

Land Acquisition Under Land Law 2013: A Case Study of Vinh City, Nghe An Province

Tran Tuan Nguyen^a & Gábor Hegedűs^b

^aNational Economics University, Vietnam; ^bUniversity of Szeged, Hungary

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After implementing a comprehensive reform in 1986, Vietnam witnessed change in many aspects. One of these changes is that agricultural land has been converted into industrial and urban land. Increasing land demand, leading to land acquisition, is inevitable. Over time, land laws and policies have been developed to address various problems. However, land acquisition and compensation procedures still have many issues to be solved. This paper outlines changes in Vietnam's legal system related to land acquisition, followed by land acquisition forms and procedures. Responses to this process were inquired through a survey of 170 landless households in Vinh city. Ten face-to-face interviews were also conducted to collect qualitative data. The results show that the authorities have followed the land acquisition procedures in the Vietnamese context. However, directly affected households do not feel satisfied with the compensation that the state has paid to them, while indirectly affected families rated the current policy as unfair to them.

Keywords: Land Acquisition; Land Law 2013; Nghe An Province; Vietnam; VSIP

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INTRODUCTION

There have been extended debates on land acquisition¹ (Ahmed et al., 2019; Boamah, 2014; Schutter, 2011). It is also a fundamental phenomenon because it strongly affects private ownership (Kontgis et al., 2014; Kusiluka et al., 2011; Ngo, 2012). This phenomenon is particularly emphasized in countries that recognize private ownership of land. In addition to economic values, the land also has social, cultural, and religious values (Admasu et al., 2019; Clover & Eriksen, 2009). Therefore, land acquisition poses a complex issue with many aspects: legal, economic, social, environmental, ethical, and cultural (FAO, 2014; Nguyen, 2021). This issue is precarious for communities that are not identified with land rights (Nicholas, 2017). One of the other drivers of risk is weak governance. This weakness is often related to land acquisition and compensation

¹ Land acquisition is a land management system used by the state for several purposes. It is a tool to provide land for social purposes (Kombe, 2010) or large projects (Keith et al., 2008).

for the people. This process calls for fairness and a guarantee of ownership for those who lose land.

If the compulsory land acquisition is not made effectively, it could lead to homelessness or to people not having land to live. In other words, they do not have access to the necessary resources or community support to make a living. It creates severe injustice (FAO, 2009). If the process of land acquisition and compensation is prolonged, it could affect people's livelihood (Nguyen et al., 2019). The reason for prolonging this process involves determining land prices, which is the most crucial element of the land acquisition procedure (Lim, 1985). According to the World Bank (2015), in most developing countries, the process for ensuring compulsory land acquisition is still limited. For example, Brazil's legal framework shows restrictions on land compensation (World Bank, 2015). It requires restoring or even improving people's livelihoods. Consequently, land acquisition disadvantages are often more significant than some benefits to local communities (FAO, 2014).

Vietnam is undergoing urbanization and industrialization at a rapid rate, since the "Doi Moi" reform policy was implemented in 1986. In 1999, Vietnam had only 629 cities (the urbanization rate was 23.7%), but by the end of 2018, the total number of urban areas was 819 (the urbanization rate was 38.4%). In 1986, there were less than 13 million Vietnamese people (accounting for 20% of the population) living in urban areas. In 2017, that number increased to 30 million, or 35% of the population (World Bank, 2020). The structure of economic sectors has had an increasing shift towards industrialization. The agriculture sector's GDP share gradually decreased, from 38.1% in 1986 to 16.8% in 2015. Meanwhile, the proportion of industry and construction in GDP increased from 28.9% in 1986 to 39% in 2015 (World Bank, 2020). To perform well in the industrialization process, the demand for land for infrastructure and real estate development is great (Do & Iyer, 2003; Truong et al., 2017). In response to land needs, the government has acquired substantial farmland from farmers (Marsh & MacAulay, 2003; Le & Nguyen, 2020). In 2014, a summary data of 34 provinces and cities sent to the Ministry of Natural Resources and Environment (MoNRE) showed that they made compensation and ground clearance for 6,810 ha of agricultural land, affecting 79,738 households and individuals (MoNRE, 2016)². Hence, land acquisition policies have many impacts on the lives and livelihoods of households, especially agricultural households.

Several studies have exposed the limitations of the legal system on land acquisition in Vietnam under the 2013 Land Law (which is being applied in Vietnam). The first is that regulations on the order of land recovery are scattered in many legal documents (including laws, decrees, circulars) (Than, 2016). This makes it difficult for law enforcement and the public to follow and understand the process. The second is that the land recovery order does not specify the step of recording the status of the acquired land at the time of the land recovery notice (Hung, 2021). Recording the status of the acquired land at the time of the announcement of land acquisition is vital in compensation. It helps reduce complaints when land is acquired from the people. Finally, the regulations on consultation during the preparation of compensation,

² In Vietnam, land acquisition data is not collected and disclosed. Therefore, it is difficult for researchers to obtain an overview or quantitative data on the recovered area in this country.

support, and resettlement plans are unclear and difficult to implement (Hansen, 2013). It becomes necessary to determine that the person whose land is acquired is only one object among others in the area whose land is acquired, while the remaining objects have not yet been specified. This leads to inconsistency in determining the object of consultation and affects the interests of the people. These are also the main reasons for the increasing number of complaints about land acquisition in Vietnam (Tuan, 2021a).

Therefore, this article reviews the legal system of land in general, and the process of land acquisition in Vietnam in particular. The authors then examine the land acquisition process under the 2013 Land Law through a survey in Nghe An province. The main questions this paper seeks to answer are:

- a. What are the improvements of the 2013 Land Law compared to the previous land law on land acquisition?
- b. How do the households who lost their land and the households affected by land acquisition in the study area assess the land acquisition process under the 2013 land law?

