9	33.9	19.5	14.6	45.5	8.1
1967	87.0	37.4	20.9	15.3	56.8	6.8
1968	77.7	42.4	14.3	9.1	46.6	8.8
1969	88.9	48.9	22.4	8.3	63.8	5.4
1970	88.1	55.5	21.1	6.0	57.8	4.5
1971	84.4	62.2	21.2	7.2	57.7	3.4
1972	83.9	63.8	16.8	7.0	53.1	2.0
1973	84.8	62.9	17.9	7.1	50.0	1.0

although real imports had fallen from their peak level in 1969, when they were approximately eight times exports, they remained at a level of seven times exports.

These data, of course, reflect the build-up of U.S. Forces in Viet Nam and the escalation and de-escalation of military activity. The data also reflect, insofar, as imports are concerned, the ease with which the Vietnamese people adapted to the relatively high level of economic activity occasioned by a significant U.S. presence in the country and the difficulty they are experiencing in adjusting to a lower level now that the U.S. presence has been minimized.

The information shown in Table XVII illustrates a different facet of the economy of Viet Nam and points to a problem which the economy faces currently and is likely to face in the future. These data, although they cover only the period 1960-1971, indicate that agriculture has remained the dominant sector of the economy while manufacturing has declined since 1963 as a percentage of GNP. Data for 1972 and 1973 are not yet available on the same terms, but it may nevertheless be noted that the index of manufacturing production has trended sharply downward between 1971 and the third quarter of 1973, the latest date for which information was available at the time of the survey team's visit.

This decline in manufacturing production comes at an especially inauspicious time inasmuch as agricultural production, particularly in rubber and rice, two of Viet Nam's key exports in the past, has been and continues to be disrupted by sporadic military activity. Consequently, whereas over the period 1960-1964, Viet Nam exported an annual average of almost 500,000 metric tons of rice, yielding average export earnings of US\$46 million a year, no rice

TABLE XVII

GROSS DOMESTIC PRODUCT BY
INDUSTRIAL ORIGIN
(PERCENTAGE COMPOSITION)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Agriculture	34.2	33.4	33.5	32.2	32.0	28.9	26.4	35.1	33.8	34.5	38.1	38.0
Mining	.4	.4	.5	.3	.3	.2	.2	.4	.5	.4	.3	.4
Manufact.	10.8	11.7	10.9	11.5	10.9	10.6	9.1	6.7	6.8	5.6	6.8	7.9
Constr.	1.6	1.5	1.3	1.4	1.4	1.4	1.8	1.1	1.2	1.7	1.8	1.6
Utilities	.8	.9	1.0	1.0	1.5	.9	.5	.4	.4	.5	.6	.6
Transport	4.9	5.4	4.9	4.5	4.4	4.7	4.2	4.3	2.7	3.9	3.5	3.8
Trade	10.2	10.5	11.5	11.5	11.9	11.1	14.3	14.7	11.3	14.5	15.0	15.0
Finance	1.1	1.1	1.1	1.1	1.2	1.2	1.8	2.1	2.1	1.6	1.3	1.8
Services	6.4	6.7	6.6	6.7	6.7	6.2	6.9	7.5	11.4	9.2	7.7	5.5
Government	15.8	17.0	19.4	19.7	21.1	23.2	24.2	22.2	24.3	24.0	20.3	21.7
Ownership Of Dwellings	7.6	7.4	7.3	7.0	6.8	5.9	6.3	4.9	4.1	5.8	4.1	3.5

has been exported since 1964; indeed imports of rice over the period 1965-1973 have averaged 405,000 metric tons a year for an average foreign exchange cost of US\$79.3 million per year.

Although rubber exports have continued, their value has declined from US\$48 million in 1960 to US\$7.1 million in 1973.

Thus, Viet Nam faces a paradox. The agricultural areas continue to be contested militarily, so that production of its traditional export commodities is disrupted. The population centers are, however, relatively secure militarily so that manufacturing activity, which could contribute to the export earnings needed to finance rice imports, might progress even though the war continued in the countryside; yet manufacturing activity is declining, not rising.

