

Building Urban Economic Resilience
during and after COVID-19

Asia and the Pacific Region

Case Study: Hoi An, Vietnam

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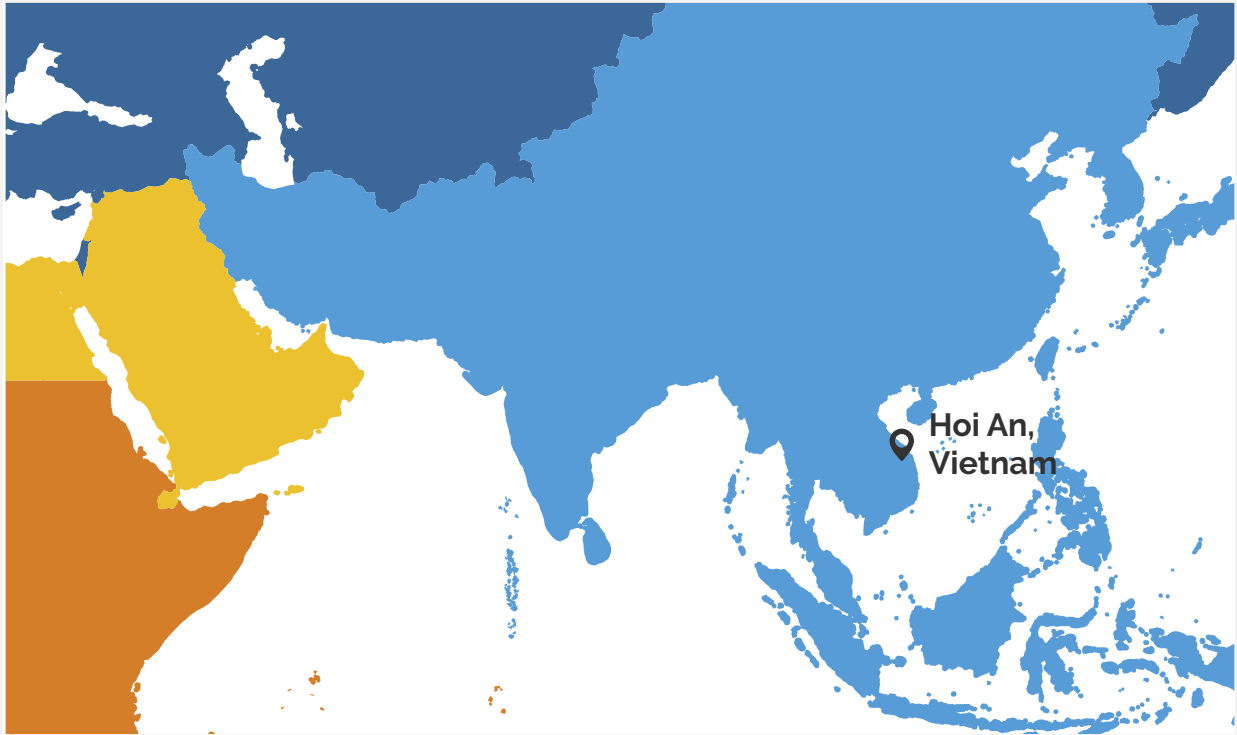
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Status	Secondary
Area	60 km ²
Number of inhabitants	152,160 (2018)

Pre-existing Challenges

Not only does Hoi An have a tropical climate and is located close to the sea, but it is also situated in a low-lying area close to the mouth of the Thu Bon River. Thus, floods often occur from heavy rain and storms that cause runoff from nearby mountains—compounded by climate change induced rising sea levels. This results in the flooding of the old town in Hoi An as well as landslides at the seaside during monsoon seasons, leading to structural damage to the ancient town.

Furthermore, many heritage buildings and structures in Hoi An have deteriorated over the years due to inadequate conservation measures. Hence, Hoi An is posed with the major challenge of maintaining their heritage structures during economic conditions when maintenance funding could become scarce.



Source: Hoi An City Council.

Case Study: Hoi An, Vietnam

As of December 2020

Brief description of COVID-19 in the city

First reported case	10 March 2020 (23 January 2020)
Confirmed	35 (National: 1,413) (20 December 2020)
Recovered	34 (National: 1,269) (20 December 2020)
Deaths	1, not directly due to COVID-19 (National: 35)
✓ Data from January 2020	

The COVID-19 pandemic caused by SARS-CoV-2 virus led to the first confirmed case in Vietnam on 23 January 2020. Hoi An implemented social distancing and quarantining soon after, and there were no cases or community outbreaks during this initial stage. As of 3 August 2020, at stage 5, Vietnam recorded 621 cases, with 373 discharged from hospital and 6 deaths.

Hoi An reported its first confirmed case on 10 March 2020, and up to date, 34 cases have recovered. The government has locked down two residential areas, quarantined people who tested positive and their close contacts, shut down all unnecessary services, and implemented social distancing across the city between 30 July and 28 August 2020. To date, the epidemic has been well controlled and managed in Hoi An. Vietnam accumulated 1,413 confirmed cases, with 1,269 recoveries and 35 deaths (as of 20 December 2020).

Main economic and financial impacts

Hoi An is one of the most famous tourist destinations in Vietnam, and it is home to two UNESCO World Heritage Sites, including Hoi An Ancient Town (culture heritage) and The Cu Lao Cham - Hoi An World Biosphere Reserve. The tourism, service, and trade sector is the main source of income for the city. For many years, the tourism economy of Hoi An had played a dominant role in powering many of its commercial activities, including trade, hospitality services, local handicraft production, and others. Therefore, disruptions to the tourism sector as a result of travel bans associated with the COVID-19 pandemic has led to the downturn and stalling of these economic activities, resulting in significant economic losses to the city.