The remainder of this article is structured as follows: First, the authors present the legal system related to land acquisition in Vietnam, and the forms and procedures of land acquisition being applied in this country. Second, a survey in Vinh city, Nghe An province, conveys people's opinions on their family's agricultural land acquisition process. The last part is dedicated to the results of this survey.

METHODOLOGY

Study Area

Nghe An province, which has the largest area in Vietnam (16,490 km²), is located on the East-West economic corridor connecting the South China Sea and several regions. Based on its favorable location, Nghe An attracted a total investment of nearly USD 6.1 billion for 690 projects in four years, from 2014 to 2018 (Tho & Thang, 2019). According to statistics, Nghe An has 11 major industrial zones and 17 industrial clusters planned to be built. In particular, the Southeast Economic Zone, with 20,776.5 ha, is considered one of Vietnam's most significant economic zones (Thai, 2019). The VSIP industrial park project in Nghe An is especially outstanding. Before building this industrial park project in Nghe An, VSIP had nearly 20 years of development and success in Vietnam with leading industrial-urban-service complex projects. VSIP has attracted a total investment of up to USD 10 billion from 750 companies in 30 countries and territories (Van, 2018).

According to statistics, from 2015 to 2019, Nghe An recovered 15,801.2 ha to build 5,401 projects. In Vinh city, this number was 1,748.85 ha for 639 projects³. Globally, coastal areas hold a large and increasing proportion of the world's population (Liz, 2003). This spatial distribution is similar in Nghe An province. Agricultural land

³ The authors collected these data from the Resolutions of land acquisition through the People's Council of Nghe An province.

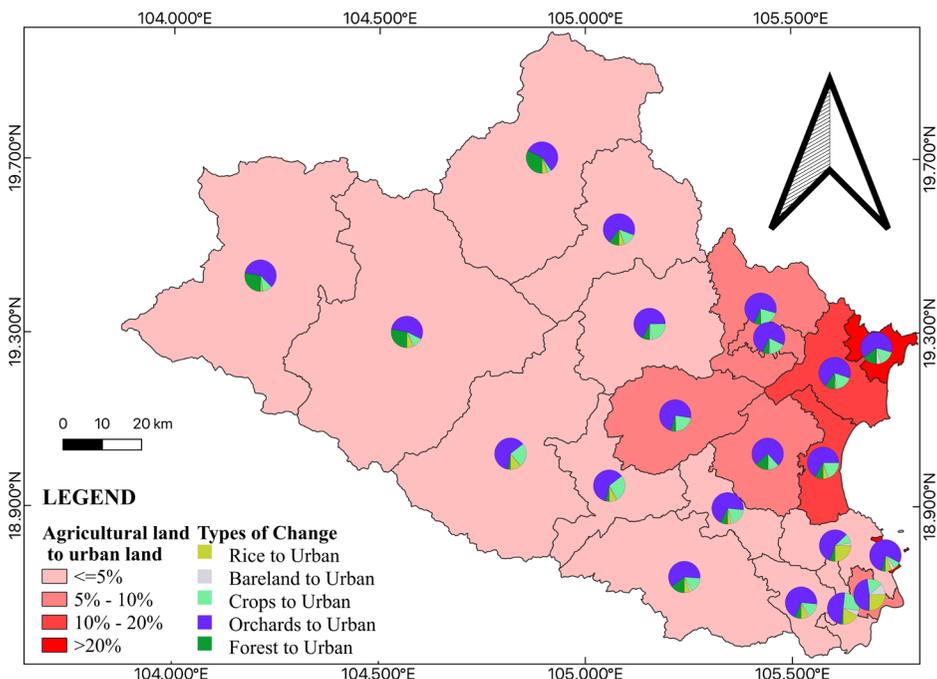


Figure 1. Land cover change in Nghe An province. (authors' compilation by using raw data from JAXA)

conversion to non-agricultural land is highly concentrated in the north and tends to occur more in Nghe An province's coastal areas (cf. Figure 1). The conversion rate of different land types to construction land also differs between districts in Nghe An province, where the land taken for this conversion consisted mainly of orchards. For other land types, the western districts have an extensive conversion of forest land, whereas the northeast is converting cropland. In contrast, the southern part of Nghe An province witnessed a significant conversion of rice land. According to Nghe An province's statistics, from 2014 to 2018, the annual cropland area decrease was 5,000 ha. Specifically, the rice cultivation land decreased by more than 2,000 ha. The yearly decrease of other land was over 3,000 ha. Unused land has also been exploited, having decreased from 284,000 ha in 2010 to 53,000 ha in 2018⁴. This transition is a common trend in Vietnam.

In recent years, several large land acquisition projects have also taken place in Vinh city (cf. Figure 2). Residential projects are being implemented within urban areas, while other projects, such as transportation and industrial zones, are being built on the city's edge. The VSIP Nghe An Industrial Park project is located west of Vinh city, in Hung Nguyen district and one of the city's communes. According to the plan, this industrial park was established in 2015 with an area of 750 ha. The total investment of this project is estimated at USD 76.4 million, while the land for the industrial zone amounts to 367.6 ha. With the goal of economic development in Nghe An province and the

⁴ Data compiled from Nghe An province's annual land statistics report.

north-central region, this project acquired land in a compulsory form. After five years of implementation, the project recovered nearly 430 ha, of which 90% was agricultural land (interview with officials of Vinh City Land Fund Development Center), with the majority being rice and cropland converted (cf. Figure 2). The land acquisition process was divided into two phases. In Phase 1, the project focused on land acquisition in the north, east, and southern areas. Phase 2 of the project will acquire the remaining area in the coming time. As of December 15, 2021, VSIP Nghe An Industrial Park has almost completed the land acquisition as planned. The project has also attracted 30 investment projects with a leased land area of 131.34 ha (Chau, 2022).

