

A quick assessment of the impacts of the electricity reforms on migrant groups in the cities

I. Background and methodology

1.1. Objectives

This is a small qualitative study of the impacts of reforms in electricity tariffs. In early 2009, the Electricity Corporation of Vietnam (EVN) increased power tariffs as a part of its overall power sector reform process. This is the first rate increase in several years, and lifeline rates remain in place for the first 50 kWh of consumption each month. General distributional impacts of the price increases can be examined using the 2008 Vietnam Household Living Standard Survey (VHLSS). But the VHLSS does not capture migrants very well, including the many thousands of workers (and people more generally) who have come to cities to find jobs and higher pay. Many of them rent rooms in houses or board with families. Therefore, in November and December 2009, a small study was conducted in some places in Hanoi, Hai Phong, and Ho Chi Minh City, to explore how much these marginal populations pay for electricity, and also whether they have been heavily impacted by tariff increases.

1.2. Methods

A team of two researchers chose specific areas in each city (several neighbourhoods) where they went door to door with a small interview form to collect information, chiefly from renters and landlords. Renters were asked a small number of questions. Also, in each city, the researchers conducted interviews with a number of landlords and relevant officials (at the district, ward and neighbourhood levels) who know well about the impacts of the electricity price hike on local migrants.

Usually, the interviews took 15-20 minutes for each renter. The interviews with landlords and local officials last longer (30-45 minutes) to explore the overall situation as well as their views, responses and suggestions regarding this matter. In total, the two researchers met with more than 50 interviewees in each city, including more than 40 poorer migrant workers, day laborers, students and public servants.

Cities	Districts	Renters	Landlords	Local officials
Hanoi	Dong Anh	43	8	6
Hai Phong	Kien An	32	7	7
	An Lao	10	1	0
Ho Chi Minh City	Go Vap	23	5	4
	Bay (Seven)	22	5	5
Total		130	26	22

1.3. Subjects of the study

The interviewees of the study include:

- Migrants who live in rented accommodation in the major cities. They are selected from various background, such as factory workers, day labourers, and students, in order to understand likely different impacts and responses to increased electricity prices;
- Landlords who rent accommodation to them; and
- Local officials at various levels of authority who know well about issues around the electricity price hike.

The following sections of the report reflect what the researchers recorded and interpreted the responses received -- whether migrants, others living in rented accommodations are paying higher prices and getting uneven or low quality service from the power company. Thus, the second section examines how electricity tariffs have increased in the cities and what impacts these increases have made on migrants. The third explores how renters access information and support relating to electricity tariffs. The last section describes renters' coping measures and external assistance, if any, that they have received to cope with increased electricity tariffs. This section also represents some measures, as proposed by the interviewees, including not only renters but also landlords and officials, regarding how to mitigate the impacts of the electricity reform on migrants in the cities.

II. Increased electricity tariffs and their impacts

2.1. Electricity tariffs vary according to sites, landlords, purposes of accommodation

In Hanoi, landlord-imposed electricity charges range from 1,000 VND to 2,500 VND,¹ usually regardless of the consumption by renters. However, the common rates are **1,500 and 2,000 VND per kWh**. The interviewees who have been renting their rooms for more than a year say that more than one electric tariff hike had been recorded over the past year, starting from VND 1,000 to VND 2,000 per kWh. They remember that in November 2008, the price was less than VND 1,000 per kWh. Many say that the most recent hike occurred between September and October 2009. Together with the surge in electricity price hike, rents have also increased:

Two months ago, I used to pay around VND 70,000 for monthly power consumption. Now, I need to set aside VND 100,000. This month, the landlord also charges VND 300,000 more as monthly lease.

A 31-year-old motorcycle repairer, Hanoi.

Meanwhile, the tariffs in Ho Chi Minh City are remarkably higher than those in Hanoi. While 2,500 VND per kWh is considered an 'unbearable' rate in Hanoi, it is a desired one in Ho Chi Minh City. Common tariffs in Ho Chi Minh City range from **2,500 to 3,500 VND per kWh**. Only a couple of interviewees say that they pay 2,000 VND per kWh. Some renters say that their landlord-imposed electricity tariffs have increased several times over the past year, from 2,000

¹ The landlord who imposes the price of VND 1,000/kWh used to be the chair of the commune's people's committee. He understands the policy and administrative procedures better than other landlords. Hence, in 2007, he managed to apply for a sufficient number of household tariff norms for his renters. Meanwhile, the renter who says that she pays VND 2,500 per kWh runs a canteen.

VND and then 2,500 VND to 3,000 and then 4,000 VND per kWh. In District 7, a couple of landlords have successfully registered for household tariff norms, thus their renters pay only **1,000 VND per kWh**. However, one of the successful landlords did not reduce tariffs for his renters. Recently, some renters threatened him to denounce the case to the trade union. Thus, he has reduced the tariffs to 1,000 VND per kWh but increased the rent from 700,000 to 800,000 VND at the same time (possibly to 900,000-1 million VND in early 2010) to compensate for his loss in revenues from electricity charges.² After reducing the electricity tariffs, he has barred renters from using electricity-consuming appliances such as air-conditioners or irons.

Renters in Hai Phong pay the lowest tariff range among the three sites, although wardens, landlords and renters have never heard of the supporting policy on household tariff norms. The common tariff is **2,000 VND per kWh**, which is the top rate of the national tariffs. However, this rate has existed for several years, and many landlords have not raised it since March 1, 2009:

- some fear losing good renters (who are often educated or show good behavior in daily life);
- some sympathize with low-income renters (especially factory workers);
- some do not want to add more burdens on renters in addition to the impacts of the global economic crisis;
- some fear rumor of penalties from the authorities; and
- the average number of rooms per landlord is smaller than in Hanoi and Ho Chi Minh City (the lower costs based on progressive tariffs and smaller loss of electricity for various reasons);

2.2. Electrical appliances

In all the research sites, renters have the freedom to own and use electrical appliances. However, most of them, whether they be single and share a room or board with families, including those who have been residing in the city for several years, usually do not have many electrical appliances. The most common appliances are a neon light, an electric rice cooker and a fan (for summer use). For food preparation, most renters use a tourist gas-fired cooker which helps save electricity costs. Very few renters, usually households, have a TV, a refrigerator, or an air-conditioner since these renters expect to stay in their place for a much longer period than single ones. Very few higher-income earners (for instance, lorry drivers or small tradespeople) use such electricity-consuming appliances as irons³ or air-conditioners. Some student-workers have PCs which may be shared by fellow renters.