The picture which therefore emerges is one of an economy which has passed through more than a decade of war fought on its own territory, whose traditional production pattern has been disrupted, whose non-traditional production pattern, acquired as an adaptation to the massive US presence, has been dislocated by the withdrawal of U.S. Forces, and, as will be discussed below, whose already precarious balance of payments has been shocked by large and rapid increases in the prices of key commodity imports.

The data contained in Table XVIII extend only through 1973, so that the major impact of the petroleum price increases are not reflected. The 10 commodities shown in Table XVIII, however, constituted over 3/4 of total imports in 1973, so that when the very substantial increases in rice and petroleum prices are considered, the 1974 balance of payments will be strained severely.

Table XIX contains a more complete picture of the balance of payments situation. Note especially that "Official Aid" has been the primary offset for the deficit on current account. It should also be noted that "Official Aid" does not include U.S. purchases of piastres, which have averaged over

62% of "Receipts for Services and Transfers" during the 1969-73 period.

It is therefore clear that the Vietnamese balance of payments is very heavily dependent upon U.S. foreign assistance for its continued viability.

Although Viet Nam has a relatively small external debt, payments of principal and interest due in 1973 nevertheless amounted to 23% of estimated 1973 export earnings. Given the balance of payments situation, it is therefore not unreasonable to conclude that Viet Nam has no significant external debt bearing capacity at the present time.

TABLE XVIII

PRINCIPAL COMMODITY IMPORTS
(millions of US\$)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Petroleum, Oil & Lubricants	32.9	36.5	28.2	75.6	82.0
Rice	67.5	35.4	24.4	79.7	144.4 ^a
Sugar	20.9	11.8	31.9	24.8	59.0
Wheat Flour	20.2	17.2	12.9	18.1	29.1
Fertilizer	35.8	40.8	15.3	25.7	57.0
Pharmaceuticals	30.5	21.3	38.9	25.9	27.0
Machinery	87.6	86.2	105.7	105.4	68.0
Iron & Steel	51.3	46.4	47.9	54.2	75.0
Cement & Plaster	13.5	15.9	23.7	17.5	13.6 ^a
Yarn & Thread	23.7	28.0	28.5	25.9	30.6 ^a
(10 Commodities):	383.9	339.5	357.4	452.8	545.7
Total Commodity Imports:	683.4	645.8	643.0	678.0	715.0
% of Total	56.2%	52.6%	55.6%	66.8%	76.3%

a. Projection based on first 9 months.

TABLE XIX
BALANCE OF PAYMENTS
(millions of US\$)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973^a</u>
Exports, F.o.b.	33.0	12.7	14.7	23.8	56.3
Imports, c.i.f.	-853.2	-778.8	-802.7	-742.8	-828.8
Receipts for/ Services and Transfers	482.7	478.9	539.7	415.5	295.0
Payments for Services and Transfers	-205.2	-253.6	-236.9	-277.7	-132.3
Balance on Current Account	-542.7	-540.8	-485.2	-581.3	-609.7
Short-Term Capital and Direct Investment	- 0.9	- 1.4	2.3	4.6	0.8
Official Aid	478.8	506.1	487.0	561.6	512.4
SDR Allocation	-	6.6	6.6	7.1	-
Change in Monetary Reserves	- 64.3	- 28.5	9.3	- 8.0	- 96.4
Stock of Monetary Reserves	306.0	277.0	286.8	278.8	182.4

^a Estimate Based on first Six Months of 1973

C. Future Prospects

Future prospects for the economy of Viet Nam rather clearly depend upon the course of military activities, especially in the countryside, and upon continued external assistance, of which the U.S. would have to bear the principal burden.