Data Analysis

To answer the first research question of this paper, the authors collected secondary data from articles and reports in two languages, Vietnamese and English. Meanwhile, the data to answer the second research question were collected by combining qualitative and quantitative methods. Quantitative data were collected through questionnaires with information on surveyed households' demographics and their assessment of the local authorities' land acquisition process. In August 2019, 170 questionnaires were collected in four villages in the commune of Hung Chinh. However, the questionnaire also contains some open-ended questions to exploit more of these households' opinions. To obtain a list of surveyed households, the authors relied on the stratified random and snowball methods. Therefore, the stratification method was carried out first to select the study site. The questionnaire data came from the heads of households, who were also our main targets in the survey.

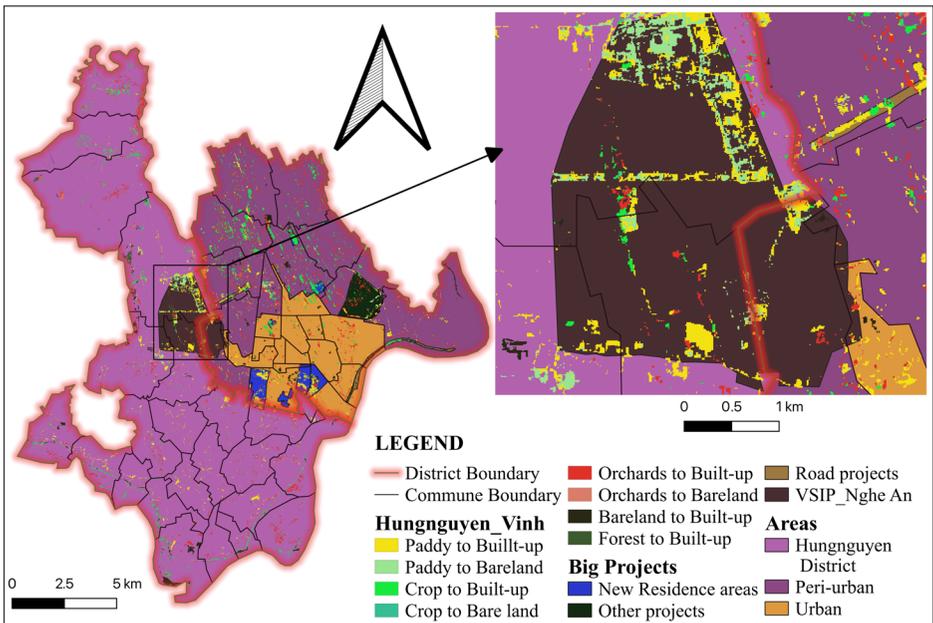


Figure 2. Land cover change in Vinh city and Hung Nguyen district 2007-2017 and VSIP Nghe An project. (authors' compilation by using raw data from JAXA)

Meanwhile, the interviews aimed to collect qualitative data from the perspectives of the interviewees. The authors conducted five key informant interviews, and five interviews with households having agricultural land located next to the project. We conducted interviews with the officers directly implementing the land acquisition decisions and local authorities at all levels. The company headquartered in VSIP Nghe An industrial zone also provided some additional data during fieldwork. One interviewee is an expert specializing in research and teaching related to land acquisition. These interviews were conducted using semi-structured and in-depth questions. However, these interviews were not allowed to be recorded⁵ since the participants feared it could bring adverse effects to their future work. Interviews were conducted twice in August 2019 and October 2020 to track the process.

After quantitative research, SPSS software was used to process the primary data from the questionnaires. QGIS 3.10 software was used to create maps for the research project. Raw data were collected from Japan's Advanced Land Observing Satellite (ALOS) organization. This satellite image is used with a resolution of 10m. The overall accuracy of the maps for 2007 and 2017 is 90.5% and 90.6%, respectively. The authors also used data from Google Earth software to check the progress of land acquisition and project construction. Data were used for two years: 2017 and 2020.

LAND ACQUISITION IN VIETNAM: LAND LAWS, FORMS, AND PROCEDURES

Definition of Some Terms From the Perspective of the Vietnamese State

In this section, the authors will clarify some definitions used in this article. These definitions are primarily defined in the current land law in Vietnam. *Land acquisition* means the state's decision to regain land use rights from persons granted land use rights by the state, or regain land from land users in violation of the land law (Land Law 2013 Art. 3 cl. 12). It is considered a form of compulsory land occupation under the law implemented by the state. This definition is often used in Vietnam based on the entire people-owned land system with another term, *land recovery* (World Bank, 2011). Meanwhile, the state can allocate land use rights (briefly referred to as *land allocation*) to those wishing to use land (Land Law 2013 Art. 3 cl. 7). *Land transformation* means the transfer of land use rights⁶ from one person to another through forms of conversion, transfer, inheritance, donation of land use rights, and capital contribution (Land Law 2013 Art. 3 cl. 10). Another important term that is used heavily in this article is *compensation*. It is a form of civil liability to compel the party who has caused the damage to compensate for physical and mental injuries to the aggrieved party (Keith et al., 2008). In the Land Law of 2013, there is a clear explanation of the term *land compensation*, which means the return of the value of land use rights by the state to users (Land Law 2013 Art. 3 cl. 12).

⁵ Although the data provided by the interviewees was not recorded, they still agreed for it to be used as the source of information for research purposes.

⁶ In Vietnam, land users are only entitled to exchange, purchase, and sell land use rights, because land itself belongs to the state. Hence, land market refers to the land use right market in this country (Tuan, 2021b).