The main reasons are that most of them cannot afford either buying more costly appliances or paying electricity bills for them so want to limit power consumption to a minimum. Also, as individual renters in a shared accommodation, they find their present accommodation just temporary or unstable and they might easily move to another rented room when they find it more comfortable. Investing in appliances means that they need to set aside a considerable amount of their wages, and makes it more difficult to carry in case they move to a new place. Hence, the appliances are of primary necessity, such as fans to ease the heat during sometime and rice cooker for daily meal. Electricity consumption would be more important in winter as they would need to use water heater.

² According to renters, he has eight rooms with 32 renters but managed to register for six household tariff norms.

³ They are blue-collar workers or street-based day-laborers, so do not have a need to wear ironed clothes. Only few female workers may use it when they go out for special occasions.

Being aware of this situation, most landlords in the three cities, even those who offer low tariff rates, do not see a need to impose any limits on their renters' use of electrical appliances.

2.3. Tariff-hike impacts are not serious and vary according to types of migrants

In all research sites, the increased tariffs have produced a number of impacts, although not yet immediately serious, on renters, to various extents. Renters' biggest expenditures are rents and food costs, not electricity bills. The impacts of increased electricity tariffs vary for different types of migrants, depending on sizes of households, occupation, seasons and related needs:

- Renters who migrate as a household (with children and perhaps a grandmother to take care of their babies) seem to be suffer more from the increased tariffs as they are usually the ones who have more electrical appliances, including television set or refrigerator, thus consuming more electricity. Especially, households with a baby or small children may consume more electricity as they need fans, lighting, and (hot) water more frequently than others.⁴
- In absolute terms, petty businesspeople who run small businesses such as hairdresser's, motorbike repairer's, telephone services, café or restaurants suffer most as they have to consume most (for lighting, fans, refrigerators, PCs and other essential facilities). It is hard to pass on added electricity costs to customers, especially in a low-income area and in the economically difficult period. They believe that the further increases in the power tariffs may jeopardize their business:

I can't prevent the clients from using the fan, and find it hard to raise the meal rates. I can raise them only when other restaurants do so, otherwise I would lose customers.

A 26-year-old restaurant owner, Hanoi.

I opened my hairdresser's here five years ago. This was the only shop in the village then, but now you can see there are several ones. If the power tariffs are to rise further, I'm afraid I'll need to raise the rates, but I worry that my business would go down.

A 46-year-old hairdresser, Hanoi.

If the tariffs are stable, we may think of expanding our business and hiring new staff. But we can't do that if the tariffs keep increasing.

A 45-year-old restaurant owner, Hanoi.

- In relative terms, worker-renters suffer in a sense that their incomes are low and remain unchanged, whilst the increased electricity tariffs add up their existing economic difficulties as a consequence of disadvantaged migrant conditions, increased rents, inflation (food, daily necessities...), and the recent economic crisis (relating to employment and incomes):

Three months ago, the power tariffs surged from 1,500 to 2,000 VND per kWh. I'm scared that other basic goods and services would rise as a consequence, while my income annually increases only by 50,000 VND.

A 23-year-old Canon worker, Hanoi.

⁴ This is particularly true in Ho Chi Minh City where the weather is rather all year around, which entails using fans for children more often. In addition, renter households often live in dark and stuffed accommodation with inconvenient architectural designs, which also requires more frequent use of fans and lights for small children.

If the rental and other costs are to rise, I'm afraid we'll need to move to a smaller, less comfortable but cheaper room. Maybe, I had to return home in Hoa Binh province and be jobless again.

A 27-year-old Canon female worker, Hanoi.

Three months ago, we went on strike to press for a better pay. There may be another strike if the power tariffs become too high while our income isn't raised.

A female factory worker, Hanoi.

- Day labourers most of whom have unstable incomes, such as motorcycle taxi drivers, construction workers and vendors, suffer in a sense that their survival in the city becomes more insecure and uncertain when urban service charges increase:

Power tariffs have doubled within a year from VND 1,000 to VND 2,000 per kWh. Migrants would certainly have more difficulties than locals if service costs, such as power or water charges, rise, in addition to increased rents. If it is too high, I'm afraid I'll have to return to rice cultivation at home in Soc Son district.

A 37-year-old vegetables seller, Hanoi.

- Student-renters also suffer as full-time students do not have incomes. Also, many of them work at factories at the same time, which reduces their incomes to some extent. In addition, some students have PCs, which are electricity-consuming appliances as compared to other common electrical appliances that migrants possess. Therefore, they often pay for electricity more than other single renters who are workers or day labourers.

2.4. Very low electricity consumption

Immediate impacts of the increased power tariffs on most renters have not been seen amongst the poor migrants chiefly because, despite higher electricity charges than the official EVN rates, their general consumption of electricity is very low. For accommodation purpose, an average consumed electricity hovers around 10 kWh per month for a single factory worker, a day laborer, or a student. As a result, the increased tariffs (say, by around 5,000 VND per 10 kWh per month) are not significant. These renters have low electricity consumption because:

- they cannot afford many electrical appliances although landlords do not impose any limits on electrical appliances;⁵
- their incomes are limited and they have to save money for other purposes, including for study (for those who work and study concurrently) and for home remittances;
- they stay long hours (and have meals for extra shifts) at their factories (for factory workers), and outdoors (for day labourers). They come home to sleep so do not have much need for electricity consumption;
- poor quality service as a consequence of overloaded infrastructure in an area with a substantial number of migrants; although electric cookers are their common amongst their very few electrical appliances, many interviewees say that they cannot boil rice between 16.00 to 20.00 when many migrants usually finish their workdays or shifts and start cooking at home.⁶

⁵ See 2.2. of this report, 'Electrical appliances'.