Export projections prepared by the staff of USAID/Viet Nam suggest that even if imports were held at their 1973 levels, Viet Nam would not approach equilibrium in its trade balance in the next five years; exports for 1979 are projected at a level of US\$540 million. Of course, such projections are, of necessity, based on the most tenuous of assumptions.

Inasmuch as oil exploration is currently underway in the coastal waters of Viet Nam, a major discovery could significantly alter the balance of trade projections.

There are, moreover, promising prospects for direct foreign investment in the export sector. The Japanese, for example, have expressed a strong interest in developing the facilities at Cam Ranh Bay as an export enclave.

Realization of such plans are, however, contingent upon the establishment of a militarily secure environment. Could such an environment be created, so that rice production could once again increase to levels sufficient not only to preclude the necessity for rice imports but also provide a surplus for export, a basis would exist for a somewhat more optimistic outlook than present circumstances warrant.

HOUSING SITUATION IN SMALLER TOWNS

A. GENERAL

In the five days available for travel in the provinces, we were able, because of airline schedules, to visit only five towns: Da Nang; Nha Trang; Cam Ranh; Can Tho and My Tho. These are not necessarily typical of the country outside Saigon, although we believe them to provide a fair cross-section.

Da Nang, Nha Trang and Cam Ranh all suffer from under-employment. Money is scarce, and the economic outlook, in the absence of an end to security problems, is not bright. In Can Tho and My Tho, there seems to be at least adequate food, and new building is still going on.

In all five places, the average worker was said to be earning less than is needed to keep a household in food. No one was prepared to make any estimates of the spread of incomes, but our guess, admittedly superficial, is that the number who would be interested in buying, or able to buy, houses which were not very heavily subsidized, is extremely small.

Better housing is certainly needed in all of these places and particularly in Da Nang and Cam Ranh, both of which have a high percentage of the population living in squatters' shacks. In each place, a housing project would give a considerable boost to employment and the local economy. It is doubtful, however, whether in present conditions there would be any takers (apart from speculators) for houses provided at other than the most minimal monthly repayments.

B. DA NANG

Da Nang is the second city of the RVN with a permanent population estimated at 450,000 - 500,000. Only 50,000 refugees remain out of the 300,000 who fled to the city in the last two years, and those are expected to be resettled by July.

The city has been very badly affected by the withdrawal of US forces. An estimated 70,000 people have little or no employment, and average wages for a labourer are 500 piasters a day. No formal surveys have been made, but the Director of the Agency for the Development of Da Nang (ADDA), the Mayor and AID Officials suggest that average household incomes are only 15-20,000 piasters a month. Since minimum household needs are said to be 60,000 piasters a month, the gap is probably being filled by savings made during the peak years of the American presence, and more intensive cultivation of garden strips within the city's boundaries.

The school population is falling as children are brought home to work at whatever they can to supplement family incomes, and juvenile delinquency is increasing. During an extensive ground (and aerial) tour of the city, we saw hardly any evidence of house extensions or improvements being undertaken, but plenty of signs of neglect of existing structures. Clearly, a very large percentage of the population lives in conditions of near squalor in squatters huts built from abandoned military camps and unplanned temporary structures sited in all three districts of the city.

The Agency for the Development of Da Nang is a temporary expedient created by the Central Government, and funded by the Foreign Aid chapter, in order to provide jobs. It has plenty of ideas and hopes to move this year

from "make work" projects such as street tidying, the creation of new parks, painting of public buildings, etcetera, to more productive tasks, for example, improving the railway, creating forest nurseries, promoting improved roads and so on. Its target is to employ an additional 15,000 men a day, but this is in an area which extends as far as Hue.

Without an end to the war and an influx of new investment, the prospects for Da Nang are bleak. Given a stable security situation, however, this picture would change. The hinterland is agriculturally rich and there is scope for the development of fishing, tourism and light familial industry. Meanwhile, it is doubtful whether any but a very tiny proportion of households could afford to buy new housing even at rents subject to considerable subsidy.