The Recent Developments of Legislation on Land Expropriation

Vietnam is a country with a socialist-oriented market economy. The philosophical basis and the economic-political system are the foundations of all laws. Karl Marx's rent theory is the foundation for building the economic and political theory concerning land. Consequently, legal provisions on compensation for land and resettlement for people are made according to arguments about land value that are consistent with Marx's political economy. These regulations have been gradually revised to suit the market economy mechanism (World Bank, 2011). From Table 1, it can be seen that, in the period from 1993 to 1998, Vietnam's land law stipulated that enterprises could only lease land to implement investment projects (leasehold), and they did not have the right to use land in the form of land allocation (freehold). This regulation is consistent with Marx's political-economic theory and in line with capitalist political-economic thought. The essence here is to eliminate absolute rent and direct investors to create profitability in the investment process that cannot be profitable in trading raw (uninvested) land. Due to the pressure of the development process of the real estate market, the original provisions of the 1993 Land Law and the Ordinance on the rights and obligations of domestic organizations for land allocated or leased by the state in 1994 had to step back, step by step. The Law on Amending and Supplementing some Articles of the Land Law of 1998 accepted the mechanism of state allocation of land for some types of investment projects.

The Land Law of 2003 took another step back when regulations allowed domestic investors to choose whether to be allocated land by the state or leased land by the state with an annual payment. Foreign investors might choose to be leased land by the state with either a lump-sum or annual payment. Therefore, the Land Law of 2003 was the first time the state accepted voluntary land acquisition. This mechanism was founded on the actions of users and investors where the land is converted for carrying out domestic investment projects that do not belong to a compulsory land acquisition. Another situation is when the investor wants to implement voluntary land transfer (World Bank, 2011). Meanwhile, mandatory land recovery was also implemented through competent state agencies' decisions, like the Land Law of 1998. Nevertheless, it still caused many difficulties, as well as incurring unofficial costs for investors.

According to Art. 38 of the Land Law of 2003, there were 12 situations of land acquisition. However, this content has been divided into four groups in the Land Law of 2013. Group 1 concerns land acquisition for defense and security purposes (Art. 61). Group 2 refers to land acquisition for socio-economic development for both national and public benefit. According to our interpretation, the Land Law of 2013 has become narrower with this regard. The state will only recover land for projects ratified by the National Assembly, or the Prime Minister. The provincial-level People's Councils only consider cases for the implementation of the land recovery policy (Art. 62). Group 3 relates to land acquisition due to violation of the law, primarily when the land has been allocated or leased, but not used or delayed in being put into use (Art. 64). Finally, Group 4 concerns land recovery due to stopping the land use by law, voluntarily returning the land, or risking human life (Art. 65).

Voluntary land transformation is also specified in Vietnam, and investors highly appreciate these procedures. The early years of implementation minimized 'arbitrary'

land acquisition (meaning that land is acquired regardless of the purpose), affecting land users' rights. However, there are still many shortcomings in the process of land acquisition. These shortcomings lead to households that do not comply with the decisions of the state to acquire their land. This problem arises from the land compensation (land price) and the policies before and after land recovery, which do not correspond with the market and the actual benefits of the recovered land. This is a significant inadequacy for the implementation of the law on land acquisition over time.

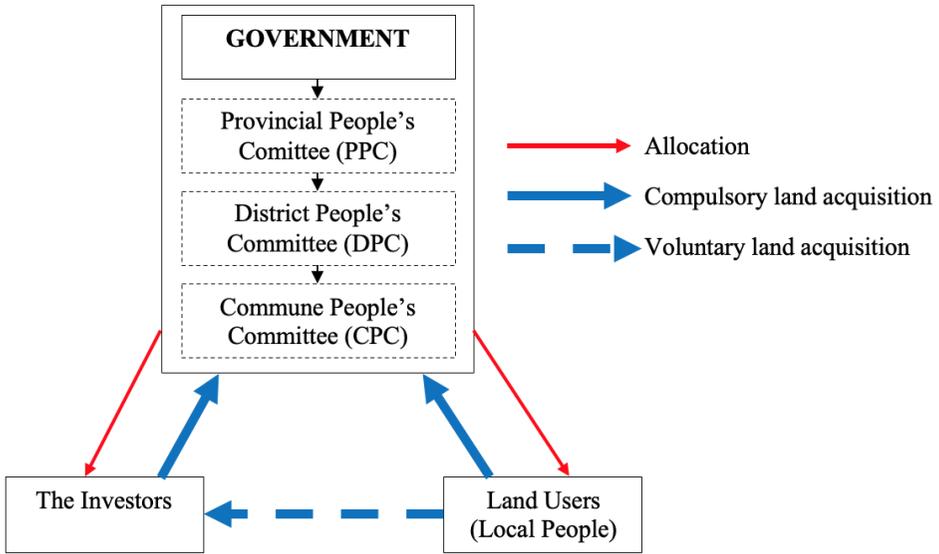


Figure 3. The illustration of compulsory and voluntary land acquisition. (authors' compilation)

Figure 3 describes the compulsory and voluntary land acquisition mechanism in Vietnam. The state management system in Vietnam is generally divided into four levels. The highest Government is followed by the People's Committees at all levels from province to commune. Each government level has its functions and duties in land allocation, but the Provincial People's Committee (PPC) is considered the most responsible agency for land use planning. Therefore, depending on geographical location and the locality's economic development goals, each province would have different development paths for the land. Before establishing the Land Law of 2003, the PPC was almost the ultimate agency for the approval of small to large land acquisition projects. However, to speed up project approval and boost the economy, the Land Law of 2003 allowed the District People's Committee (DPC) to approve several small projects. The state has the right to allocate land to land users and the right to compulsorily acquire land with these entities. This fact shows that the government's power in Vietnam is strong, and it quickly leads to resolving disputes regarding land acquisition.