As the pandemic is still ongoing, the impacts have not yet been fully realised or reported, but some general observations can be summarised as follows:



Labour Market

Because employees working in the tourism, service, and trade sector account for about 55% of Hoi An's economy (approximately 28% from handicraft production and 17% from agriculture and fishery), the city's labour market has been seriously impacted.

There is no figure reported yet, but most people in the city lost jobs due to lockdown and travel bans, especially those working in the hospitality sector. Many daily wage earners had no source of income, and the lockdown that persisted for months has depleted their savings, affecting their purchasing power and ability to afford daily necessities. Some domestic workers have also lost their jobs, as some employers have asked staff to work from home, meaning that some households no longer required domestic help.



Business Environment

During the pandemic, the downturn of the tourism sector meant that all related economic activities have been negatively affected. Some residential areas remained in lockdown, with many people living in quarantine and socially distanced. Almost all non-essential services and businesses were forced to remain closed.

After the epidemic was under control, tourism in Hoi An saw signs of reactivation, but the number of tourists remained low and domestic in nature. In the first 9 months of 2020, the production value of the whole city was only nearly 50% compared to the same period in the previous year, and only reached 32.27% of the original projection for 2020.



Financial Environment

The city's total budget revenue in 2020 decreased compared to the same period in 2019, and reached only 45% of its 2020 projection.

Due to the temporary shut-down of businesses, people lost jobs, which further added to their financial burden. Job seeking also became difficult, and many faced challenges in paying taxes on time, which became a knock-on impact to the city's tax revenue. Financial transactions and activities were only moderately active compared to the previous years.



Economic Governance

The local government has made economic and governance arrangements to manage the city's budget revenue/expenditure sources, and to implement cost saving solutions.

The local government has also re-evaluated civic projects that had been budgeted for this year, determining whether these must be implemented this year as well as the feasibility of deferring their implementation where appropriate. Consequently, the city's budget has been diverted to funding for disease control/prevention purposes and financial supports for local communities during the pandemic. The public funds allocation has also been prioritised to be used on public health, medical supplies, COVID-19 care hospitals, and isolation centres.

Crisis Response and Recovery Measures

The local government's viewpoint is to focus on effective disease prevention and management to safeguard the health of people, together with combating economic decline and maintaining social stability.

The issuance of the resilience plan and the disaster management plan by Hoi An's local government follows the provincial and national plans. Hoi An city's Pandemic Prevention Committee has been established in January 2020, prior to the city's outbreak, and still remains active so that direct orders from the provincial and national committees on disease response can be executed timely to control outbreaks in Hoi An.

Responses include conducting surveys to declare containment zones, even down to the ward level, which made rapid response possible at a very localized scale. Micro containment zones were prepared alongside temporary shelters for returning migrants, whose health was cared for prior to their return to the local community. A comprehensive healthcare scheme, including COVID-19 tests, free distribution of masks, and free COVID-19 treatment, was offered to residents. Food was also provided to those in quarantine during residential areas lockdown. Income support for the vulnerable was also offered during the pandemic, and this extends beyond the end of the pandemic.

Mass media also made remarkable efforts to inform the progression of the COVID-19 outbreak, and to promote preventative measures. Citizens, community organisations, and businesses coordinated with the local government to effectively curb the further spreading of the pandemic. Voluntary organizations mobilized funds to supply food and personal protective equipment to support hospitals, as well as those in quarantine and residential areas that were in lockdown.

Contribution of different sectors in the management (e.g. planning, reallocation, and mobilisation) of relevant resources during the COVID-19 crisis

	Local government more important	Central government more important	Private stakeholders more important	All partners contribute equally
Labour markets	-	-	-	✓
Business environment	-	-	✓	-
Financial environment	✓	-	-	-
Economic governance arrangements	-	-	✓	-
Institutional responsiveness*	✓	-	-	-

* Local government business continuity, adequate fiscal space, and uninterrupted delivery of key public services

Local budget reallocation



The local government has cut down on expenses that spend on foreign missions' trips, and has reduced expenses for administrative system to save budgets. These budgets have instead been allocated to prioritise disease control/prevention purposes and financial support for local communities during the pandemic (as of 22 September 2020, 16,729 people availed of the financial support which totalled to about USD 948,000).

Inspection and control of the markets have been maintained to ensure a continuous supply of food and other essential supplies for those residing in the city during lockdown.

Implementation of local projects



Implementation of basic construction works, especially transitional projects and other infrastructural projects, have been sped up to aid in the local recovery of economic activities. The local government has decided to mobilise all of the current public investment budget (about VND 300 billion) to implemented key projects such as the Cam Nam bridge, Cam Kim bridge, and parking lots to improve infrastructure and prepare for the recovery of the tourism sector, whilst creating jobs for those who have lost employment.

The government also made efforts to mobilize people to revive traditional industries, such as handicraft production for export and seafood exporting. Particular focus has been placed on agricultural production in order to maintain a reliable food supply for the city, where imports and exports of food had been disrupted by the pandemic.

The government also encouraged the restarting of cultural tourist activities in Hoi An as the pandemic has become under control, focusing on attracting domestic visitors until international travel is fully restored.

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