One estimate of the average cost of a 40 square meter house made by the Regional Construction Chief, including minimal toilet facilities, is 40,000 piasters per square meter. This does not include land costs or the infrastructure - provision of water, roads, drainage, etcetera. No adequate figure could be obtained of land costs, but a price of 5,000 piasters per square meter was said to rule in areas which required no initial preparation. Elsewhere, costs are as low as 500 piasters per square meter, but they would need considerable fill. Much Government land exists, but of it is occupied by squatters whom it is politically impossible (unless they could be offered something better at a minimal cost) military also occupy large areas within the town and yet other large areas are devoted to cemeteries.

Over the past year fuel prices have risen from 70 piasters to 240 piasters a litre. Rice prices have gone up by 3,000 percent, from 600 piasters to 18,000 piasters a 100 kilos. By the end of 1974, Central Government assistance is meant to end and the city will have to rely on its own tax revenues. Sixty-seven percent of the target collection has already been achieved, but even the full amount would be inadequate to meet the city's real needs. Many people are now down to one meal a day, and while malnutrition is being kept at bay, there is no doubt that food is inadequate for a large section of the population. The Mayor's main preoccupation for the past year has been to resettle the vast number of refugees. After this, his next priority is to shift some of the population (which ten years ago was only 50,000) to more prosperous farming areas in the Delta. Housing is relatively low on his list of priorities, and in any case is likely to be expensive, since all materials need to be imported. As in Saigon, ex-U.S. houses and apartment blocks stand empty, partly because there is no money to adapt them to new uses.

We were unable to visit Hue but were told that, if anything, it is economically less well-off even than Da Nang, and that the same problems arising from lack of security and therefore lack of new investment, persist.

A market interest rate housing program in either place would be unlikely to succeed. A subsidized program, however, would provide both jobs and hope for those living in the worst areas. For the long term, the most vital needs are a stable security situation; new investment in agriculture (in the outlying villages), fishing and small industry and a coordinated development plan which would include changes in present land use. Given security, the future of Da Nang could be prosperous. Without it, there is unlikely to be

any dramatic progress.

People interviewed:

Mr. Paul Dally, Consulate General's Office

Col. Dao Trong Tuong, Mayor of Da Nang

Mr. Tran Dang Khoa, Regional Reconstruction Chief

Mr. Nguyen Huu Hai, Director, Agency for the Development of Da Nang

C. NHA TRANG

Nha Trang is wealthier than Da Nang, and its unemployment problem is less serious. Nonetheless, AID officials stationed there estimate that about 3-5,000 people of the more than 200,000 population are without work. Many more are under-employed and there is growing competition for the jobs that are available.

One example of the competition for employment is seen in cases where students who have dropped out of school are offering to work for cheaper wages than the ordinary worker. Students can afford to do this because they are living at home and their living expenses are less than a head of household for example.

In 1968, when the city was the capital of Khanh Hoa province; the population of Nha Trang was only about 70-75,000. Since then, increased population has put great pressure on the city's service base. Water and electricity are available to most residences, though many families draw their water from wells. The major population growth came in the mid 1960s. Many people came to Nha Trang for security reasons and for employment, which was abundant while there were large numbers of US troops stationed

in and around the city. In 1971, Nha Trang was made an autonomous city having a separate budget for administration, and it still houses the Khanh Hoa province administrative officer, the Region II headquarter for ARVN and representatives of the central government ministries.

Economically, the picture in Nha Trang is bad, although we were told that some people are still able to save money: how long this will continue to be the case is unknown. The average working man is making about VN\$20-25,000 per month. If he is careful in his spending for food and other basic necessities - eating two regular meals per day - he can get by on about VN\$1,000 per day. Inflation is up 19% over what it was at the first of the year and is still rising. Saigon predicts nearly 100% inflation on certain commodities by year's end.