Table 1 presents Vietnam's land law development process related to land acquisition. Since the creation of the 1993 Land Law in Vietnam, the land market has begun to appear (Labbé & Musil, 2013). This was also the first time the word "compensation"

appeared (World Bank, 2011). The legal land policy has offered a completer and more consistent socialist-oriented market mechanism compared to before. The rights of land users are increasingly guaranteed to create more favorable conditions. It also gives investors a sense of security in their investment in the field of land. However, there are still many shortcomings related to land acquisition that need to be revised (Tuan, 2021b). Current legislation only defines the concept of land compensation, but does not have a concept for other assets, such as buildings, plants, and livestock. Thus, lawmakers in Vietnam still focus on the manager's point of view rather than the people's reduced circumstances. In essence, the object of the acquisition is land, and not any other asset. Meanwhile, land users' losses will include both land use rights and property rights on the land. This situation is a cause of inconsistency in land law enforcement when the state recovers land (Nguyen et al., 2018).

| Policy documents | Year | Important points regarding land |
|--------------------------------------|-------------|---|
| 1st constitution | 1946 | According to Art. 12: "The right of private ownership of property by the Vietnamese people is secured." |
| Agricultural revolution | 1953 | Ownership of land was transferred from the owner to the renters. |
| Second constitution | 1959 | State, collective, and individual proprietorships were recognized (Art. 11). Farmers' land ownership was also identified but cooperative ownership is encouraged. |
| Third constitution | 1980 | The State manages the land (Art. 20), so it only recognizes the entire people (Art. 19). The State allocates and acquires land as planned. Agricultural cooperatives utilize the land. |
| Doi Moi (Reform) | 1986 | Land is allocated to individuals by the State for use in the long term. The Government established the land administration system. |
| First Land Law | 1987 | Individuals' land use rights are guaranteed. All land transactions are carried out according to the State's decision. Land had no value. The land market was not recognized. |
| Fourth constitution | 1992 | The market economy with State management is accepted. "Land is owned by all people" (Art. 17). The State acts as the representative of the owner and allocates land to users (Art. 18). |
| Second Land Law | 1993 | Land prices are recognized and regulated by the State. People have the right to own and use the land but no right to dispose of it. The land is only recovered when investing in developing projects. Economic organizations can only access land through the form of land leased from the State. |
| Amend and supplement land law | 1998 | (i) Land allocated by the State to domestic economic organizations is to implement housing business projects and projects in exchange of land for infrastructure; (ii) These organizations may obtain capital contribution by land use rights from land users; (iii) Improve the land expropriation mechanism and settling compensation and resettlement for people. |
| | 2001 | |
| Third Land Law | 2003 | All entire people's ownership is still recognized. This law specifies the rights and responsibilities of users and management agencies on land. The State accepted the market land price and improved the equality of domestic and foreign investors. Organizations may choose the form of allocated or leased land from the State. The law restricts compulsory land grabbing and recognizes voluntary land transformation. Specific provisions on settling compensation and resettlement issues are made. |

| | | |
|------------------------|-------------|--|
| Decree 84 | 2007 | There are specific provisions for using land without legal documents to be recognized as land use rights. Foreign investors can implement housing projects. Transparent regulations and procedures were promulgated for compulsory land recovery mechanisms and ensuring benefits for those affected. |
| Fourth Land Law | 2013 | The State clearly defines rights to land (8 rights). The law specifically and entirely stipulates that land acquisition, compensation, and resettlement support will ensure openness, transparency, and people's rights having recovered the land. State releases the announcement of the land price list on January 1 every year. |
| Decree 01 | 2017 | Decree amends and supplements several contents related to compensation when the land is reclaimed by the State, such as support to stabilize productive life, and support for training, changing, and searching for work. |

Table 1. The development of land laws and policies in Vietnam. (World Bank, 2011, extended by the authors)

The Forms and Procedures of Land Acquisition in Vietnam

According to the 2013 Land Law, there are two forms of land acquisition in Vietnam for implementing a project. In the first form, the state acquires land when the projects relate to national defense, economic development, or national and public interests. In the other form, investors directly negotiate to get people's land-use rights for ground clearance and project implementation after the project has been approved (outside the state budget).

These regulations define two kinds of state-owned projects that depend on the project's scale. Large-scale projects are called provincial projects, decided by the PPC, which directly provides concrete guidance. By comparison, a small project is called a district project, which the PPC will authorize the DPC to command directly. After that, the PPC or DPC will set up a ground clearance compensation group to perform tasks, such as negotiating with the people on compensation. The PPC approves projects outside the state budget. Then, the investors can directly agree with the people on the compensation costs. Investors, especially international investors, usually hire brokerage companies to work with households whose land is recovered.

In theory, these forms of land recovery have harmoniously resolved benefits among entities: the state, investors, and the people whose land is acquired. However, there are still many shortcomings in the implementation process, causing social conflicts. According to current Vietnamese land law, all citizens own the land, and the state represents the people as the landowner. Land users can only exercise power after the state recognizes them through granting land-use rights certificates. Land-use rights transactions are only legally significant after approval by competent state agencies through the adjustment of cadastral files. In any case, as land is state-owned, only a government-regulated agency can implement acquisition. As a result, with projects outside the state budget, if the land user does not agree to transfer or demands a high price that the investor cannot afford, the government also has no right to recover land. Figure 4 provides more details on compulsory land acquisition procedures in Vietnam.