⁶ See of 4.5. this report, 'The service quality is a problem in Hanoi'.

In addition, the month consumption rate ranges from 60 kWh to 100 kWh for a renter family, typically including a couple of young workers, with one child and possibly a grandmother who takes care of their baby. Some tenants use their rooms for both accommodation and businesses, which are usually involved in hair-dressing, tofu-making, moped repair, and Internet services. Their monthly consumption ranges from 90 kWh (usually for a canteen) up to 700 kWh (for an Internet service).

2.5. Tariff determination methods

In the research sites, most landlords have a common meter installed to measure electricity consumption in all rented rooms, each of which has a sub-meter attached either inside or outside. All but one interviewed renters have a specific payment for their electricity consumption, the calculation of which is based on sub-meter reading and is separated from their monthly rents. Most of them say that they pay electricity charges to their landlords, who tell the former the amounts based on reading sub-meter counters on certain dates of the month. In Hanoi and Ho Chi Minh City, a few renters can deal directly to EVN with the support of their landlords.

Landlords determine their rates, chiefly arbitrarily, with very few having certain rationales. In all the research sites, many landlords, especially those with poor education, tend to set their tariffs according to others. Some landlords (in Go Vap, Ho Chi Minh City) do not allow renters to examine their sub-meters as they keep sub-meters in a separate room. In most cases, renters have no bargain power for fear of losing affordable accommodation, which is usually near their working places. Also in Go Vap, some landlords offer two options of either increased rents or increased electricity tariffs. Their renters pick up the first option as rent increases may be fixed for a longer period of time, while the second one may result in changeable monthly bills, depending on electricity consumption.

Landlords impose electricity charges on various grounds:

- Most landlords levy rough estimates arbitrarily, as result of their poor education, as long as their rates are higher than the top rate (1,900 VND per kWh) as set by EVN, and they feel having no disadvantages for their revenues;
- Few landlords who have stronger commercial mind set up two progressive levels of charges for renters who do business in rented accommodation.⁷
- In Hanoi and Ho Chi Minh City, some landlords reconcile the sub-total charge on renters' electricity consumption and the remaining charge on shared lighting and water pumping (from drilled wells) in the total charge as recorded in the common meter for rented accommodation;
- In Hanoi, higher charges are often imposed by landlords who fail to register their actual numbers of renters with EVN in the middle of 2007;⁸
- In Hanoi, landlords usually earn a small profit margin from renters' electricity payment but do not see it as a major source of revenues. For some landlords, these profit margins are sufficient to pay electricity payment for their own households. In Ho Chi Minh City, it is widely believed that many landlords have reaped substantial revenues from

⁷ For instance, before March 1, 2009, a stitch maker faced two different rates. When she used more than 100kwh, she was charged with 1,800 VND per kWh. When she consumed from 100kwh or less, she paid 1,000 VND per kWh. She also had to pay higher electricity-related water charges than purely residential renters (double the normal charge). Possibly due to high electricity-related tariffs, she left on Feb. 28, 2009, before the moment of the new electricity tariffs.

⁸ See 3.2. of this report, '*Ineffective enforcement of the supportive policies*'.

electricity charges, in addition to rents. Landlords explain that the substantial differences are to compensate for:

- depreciation, repair and replacement of water pumping machines, taps and lights;
 - loss of electricity through the connection from the common meter to sub-meters;
 - loss of electricity as small consumption from lights of below 20 watts (very common electrical appliances of migrants) does not go to sub-meters but to the main meter;
 - some tricks to stop a sub-meter and make consumed electricity go to the main meter (for instance, they attach a magnet piece to the sub-meter; or put the negative line in the soil or in a water bucket to reverse the running flow of the sub-meter...);
- Households that offer the lowest electricity tariffs (1,000 VND per kWh) or electricity-related water charge (15,000 VND per month) often have compassionate grounds as they feel sympathetic with poor income and business conditions of migrant renters;
 - Few landlords let renters to divide payments amongst themselves as long as they return the former the total amount charge by EVN;
 - Few landlords help to calculate specific electricity costs for each renter based on the actual reading of the common meter and sub-meters but do not earn anything from the latter, apart from rents;
 - In Hanoi, renters have to pay additional electricity-related charges for water pumps as local residents still use water from wells.⁹ These electricity-related water charges range from 15,000-30,000 VND per renter. However, the common rates are 15,000 VND and 20,000 VND per renter. Thus, renters pay a total of 30,000-45,000 VND for electricity-related service charges, including 15,000-20,000 VND for their direct electricity consumption (for more or less 10 kWh per month).
 - A landlord in Hai Phong (An Lao) and another one in Ho Chi Minh City (Go Vap) have offered a rent package for their renters (250,000 VND for rent and 25,000 VND for all related services for the case in Hai Phong; and 200,000 VND per head for both rent and related services for the case in Ho Chi Minh City). These packages are made on the landlords' rough consideration of all their revenues from renting services. The landlady in Ho Chi Minh City confines their renters' electricity use to lighting and fans. Uniquely, the landlady in Hai Phong uses char coal to boil water and offers it free for all renters to reduce their electricity costs. Her rationales for the affordable package are:
 - her good heart and sympathy for worker-renters;¹⁰
 - her consideration of renting not a long-term and main livelihood but only a temporary and supplementary incomes while she has not been able to build a proper living room for her household in the current space of rented accommodation;

III. Renter access to information relating to electricity tariffs:

3.1. Access to information on EVN's electricity tariffs and supportive policies

⁹ The clean water supply services may start from 2010, and landlords remain unsure about how to charge water services on their renters.