Physically, Nha Trang does not appear to be suffering under the pressure of increased population. Although some areas lack certain basic urban facilities, the city has managed to make some improvements, for example the Central Market and New Housing project dedicated in 1971. In this project the Government built a large modern design with enclosed market building flanked on the north side by two large multi-story apartment and commercial buildings. Each building holds three stories of apartments totaling 54 units, and 72 commercial units. Residential units cost between 500,000 and 1,000,000 including all utilities; commercial/residential units cost from between VN\$2-3,000,000 and commercial units for VN\$500,000-1,000,000 (unit size range from 7m² - 26m²).

Terms on the residential units were 50 percent down payment, with 12 years to pay and monthly payments of VN\$7,000-10,000.

Though the project was dedicated by President Nguyen Van Thieu in 1971, only the market and one of the large residential-commercial buildings were actually completed. The other structure is still only 80% complete and work has now stopped for over a year pending the outcome of a high court case in which the contractor is being sued by government.

As is the case in Da Nang, and most if not all of Viet Nam's cities, the government and the military in particular hold a tremendous amount of the land. Since Nha Trang is flanked in the north and south by mountains, and to the east by the sea, the only way the city can grow is to the west and north-west. But a great deal of this land is paddy land which would require fill in order to construct housing, while much of the military land is not being used and would not require fill.

Outside of military and public administration, fishing is the greatest of the Nha Trang's industries. Nha Trang is not the port that Da Nang, Qui Nhon or Cam Ranh are, or will be, and it is unlikely that much industry, apart from that based on fishing, would develop. Greater industrial potential lies in Cam Ranh, 36 miles south of Nha Trang. Nha Trang itself may however experience growth as an in-country and international tourist centre.

Potential for a housing program is greater at this time in Nha Trang than in Da Nang. However, there is clearly no way in which the program can survive in Nha Trang until the government is committed to a policy that would support it. At the moment the HCHD has no office in Nha Trang, its business being carried on through the Regional MPW representative, a highway engineer. On the positive side, the city does have impressive plans to expand the market/housing project with what appears to be another six or eight hundred units and more commercial and other community facilities.

D. CAM RANH

Mainly because of the influx of people who came to work in the American base, the population of the Cam Ranh area swelled from about 17,000 in 1965 to 115,000 in 1973, a very large part of whom earned their livelihoods, either directly or indirectly, from the presence of US forces.

The forces have gone and with them the jobs. Most people seem to stay on in the hope either that the Americans will return, or that new overseas investors will appear to take advantage of the area's intensive communications infrastructure. People are poor, and probably becoming poorer. There is much talk of attracting new industry, but very little action. Ex-U.S. military camps have been, or are being, stripped to provide material for squatters' shacks, and children are being kept from school in order to help out family budgets. Household incomes are said to be as low as 15,000 piasters a month, when the cost a family's monthly food alone is about 30,000 piasters, and many people are subsisting on only one proper meal a day. Perhaps the best off are some 4,000 or so fishermen: smallholders, except in the most southerly area, fare very badly.

Land regulations still prohibit land ownership in the Cam Ranh area, and possession of a particular plot can only be claimed unofficially by the erection of a fence. The soil is in any case for the most part poor, and the autonomous city region could not hope to support its present population without extensive new investment.

The U.S. promoted housing scheme near Ba Ngon, which was handed over unconditionally to the GVN in 1973, is an unqualified failure. 1,000 units

were built at a total cost of \$8 million, including infrastructure, originally for civil servants and U.S. government employees.

Type B was sold at about 280,000 piasters; down payment was 28,000 piasters and monthly repayments were some 1,800 piasters a month over 20 years. Type C was sold at 242,000 piasters with a down payment of 24,200 piasters and monthly repayments of 1,500 piasters over 20 years.

These houses were well built of concrete breeze blocks and timber, with corrugated roofing. Only about 600 units of the total of 1,500 are said to be occupied, and only a handful remain in their original state. Most are ill kept and unkempt, and many are occupied by more than one household. Under the original regulations, one family could own only one house, and sales were not permitted before the end of five years. These regulations have now been abandoned, and people are selling to anyone able to pay the purchase price plus outstanding installments.