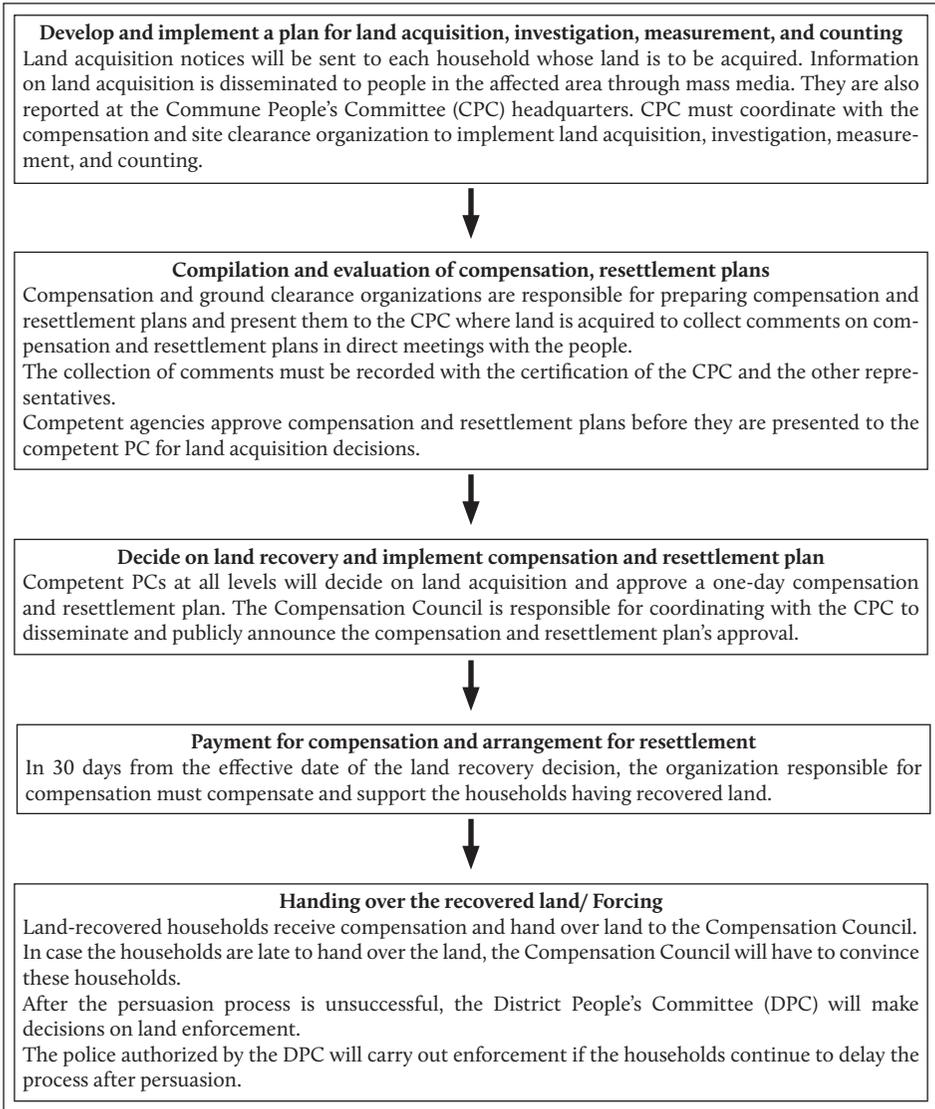


Figure 4. Procedure of compulsory land acquisition and compensation in Vietnam following the Land Law of 2013. (authors' compilation)

RESULTS OF THE SURVEY

In the Hung Chinh commune, the VSIP Nghe An project acquired 49 ha of 260 households with a total compensation amount of 101 billion VND (about USD 4.4 million)⁷. This is a project that brings high expectations for creating a breakthrough

⁷ Data compiled from land acquisition decisions of the People's Committee of Vinh city in 2016-2018.

for Nghe An province's industry. By February 2021, 28 customers signed an investment commitment in VSIP Nghe An Industrial Park (including 12 foreign direct investment and 16 domestic projects), with a total registered capital of about USD 500 million, and attracted 45,000 to 50,000 workers (Phong, 2021). Table 2 shows that the land acquired for the project implementation in this locality is mainly agricultural, accounting for 86.3%. Rice land accounts for the highest proportion, at 71.7%. This acquisition has a significant impact on the lives of households who lose land. Therefore, local authorities need to strictly implement compensation and support for the people to minimize the harmful effects of land acquisition.

| No | Type of acquired land | Area (m ²) | Percent (%) |
|--------------|---|------------------------|--------------|
| 1 | Agricultural land | 423,416.8 | 86.34 |
| 1.1 | Land for rice cultivation (LUC) | 351,417.4 | 71.66 |
| 1.2 | Plainland with other annual crops (BHK) | 66,022.4 | 13.46 |
| 1.3 | Upland with other annual crops (NHK) | 240.0 | 0.05 |
| 1.4 | Freshwater aquaculture land (TSN) | 5,737.0 | 1.17 |
| 2 | Non-agricultural land | 62,076.4 | 12.66 |
| 2.1 | Traffic land (DGT) | 49,809.4 | 10.16 |
| 2.2 | Irrigation land (DTL) | 8,238.8 | 1.68 |
| 2.3 | Cemetery land (NTD) | 945.5 | 0.19 |
| 2.4 | Land of rivers, canals (SON) | 203.2 | 0.04 |
| 2.5 | Land of energy work (DNL) | 1.2 | 0 |
| 2.6 | Specialized water surface land (MNC) | 2,878.3 | 0.59 |
| 3 | Unused land | 4,889.6 | 1 |
| 3.1 | Unused bare land (BCS) | 4,889.6 | 1 |
| TOTAL | | 490,382.8 | 100.0 |