¹⁰ The landlady herself is a current service worker for a local shipping company and used to be a garment worker in Ho Chi Minh City before her marriage.

Most of the interviewed renters are unaware of or have a vague idea on EVN's official tariffs and progressive calculation methods. Some are only aware of the progressive tariffs applicable to their households in rural homelands. It appears that renters who have a relatively clear knowledge of EVN's tariffs are some students. None of the renters say that they benefit from landlord or government support to cope with the price hike.

I can't invoke that we pay more for power consumption to ask the landlord for a rental reduction. Quite to the contrary, I notice that the power price and the rental increase together.

A 22-year-old Panasonic worker, Hanoi.

In Ho Chi Minh City and Hai Phong, most renters do not know about the policy on household tariff norms. The main reasons for this situation are:

- they are not informed by their landlords or anyone else;
- even some landlords do not know about the policy, but some landlords hide the information intentionally;
- they are not interested because their power consumption is not considerable, so the landlord-imposed tariffs do not matter much; (3,000-5,000 VND for personal electricity consumption and 5,000 VND for common consumption within a dormitory);
- they are not interested because they do not have any other alternatives to change the situation;
- they do not have much free time to access information through the available channels, including emerging migrant clubs (some are unaware of such clubs);
- as migrants, they are not invited to neighbourhood meetings where local residents are informed of public issues.

In District 7 (Ho Chi Minh City), some renters are informed of the policy on electricity household norms by their personal connections with the electricity division staff. Nevertheless, some renters who are aware of the policy on household tariff norms and can get their landlords' approval but do not register for the norms because:

- factory workers cannot take a day off work to visit a notary service to establish a legal renting contract as it may risk their employment;
- similarly, some students who receive assistance from their families and have very low electricity consumption (more than 10 kWh per month, as they are out from 7AM until 7PM) do not see much interest in spending a day off for registration;
- as migrants with scant contacts with the urban authorities, some renters, especially those with modest electricity consumption, are reluctant to undergo administrative procedures.

3.2. Ineffective enforcement of the supportive policies

The supporting policies sound favorable for migrants but there are still gaps between the policies and their enforcement. The reasons are:

- Most interviewed renters have not been informed of the new supporting policies in electricity tariffs, including the complaint and grievance mechanism, although district and ward officials say that this information has been promulgated widely in neighborhood

meetings, ward bulletins, and the mass media (TV, newspapers...) as a whole. In fact, rarely do migrants visit ward people's committees. Also, in Ho Chi Minh City and Hai Phong, neighborhood officials say that they have not been officially informed of these policies. Meanwhile, landlords and neighborhood wardens are often seen as the main (and the only in many cases) channels of policy information for poorly-educated and poorly-connected migrants who are overwhelmed with their survival livelihoods;

- In Ho Chi Minh City, a '*green booklet*', an equivalent version of KT3,¹¹ is required (by Go Vap District's Electricity Division) to register four migrants for a household tariff norm. The booklets may entitle migrants to other benefits such as bank loans, or installment payments for commodities. Therefore, most landlords do not want to guarantee issuance of these booklets, even for those who have rented their accommodation for more than a decade, as the former may bear the brunt if migrants run away as some experiences show. Some local people only provide guarantee for their relatives or very close acquaintances;
- In most cases, there are no official (notarized) renting contracts between landlords and renters, hence there are insufficient legal documents to entitle renters to household tariff norms. All renting agreements are made verbal between the two sides. Thus, landlords do not want to enter into official agreements as they reserve the right to exclude (at any time) any renters who cause any inconvenience for the former (for instance, making noise with friends, drinking, having too many visitors...). Few renters may have a deposit for a period of time (say, six months) and in those cases, the two sides may have an unofficial documents to maintain renting rates in the period that has been paid for;
- In Hanoi, in the registration held by Dong Anh district's EVN division for household tariff norms in mid-2007, some renters were late in obtaining their certificates of temporary residence from Kim Chung commune's public security division. Also, some landlords were not active and registered late, when the district's ENV staff no longer helped them register in their neighbourhoods. Thus, they had to come to the district's EVN office and faced complicated administrative procedures; and
- Unlike many cases in Hanoi, there is usually a lack of compassionate grounds in the relationship between landlords and renters in Ho Chi Minh City, although some renters may have stayed for several years. Their relationship is more market-oriented in Go Vap than in Dong Anh - an area still in the process of conversion, where the relationship remains heavily moral. This is evidenced by the excessively high charges and a lack of willingness amongst landlords to apply for household tariff norms. In Ho Chi Minh City, many landlords see electricity charges as a source of revenues, rather than chiefly relying on rents as in Hanoi and Hai Phong. However, it is said that a few landlords in Go Vap and District 7 (Ho Chi Minh City) have recently started their applications for household tariff norms but no results have been reported.

In Hai Phong and Ho Chi Minh City, according to the ward officials, many landlords do not want to apply for household tariff norms, and the authorities cannot intervene in those cases which are seen as private affairs between landlords and renters. Inspection is hard, if both landlords and renters do not cooperate with the authorities. In fact, some interviewed renters also express their concern about losing their affordable rented accommodation, if they denounce

¹¹ In Ho Chi Minh City, KT1 refers to local residents in a particular area, KT2 to local residents from a different area within the city, KT3 to long-term cityward migrants who have obtained permanent residence permits, and KT4 to the rest of migrants.

landlord-imposed tariffs. In many cases in the research sites, landlords have not registered for household tariff norms because:

- the status quo does not affect landlords' business and revenues in any sense so they do not bother to bear administrative burdens to apply for household tariff norms. In Hanoi and Ho Chi Minh City, a few landlords claim to have paid bribes to district-level EVN officials to apply for household tariff norms but some fail as the latter request for higher sums. At present, there are no sanction mechanisms to oblige landlords to do this. Meanwhile, there is an over-demand for rented accommodation in the research sites because of cheaper rents, cheaper living costs (than in other areas of the city), proximity to businesses, factories, and colleges and universities. Some landlords argue that these advantages may well compensate for higher electricity tariffs in economic terms. Some landlords offer reductions of or exemptions from some local contributions, such as those regarding waste collection, national defense, and public security. Some landlords include water charges to make their renting packages affordable. Most renters acknowledge these advantages, and see it hard to find better accommodation alternatives, so accept the power tariffs imposed by their landlords. In Hai Phong and Ho Chi Minh City, many rooms in the researched neighborhoods were occupied even in the apparent peak of the economic crisis in early 2009;
- they are unaware of the policy. Some say they have heard about it from the media, but not yet officially from the neighbourhood management or the electricity service; some landlords in Go Vap have heard about the 'green booklet'¹² requirement from the neighbourhood management but have not seen it in practice;
- they do not want to spend time on paperwork which they often describe as '*complicated requirements*' with no benefits for themselves. Some landlords in Go Vap say that there are no application formats which may result in unexpected requirements and administrative burdens;
- numbers of renters are changing so landlords do not want to spend much time later on adjustments with the electricity service;
- some female landlords want to register but are not as familiar with administrative procedures as men; and
- landlords' registration of actual numbers of renters may affect the former's tax payment (their business may be controlled more strictly after information disclosure).

IV. Renters' coping measures and external assistance

4.1. Renters' coping measures

- Reducing expenditures, notably limiting power consumption to minimum needs, including less use of lighting, fans and TVs, is the most frequent response by renters:

We bought a refrigerator before the increase of electricity tariffs but now don't plug it for fear of excessive power consumption. Also, we review TV schedules and only turn it on to watch the most interesting program.

A 27-year-old Canon worker, Hanoi.

- Some close renters who live in different rooms may share an electric cooker or a TV;

¹² See 3.2. of this report, '*Ineffective enforcement of the supportive policies*'.

- Some renters have shifted their use of an electric cooker to oil- or coal-fired ones;
- More renters have started sharing a room to reduce costs to compensate for higher electricity charges. But in Ho Chi Minh City, some landlords do not allow this or may charge more for additional renters beyond their limits;
- Factory workers move to shared apartments provided by their companies to enjoy subsidized costs for accommodation and services but some do not like this solutions for certain reasons;¹³
- Day laborers work longer hours or take more jobs to compensate for higher electricity charges and, concurrently, to reduce electricity consumption in rented accommodation;
- In Go Vap district (Ho Chi Minh City), a few very poor renters collect wood to cook and rarely use lights as they try to take advantage of nearby street lamps as much as they can;

4.2. Assistance to mitigate migrants' difficulties in payment of electricity charges

On February 26, 2009, the Ministry of Industry and Trade issued Circular 05/2009/TT-BCT, which provides, among others, an instruction on requirements for the signing of a power purchase agreement in case of renting space for living as follows:¹⁴

- *A landlord must present written documents to prove that his/her renting business is legal;*
- *The electricity supplier is allowed to sign only one power purchase agreement for each address of rented accommodation;*
- *In case of letting accommodation to a household, a landlord may directly sign or authorize the household to sign the power purchase agreement with the former's guarantee of payment of electricity charges;*
- *For students or workers who rent accommodation for 12 months or more, their landlords may directly sign the power purchase agreement with EVN or authorize representatives of the renters to sign the power purchase agreement (guaranteed by landlords for payment of electricity charges). In this case, every four renters are counted as an electricity-consuming household to be entitled to a progressive retailed norm applicable to households. If the renting duration is less than 12 months, a landlord must sign the power purchase agreement directly [with EVN].*

Those interviewees who are aware of this policy describe it as being very supportive but the translation of it into particular and practical actions has been facing various barriers in the research sites. In Ho Chi Minh City, it remains inconsistent to define what types of documents can be evidence of legal renting business. In some districts, this evidence may be verification of a landlord's renting business from the district's authorities. In other districts, it may be such verification from a ward's people's committee. There is inconsistency between EVN staff and ward officials. Some landlords who receive instructions from EVN on eligibility and application procedures for household tariff norms fail to follow them as ward officials say that they have not enacted or been aware of such a policy. As a result, the number of policy beneficiaries remains insignificant.¹⁵ Both in Hai

¹³ See Footnote 18.

¹⁴ See the Appendix of the Circular.

¹⁵ In Ho Chi Minh City, by May 7, 2009, only 41 landlords had authorized 343 renters to purchase electricity directly from EVN. See also 'Quyết liệt đưa điện đúng giá đến CN' (Determined to entitle workers to electricity tariffs) at <http://www.nld.com.vn/20090506112236709P0C1010/quyet-liet-dua-dien-dung-gia-den-cn.htm>, May, 7, 2009.

Phong and Ho Chi Minh City, the tri-party coordination between EVN, trade union and local authorities still focuses on the areas with many renter-workers, such as industrial zones.

In face of such a situation, the responses from the local authorities vary in the research sites. In Hanoi, what the commune authorities can do is to convey renters' complaints and send a request to the district's EVN division but no positive results have been achieved. Meanwhile, in Ho Chi Minh City, tough penalties are being considered to enforce the policy in order to ease difficulties for migrant renters. According to a senior official from the city's EVN division, unauthorized sales of electricity to other individuals and organizations is an infringement of regulations on electricity use and may be subject to an administrative penalties of three to five million VND. Furthermore, a repeated infringement, following an administrative penalty, may subject violators to criminal prosecution.¹⁶

Some companies make efforts to provide dormitory accommodation for their migrant workers. In Hanoi and Hai Phong, the visited dormitories provide good living conditions for workers.¹⁷ An individual monthly rent package is 40,000-50,000 VND, including subsidized electricity, water and sanitation charges. According to the dormitory management boards and workers themselves, no limits of electrical appliances are imposed. Despite cheaper rents and lower service costs at the dormitories, many workers still stay in rented accommodation in nearby residential areas chiefly because they do not want their freedom and social relationships to be restricted by the dormitory's regulations,¹⁸ or because their companies do not provide rooms in the dormitory. Households are not allowed to rent a room in the dormitory in Hanoi, but they are in Hai Phong, if both husband and wife work for the same company. Currently, 11 households stay in Sao Vang Company's dormitory in Hai Phong, and pay electricity and water bills according to the dormitory's household rates.