Neither the water nor the sewage systems work, and the estate management is in the hands of a nonentity. Garbage lies everywhere and small businesses, for which the houses are ill-suited, abound, as people are forced to try to earn extra income.

The whole scheme is a classic example of good intentions gone wrong. The houses are of a style which people do not know how to maintain; provision for shops and a market is inadequate and good management is lacking. On the basis of this experience, the prospects for any future housing scheme would seem grim. The circumstances of Cam Ranh are, however, unique: the main causes of the failure were lack of money to complete the original scheme; planning which failed to take account of Vietnamese needs; a dramatic fall in the incomes of the original occupants, and no provision for proper management. There is, however, no reason to believe that future schemes are doomed to a similar end. The failure at Cam Ranh was written

into it right from the start.

E. CAN THO

Can Tho is possibly the most important city in the Delta, the focal point of an agricultural area of some 7 million people. The population of about 180,000 (136,000 in 1968) has risen less dramatically than that of most cities in other provinces, and it has not been hit so badly by the refugee problem.

The city is fairly secure and looks prosperous. There is much under-employment, but less than in the north, and new construction is widespread. Civil servants and the military are feeling the effects of inflation, but farmers, in spite of rising prices of fuel oil and fertilizers etcetera, and traders appear to be doing well. The new building reflects fears of inflation, in that money invested in property retains its value better than cash in the bank.

At the peak of the U.S. presence, there were some 30,000 Americans including military in the Delta: now only about 36 civilians and 157 third Country Nationals remain. A.I.D. earlier financed an unsuccessful housing program for the Popular Forces on a self-help basis, and a further program for ARVN dependents which is still underway. Several ex-US bases have also been turned over for housing.

A GVN veterans program under which row houses were built, including the cost of water, sewage and electricity, was described to us as "monumentally unsuccessful" in the Delta, since it created powerful and troublesome pressure groups of discontented ex-soldiers.

The GVN also promoted another program under which veterans were given a lump sum of 60,000 piasters to build houses in their native villages and which was probably more socially effective. Finally, the GVN has embarked on a major program to provide outstation housing for employees at provincial and district level.

Wage levels for an unskilled worker in Can Tho are about 10-15,000 piasters a month, or 500-600 piasters a day. Rice is about 16-18,000 piasters a 100 kilos, and the gap between wages and living costs is filled by the earnings of wives and children.

Those who have capital are thought to be already investing in house extensions and improvements. Those who are not building, would probably have insufficient income to afford even the lowest monthly repayment. Salaried workers, like civil servants and teachers, nearly all need a second job in order to survive.

The local industrial park has so far attracted five major projects: a new port; a Japanese financed power station; a BGI factory; an ESSO oil storage unit and a French oxy-acetylene plant. Only the power station and the ESSO tanks are almost finished: work on the rest proceeds desultorily.

We were told that land costs 30,000 piasters per square meter and construction costs the same. We have some doubts about both figures. There are plans to clear squatters from the north eastern corner of the city so as to provide sites for housing development, but these are clearly not going to be implemented for some considerable time. There are also plans for the upgrading of streets and sewers at a cost of some VN\$838 million, but these are not yet approved.

Local sources estimate that about 5 percent of the population have built houses illegally. We believe, from observation and by checking elsewhere, that the real figure is nearer 40 percent. As in other places, large parts of the best land are occupied by the military.

Given security in the surrounding villages, Can Tho, as the center of the rice bowl, is bound to prosper. But this prosperity, for those potentially interested in house buying, is still some distance away. For the present, it is unlikely that many people, other than some rice traders whose houses are already established, could contemplate even the smallest addition to his existing budget, though this could change dramatically if rice production increases.