From September 2015 to September 2020, the Compensation and Site Clearance **Table 2.** Types of recovered land for the VSIP Nghe An project in Hung Chinh commune until the end of 2018. (synthesis from land acquisition decisions of Vinh City People's Committee)

Council of VSIP Nghe An Industrial Park had acquired and compensated about 430 ha (interview with land acquisition staff, 15 October 2020). In Phase 1, VSIP Nghe An Urban and Service Area is being gradually completed. The investor has leveled about 246 ha of industrial zone land, and the main road, internal roads, and related technical infrastructure have been built. Thereby, by the end of 2020, this Industrial Park had 27 valid projects and 14 projects in operation. Figure 5 shows the progress of project implementation. The land area that has not been acquired is still significant, requiring the government and investors to speed up the project construction process. This requirement should avoid prolonged construction delays and wasteful land use. As the project is being delayed in the clearance process, the demand for leveling is not being met. Some new investor proposals, such as land rental exemption and technical infrastructure for several industrial zone areas, have not been resolved. These proposals are also the cause of the prolonged land acquisition process in the project. The project extension can also cause impediments on investors to building factories, as the land has not yet been cleared. It creates pressure on local labor when productive land has been taken away.

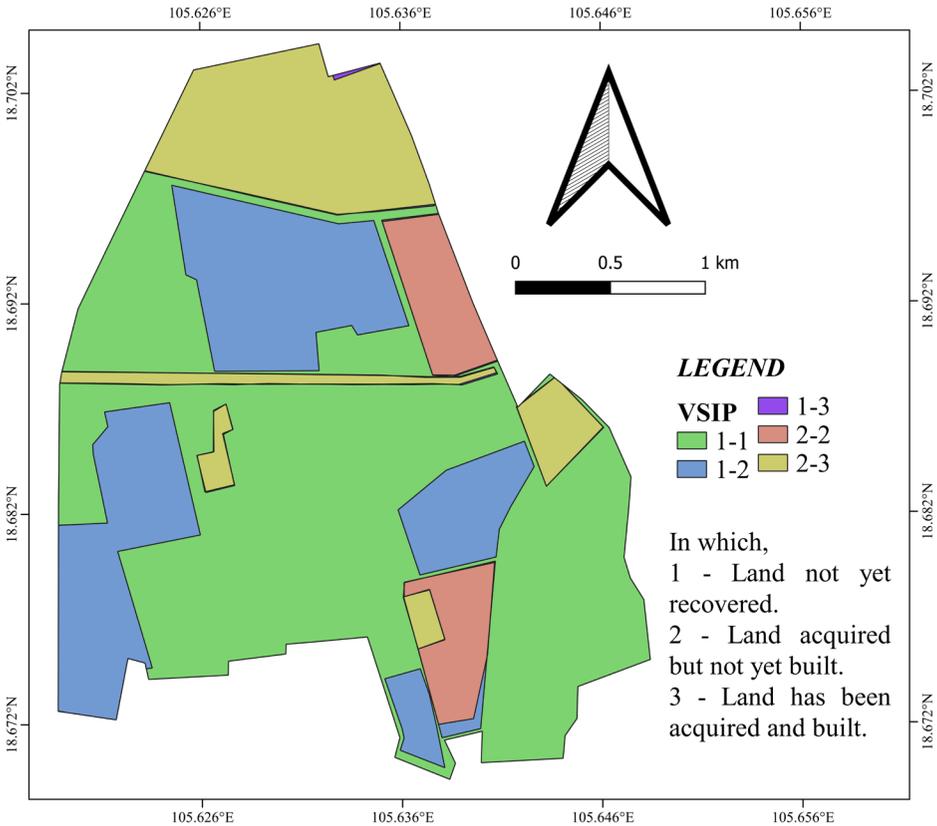


Figure 5. Construction area changes in VSIP Nghe An Industrial Park, 2017-2020. (authors' compilation by using Google Earth)

The loss of large amounts of land requires a level of compensation and assistance to be commensurate with these losses. Table 3 shows the amount of compensation and allowances that households receive when their land is acquired. Two problems were evident at these support levels. The first is the compensation amount for agricultural land. This project was revoked by the state and directly implemented by the People's Committee of Nghe An province. Therefore, the price that households receive depends on the state's land price list, which is VND 85,000 per m² (USD 3.7 per m²)⁸. However, the fee assessed by domestic investors and real estate brokers on the market is estimated at VND 4 million per m² (USD 173 per m²). This shows a massive difference between the actual price that households receive and the market price. This disparity brings injustice to landless families. There are similarities with research results in other localities, such as Da Nang and Quang Binh, regarding the difference in compensation rates caused by the two-price land mechanism in Vietnam (Nguyen et al., 2019; Tuan, 2021a).

⁸Land price in this period is applied according to Decision 108/2014 of Nghe An Provincial People's Committee.

| No | Compensation categories | Cost |
|----|---------------------------------------|---|
| 1 | Farmland pricing | 85,000 VND/m ² (3.7 USD/m ²) |
| 2 | Support for employment transformation | Double the agricultural land compensation |
| 3 | Wet rice (2 crops/year) | 4,500 VND/m ² (0.19 USD/m ²) |
| 4 | Support for livelihood stabilization | 1,320,000 VND/person (57 USD/person) |

Table 3. The compensation price list for VSIP Nghe An project. (authors' compilation)

The second issue concerns funding to support job change for land-expropriated households. According to the state regulations, this support level amounts to twice the household's agricultural land compensation price. This level of support demonstrates the state's concern for households' employment, but it is ineffective, as it does not distinguish between the age of workers and does not acknowledge that older farmers will find it harder to find jobs after land acquisition. This issue also results in inequalities between households whose lands are acquired. It is understandable that families prefer this form of support because they would receive more money. Nevertheless, it is hard to bring lasting benefit when work is not guaranteed.