Some companies (in Tan Thuan Industrial Zone) allow their workers to take drinking water home to reduce electricity and water expenditures. In addition, a landlord (in Go Vap, Ho Chi Minh City) who have many rented rooms has used all adults in his family as independent household headers in order to register four separate households, thus having four household tariff norms and being able to substantially reduce payment for renters. As a result, he charges 2,800 VND per kWh with consideration of substantial loss of electricity for various reasons. Another landlord in Go Vap (Ho Chi Minh City) allows two renter households who already have KT3 status to sign a direct power purchase agreement with EVN;

4.3. Barriers for further support:

¹⁶ See 'Quyết liệt đưa điện đúng giá đến CN' (Determined to entitle workers to electricity tariffs) at <http://www.nld.com.vn/20090506112236709P0C1010/quyet-liet-dua-dien-dung-gia-den-cn.htm>, May, 7, 2009.

¹⁷ In Hai Phong, Sao Vang company's dormitory has 112 rooms which can accommodate 12 renters each. The whole dormitory's monthly electricity bill ranges from VND 12 million to 16 million and water around 11 million. Rooms are equipped with fans and lighting. Workers can watch TV in a meeting hall. They can use their electric cookers in a particular area. There are also facilities to prepare food, fuelled with firewood or coal. A representative from the management board asserts that the company would continue to provide the current rent package, even if power tariffs may rise, describing this as an incentive to retain workers. In Hanoi, the dormitory management board provides renters with basic electrical appliances, such as a light and an electric kettle per room. However, some tenant companies may provide more appliances, such as TVs, water heaters, or even air-conditioners.

¹⁸ In the dormitory in Hanoi, entry hours are limited from 5.00 to 22.00. Visitors have to go through two types of security guards, one from the management board at the first floor and another from their companies at the second floor. their visitors face restrictions (visits are allowed at certain hours to ensure resting hours after shifts; permission are granted on a condition of presenting ID at the first floor and then at the discretion of the company guards). In addition, boys and girls are separated, which may limit workers' relationships.

The interviewed local officials describe a number of barriers for providing further support for migrant renters. The popular reason is limited local budget. In one of the research sites, some officials regard the issue of migrants' higher electricity charges as a small one in comparison with other local issues. Therefore, it has been receiving less attention. Moreover, some officials also say that the local authorities (at the commune/ward or district levels) have no mandates to make any direct interventions in landlords' arbitrary electricity charges as the authority and responsibility belong to (district's) EVN divisions.

4.4. Local governance in relation to electricity issues

The state management in addressing electricity issues in relation to migrants is inconsistent, making it hard for citizens in making inquiries and presenting their cases to the right place. At the district level, electricity-related issues belong to the urban management division in Hanoi, while those belong to the division for economic affairs under a district's people's committee in Hai Phong and Ho Chi Minh City. At the ward level, these issues are managed by the vice chair in charge of economic affairs. No exclusive officer in charge. In Ho Chi Minh City, the issues belong to an officer in charge of transport and irrigation works.

At the research sites, there exist differences amongst its EVN's district divisions in conditions to register for household tariff norms. In Hanoi, to be eligible to register for household tariff norms in mid-2007, migrants were required to have certificates of temporary residence from Kim Chung commune's public security division. More demanding, in Go Vap district (Ho Chi Minh City), the presentation of a '*green booklet*'¹⁹ is required, while in Districts 4 and 7 (under the Tan Thuan Electricity Division, Ho Chi Minh City), notarized renting contracts, which should be valid for more than 12 months, between landlords and renters are needed.

In Hai Phong and Ho Chi Minh City, in principle, there is coordination between the trade unions, EVN divisions and local administrations in addressing electricity issues in relation to migrants, especially workers. However, in fact, the leading role of the trade union in such tri-party coordination is not strong enough. According to the ward official, there has not been any coordination or request for coordination between the district and the ward authorities in addressing this matter.

4.5. The service quality is a problem in Hanoi

In Hanoi, the quality of the electricity service seems to be the biggest concern of renters, rather than the recently increased electricity tariffs. Nevertheless, it is not a problem in Hai Phong and Ho Chi Minh City. In Hanoi, most of the interviewed renters complain that the surge in power price has not been accompanied with supply quality improvement. In fact, the current poor quality of local electricity services has damaged or may damage renters' electrical appliances. This potential damage is more costly to low-income renters than the recently increased electricity tariffs. Especially, some migrants who are involved in hairdressing, rice husking, or telephone services face difficulties in their business, and subsequently their incomes, as they cannot work while electricity is excessively weak:²⁰

¹⁹ See 3.2. of this report, '*Ineffective enforcement of the supportive policies*'.

²⁰ In the research site in Hanoi, the number of local transformer stations has increased from three to nine, and possible ten early next year but still fails to meet local demand due to the unexpected number of migrants (which is 20,000 whilst the local population is 8,500). Some landlords and renters, especially those who run business, have to buy stronger stabilizers (5,000kW; 10,000kW and even 15,000kW) which, however, fail to function properly in a number of cases.

The power quality is quite poor at peak hour. My pumping machine can't run properly to wash mopeds.

A 30-year-old motorcycle serviceman, Hanoi.

At times in summer, the fan couldn't work as the current was too weak. Also, the light was very dim.

A 28-year-old Panasonic worker, Hanoi.