People interviewed:

Mr. Wrendeh Knowles, CONGEN Officer

Mr. Earnest Peterson, Regional Development Officer

Mr. Steve French, Assistant Program Officer

Mr. Leung, Area Specialist

Mr. Ho Van Diep, Deputy Mayor

Mr. Huynh Van An, Public Works Chief

Mr. Dao Vinh Khai, Chief Sanitary Officer

LIST OF PERSONS CONTACTED

A. USAID Officials

1. Mr. John P. Robinson	Director
2. Mr. Leonard Yaeger	ADCCA
3. Mr. Osborne I. Hauge	A/AD/CDI
4. Mr. Lewis Ortega	CDI/CD
5. Mr. Richmond Allen	AD/JEO
6. Gen. A. Eugene Schroepfer	ADFA
7. Mr. Edward G. Ruoff	ADRR
8. Mr. Rufus A. Long	CDI
9. Mr. Hadley Smith	CDI
10. Mr. Dan Miller, Jr.	AD/ETA
11. Mr. Bill Bens (?)	Rach Gia
12. Mr. Edward J. Peterson	ETA/CB
13. Col. J. Steinberg	DAO
14. Mr. W. von Spiegelfeld	AD/CIP
15. Mr. Ralph Bird	ETA/CB
16. Mr. Robert Trott	CARE
17. Mr. Paul Daley	CG/MSA Da Nang
18. Mr. Morris McDaniel	CG/ARRO Nha Trang
19. Mr. John Chang	JEO-AID Saigon
20. Mr. Donald Melville	ADLR/P&P
21. Mr. Wendell Knowles	CONGEN/Phong Dinh Prov.
22. Mr. Earnest Peterson	Reg. Dev. Officer
23. Mr. Steve French	Asst. Program Officer

B. Viet Nam Officials

1. Dr. Nguyen van Hao
Director
National Economic Development Fund (NEDF)
2. Dr. Tran Khanh Van
High Commissioner of Housing Development
3. Dr. Truong Ngoc Quy
Technical Director
High Commission for Housing Development
4. Mr. Khuong Huu Dieu
Director
Industrial Development Bank (IDB)
5. Mr. Nguyen van Nhon
Chief of Planning and Research
Agricultural Development Bank (ADB)
6. Mr. Vu duy Chan
Director General
National Institute of Statistics (NIS)
7. Father Doan Vinh Phuc
Dong Tam
8. Mr.

SONADEZI
Bien Hoa Industrial Park
9. Vietnamese Contractors Association
10. Dr. Nguyen Manh Hung
Vice Commissioner for Planning
National Commission for Planning
11. Mr. Dam Si Hien
Minister of Labor
12. Mr. Doan Huu Khai
Director of Planning
Directorate General of Reconstruction and Urban Planning
13. Mr. Nguyen Xuan Duc
Director General of Reconstruction and Urban Planning
14. Mr. Nguyen Ha Hai
Director, Agency for the Development of Da Nang

15. Col. Dao Truong Tuong
Mayor of Da Nang
16. Tran Dong Khoa
Reg. I Regional Commissioner
Directorate General of Reconstruction and Urban Planning
17. Mr. Tran Si Huan
Reg. I Commissioner for Public Works (Da Nang)
18. Bach Thi Thanh
Consul Generals, Cam Ranh
19. Mr. Ty Dien Ong
Land Development Office
Ministry of Agriculture, Saigon
20. Mr. Bui Huu Thien
Director General of Land Affairs, Saigon
21. Mr. Le Ung
Area Specialist
22. Mr. Huynh Van An
Public Works Chief
23. Mr. Dao Vinh Khai
Chief Sanitary Officer
24. Mr. Ho Van Diep
Deputy Mayor

C. VN Construction Contractors

- | | |
|--------------------|--|
| 1. Tran Ngoc Trinh | (NHATICO |
| 2. Phung Ba Huy | (39, Hai Ba Trung, Saigon |
| 3. Ngo The Chu | 5, Nguyen Sien, Saigon |
| 4. Doan Van Thiep | Picco - 35, Yen Do, Saigon |
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