When the landlord turns on his air-conditioner, all the lights become dim. It takes up to 45 minutes to cook rice done.

A 27-year-old day labourer, Hanoi.

4.6. Proposals from the interviewees

Below are some proposals from the interviewees in the research sites, including renters, landlords and officials. The proposals are made on a basis on the actual situation in their local areas over the past years:

- **Stable tariffs:** Renters request that electricity tariffs not be increased so fast and suddenly as low-income renters usually do not spare considerable savings against price shocks;
- **Consistent tariffs:** There should be consistent electricity tariffs applicable to all rented accommodation, at least within a neighbourhood in order to ensure fairness for renters. A ceiling rate for renters should be imposed;
- **Legitimacy of renting documents:** Some propose that legal renting documents be made compulsory by the authorities. However, others believe that this will be difficult to be enforced for certain reasons. Many landlords in the research sites are farmers who have their land acquired for industrial and other purposes. Others are people in economic difficulties who have allocated part of their living space for rent in order to raise their incomes. In Hai Phong, many of the rented accommodation are small-scale with poor living standards. To establish legal renting documents, they may have to apply for business registration certificates, and thus to pay corporate income taxes, which may substantially affect their living conditions. Hence, in many cases, especially in Hai Phong, landlords are not required to apply for business registration certificates;
- **Administrative procedures:** Administrative procedures, including those regarding registration of business and temporary residence, should be further simplified to encourage landlords to apply for household tariff norms. The current burdens discourage landlords to do so;
- **Penalties:** A sanction mechanism should be established against landlords who do not apply for household tariff norms, once administrative requirements have been loosened, and still maintain high charges on renters. Otherwise, landlords see no necessity to apply for the norms as electricity tariffs always favour landlords, especially in a overdemand context;
- **Access to information:** The local authorities and EVN divisions (and trade unions in some areas) should strengthen efforts to disseminate clear and transparent information on electricity tariffs and related policies to more widely, not only to reach target beneficiaries (renters), but also landlords, and even wards in some cases. They are required to monitor the observance of landlords afterwards;
- **Deposits for landlord guarantee:** A deposit (say, two million VND or an equivalent to a month of an electricity charge) may be required of renters who want to request landlords to act as

guarantors for their direct electricity contracts with EVN. This requirement, though necessary, may be challenging for low-income earners such as workers and day laborers; and

- **Provision of more dormitory rooms:** Workers, especially those from ethnic minorities for whom the current restrictions imposed by dormitories²¹ do not matter much, usually want to have more opportunities to stay in a dormitory if their employers can provide. In those cases, companies may buy electricity blocks and provide subsidized electricity in an affordable rent package.

²¹ See Footnote 18.

Appendix One: Research sites

Three locations, each in Hanoi, Hai Phong and Ho Chi Minh City, where there are likely to be high concentrations of poor migrants living, had been chosen. In particular:

2.1. In Hanoi:

Researchers picked up Kim Chung commune, Dong Anh district, where around 20,000 migrants live in rented accommodation (while the commune's population is only 10,000). Most of the renters are workers from the nearby Thang Long Industrial Park. The researchers also visited a dormitory located in the commune, which provides rented accommodation to workers of tenant factories in the Bac Thang Long Industrial Zone.

2.2. In Hai Phong:

The researchers selected Lam Ha Ward in Kien An district, where many migrants from rural districts in the city rent their accommodation. Many of them are factory workers in various sectors. There are also many day laborers and students. In addition, the researchers also visited a dormitory owned by Sao Vang Shoe Company, and a neighbourhood in An Lao rural district, where many factory workers live.

2.3. In Ho Chi Minh City:

One site is Ward No.6 in Go Vap district, one of the areas that accommodate many migrants who live on all sorts of livelihood, including factory workers, retailers, vendors, housemaids, and other day labourers. They hail from all parts of the country. There are also many student-renters as rents are cheaper here than in other areas of the city. Another site is Binh Thuan ward in District Bay (Seven), where many workers from the nearby Tan Thuan Dong Industrial Zone rent their accommodation. There are also some day labourers and students in this neighbourhood.

Appendix Two: Landlords' records

Below are some landlords' notes that record their renters' electricity consumption over a period of time.

I. Hanoi:

1.1. A landlord's record of renters' electricity consumption and payment over a month (September-October 2009):

Room No.	No of renters	Date	Consumption (kWh)	Payment (VND)	(Electricity-related) water charge (VND)
1	2	2/9-2/10	5	7,500	30,000
2	2	3/8-3/9	19	28,500	30,000
3	2	19/9-19/10	4	6,000	30,000
4	2	12/9-10/10	12	18,000	45,000
5	2	10/9-10/10	10	15,000	30,000
6	2	16/9-16/10	7	10,500	30,000
8	2	22/9-22/10	11	16,500	30,000
9	2	10/9-10/10	11	16,500	30,000
10	4	22/8-22/9	50	75,000	60,000
11	2	10/9-10/10	13	19,500	30,000
12	3	10/9-10/10	16	24,000	45,000
13	3	10/9-10/10	21	31,500	45,000
14	2	10/9-10/10	15	22,500	30,000
15	2	18/9-18/10	60	90,000	30,000
16	2	10/9-10/10	9	13,500	30,000
17	1	17/9-17/10	5	7,500	15,000
18		12/9-12/10	22	33,000	30,000
19	2	10/9-10/10	6	9,000	30,000

1.2. Another landlord's record of renters' electricity consumption in 2009:

N	January		February		March		April		May		June		July		August		September		October	
	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C
1	2	50	2	50	2	50	2	0	2	20	2	50	2	44	2	30	2	50	2	30
2	3	16	1	14	2	20	2	0	1	5	1	0	1	20						
3	4	19	3	20	3	20	3	33	3	20	4	20	4	20	4	64	2	30	2	15
4	3	38	3	20	2	20	NA		2	20	1	20	1	10	2	20	2	22	2	20
5	2	20	2	20	2	20	2	20	2	20	2	60	2	48	2	30	2	20	2	20
6	2	0	2	20	2	20	2	20	2	20	2	20	2	20	2	20	2	40	2	27
7	3	25	1	10	NA		NA		1	0	1	30	1	15	1	20	1	10	1	12
8	2	20	2	18	2	20	2	20	2	20	2	20	2	40	2	20	2	35	2	35
9	1	6	1	NA	1	5	1	4	1	NA	1	5	1	20						
10	2	11	2	14	2	20	NA		2	20	2	20	2	9	2	16	2	10	2	10
11	2	10	2	20	2	20	2	46	2	20	2	25	1	50	1	NA	1	25	1	35

Note: N: Room number; R: Number of renters; C: Electricity consumption (kWh);

- This is the record of the interviewed landlord who has offered the lowest electricity tariffs in the community (1,000 VND per kWh). His monthly water-related charge is 15,000 VND per person.

1.3. A landlord's record of renters' electricity consumption and payment for a particular rented room over a year:

Period	Renters	Occupation	Consumption (kWh)	Payment unit (VND/kWh)	Payment (VND)	(Electricity-related) water charge (VND)
10/6-10/7/2009	2	Factory workers	22	1,000	22,000	35,000
10/7-10/8	2	Factory workers	21	1,000	21,000	30,000
10/8-10/9	2	Factory workers	18	1,000	18,000	30,000
10/9-10/10	3	Factory workers	14	1,000	14,000	45,000
10/10-10/11	3	Factory workers	7	1,000	7,000	45,000
10/11-10/12	2	Factory workers	7	1,000	7,000	30,000
10/12/2008-10/1/2009	3	Factory workers	7	1,000	7,000	45,000
10/1-10/2	3	Factory workers	8	1,000	8,000	45,000

10/3-10/4	3	Factory workers	6	1,000	6,000	45,000
10/4-10/5	3	Factory workers	19	1,000	19,000	45,000
10/5-10/6	3	Factory workers	16	1,500	24,000	45,000
10/6-10/7	2	Factory workers	16	1,500	24,000	30,000
10/7-10/8	2	Factory workers	15	1,500	22,500	30,000
10/8-10/9	2	Factory workers	15	1,500	22,500	30,000
10/9-10/10	2	Factory workers	15	1,500	22,500	30,000

1.4. A record of a stitch-maker's electricity consumption and payment (with a different way of tariff determination, for a producer-renter):

Period	Consumption (kWh)	Payment unit	Payment (VND)	(Electricity-related) water charge (VND)
15/3-15/4/2008	128			
15/4-15/5	143			
15/5-15/6	65	25x1,000 (VND); 40x1,800 (VND)	97,000	10,000
15/6-15/7	49	25x1,000 (VND); 24x1,800 (VND)	68,000	20,000
15/7-15/8				
15/8-15/9	100	50x1,000 (VND); 50x1,800 (VND)	140,000	20,000
15/9-15/10				
15/10-15/11	99	50x1,000 (VND); 49x1,800 (VND)	138,000	20,000
15/11-15/12	58	25x1,000 (VND); 33x1,800 (VND)	84,400	20,000
15/12-15/1/2009	53	25x1,000 (VND); 28x1,800 (VND)	75,000	15,000
15/1-15/2	21		21,000	15,000
15/2-1/3	21		21,000	8,000

II. Ho Chi Minh City:

Renters' electricity consumption in a landlord's accommodation in District 7, Ho Chi Minh City (2009)

Room No.	January	February	March	April	May	June	July	August	September	October	Number of renters
1	40	38	40	38	36	37	34	38	32	34	3
2	73	84	78	72	68	66	64	60	60	68	5
3	36	38	36	32	31	34	30	40	30	33	3

Note: Renters here are factory workers. The electricity tariff is the lowest in the neighborhood (1,500 VND per kWh).

Appendix Three: Interviewed renters' payment

	Specific payment methods			Knowledge of official tariff		Landlord-imposed rates						
	By an official meter	By landlord's sub-meter	By landlord's estimation	Yes	No	50 kWh or less	51 -100 kWh	101-150 kWh	151-200 kWh	201-300 kWh	301-400 kWh	401 kWh or more
Hanoi	1	40	2 (stay in dormitory)	2	41	1000-2500	1000-2500	1000-2500	1000-2500	1000-2500	1000-2500	1000-2500
Hai Phong	1	39	2 (1 stay in dormitory, 1 with good landlord)	2	40	1500-2500	1500-2500	1500-2500	1500-2500	1500-2500	1500-2500	1500-2500
Ho Chi Minh City	1	43	1	2	43	2000-3500	2000-3500	2000-3500	2000-3500	2000-3500	2000-3500	2000-3500
Total	3	124	3	6	124							

Appendix Four: Interviewed renters' monthly electricity consumption

Sites	Household size	50 kWh or less	51 -100 kWh	101-150 kWh	151-200 kWh	201-300 kWh	301-400 kWh	401 kWh or more
Hanoi (43 renters)	Individual renters	1 (vegetable vendor)						
	Renter households/groups with 2-4 members	29	7 (phone service, hairdresser's ...)	1		1 (restaurant)	1 (photocopy + PC shop)	1 (Internet cafe)
	Renter households/groups with 5-7 members		2					
	Renter households/groups with 8 or more members							
Hai Phong (42 renters)	Individual renters							
	Renter households/groups with 2-4 members	36	4					
	Renter households/groups with 5-7 members	2						
	Renter households/groups with 8 or more members							
Ho Chi Minh City (45 renters)	Individual renters	4	4 (street snack bars, phone services...)					
	Renter households/groups with 2-4 members	24	9					
	Renter households/groups with 5-7 members		3					
	Renter households/groups with 8 or more members							1
Total (130 renters)		96	29	1		1	1	2