Table 4 illustrates some general characteristics of the surveyed households. According to Vietnamese social traditions, men are the family's breadwinners, so most of them are heads of households and this percentage accounts for 81.2% of the respondents. The level of education of the surveyed heads of the household is relatively low, with 72.9% graduated from secondary school, followed by high school graduates with 16.5%. Only a few heads of household have a higher education level and have stable jobs in state agencies (2.4%). In comparison, households with low academic levels and living in suburban areas chose agriculture as their family's primary source of livelihood.

| No | Categories | Frequency | Percent | |
|----|--------------------------|--------------|---------|-------|
| 1 | Sex | Female | 32 | 18.8% |
| | | Male | 138 | 81.2% |
| 2 | Education level | No grade | 3 | 1.8% |
| | | Primary | 10 | 5.9% |
| | | Secondary | 124 | 72.9% |
| | | High school | 28 | 16.5% |
| | | College | 1 | 0.6% |
| | | Bachelor | 4 | 2.4% |
| 3 | Job before the land loss | Farming | 139 | 81.8% |
| | | Governmental | 4 | 2.4% |
| | | Wage-worker | 5 | 2.9% |
| | | Casual labor | 15 | 8.8% |
| | | Old/Retired | 7 | 4.1% |
| 4 | Job after the land loss | Farming | 124 | 72.9% |
| | | Business | 2 | 1.2% |
| | | Governmental | 4 | 2.4% |
| | | Wage-worker | 5 | 2.9% |
| | | Casual labor | 19 | 11.2% |
| | | Old/Retired | 16 | 9.4% |

Table 4. Information of surveyed respondents. (authors' compilation)

Over 80% of households were directly involved in agricultural production before land acquisition. According to interviews with local officials, households lost about 50% of their farmland, but this decrease did not change many households' livelihood options. Most of them still chose agriculture as their primary livelihood. Furthermore, the proportion of people choosing to retire is higher than before (nearly 10%). The cause for this choice is their high age and that they would not know what else to choose for a living, as they only know farming. In other words, although agricultural land has declined, households do not have diversified options regarding livelihood. Their lives continue to depend on agricultural production as before.

Figure 6 presents thoughts and assessments of surveyed households on implementing the land acquisition policy for the VSIP Nghe An project. These thoughts express the feelings of the households when they found out that their agricultural land had been acquired. More than half of the households (50.6%) felt anxious to hear about land acquisition for the VSIP Nghe An project. They worried because agricultural land was their family's only means of livelihood. These households wondered what they would do to survive after the land is lost. Moreover, they worried about whether there was an agreement by the state on compensation amounts or not, and they also feared that the compensation would not be satisfactory. Meanwhile, many households were indifferent to this information (34.7%). The reason given by these households was that they trusted the decisions of the authorities. Household concerns have been addressed along the following indicators: 81.2% of families said that there had been a negotiation on compensation rates between the leaders and the people, and 97.6% had received monetary support from the local government. These costs include money for job changes and support for stabilizing life after losing land.

Despite the negotiation meetings, affected households (47.6%) were still not satisfied with the government's compensation price. When asked about compensation amounts, villagers compared the compensation of a nearby project. They questioned

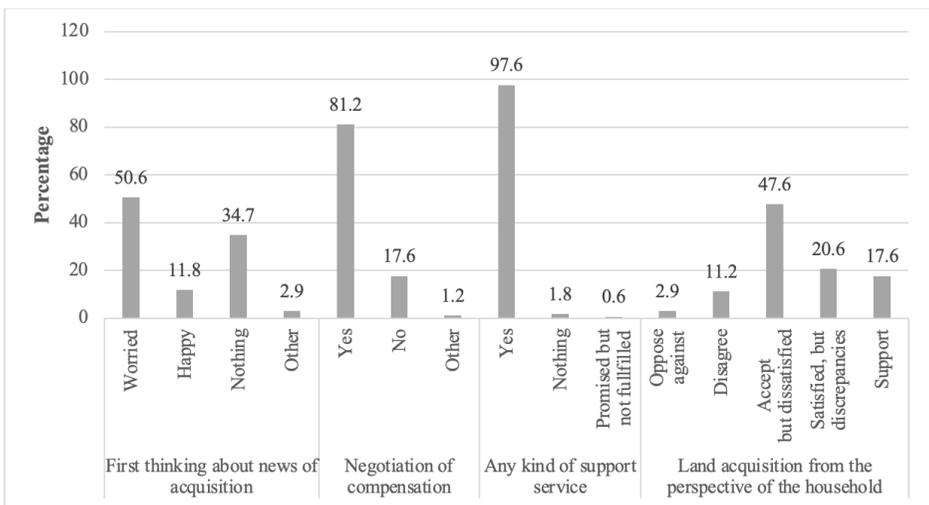


Figure 6. Assessment of households' viewpoint on land acquisition and compensation. (authors' compilation)

why land-recovered households in a project entirely located in the city of Vinh were compensated at a higher rate. Although this comparison is not reasonable from the point of the nature of the real estate market, it created some disagreement among households. We found that 2.9% and 11.2% of households saw a contradiction with the agreements before land acquisition and disagreed with the VSIP Nghe An project's land acquisition, respectively. As a result, some homes have delayed the allocation of land to the government as they felt dissatisfied with the government's compensation price. However, this project is part of a regional plan and directly recovered by the People's Committee of Nghe An province, so these households and the provincial government have also found a familiar voice to reach final agreements.

To obtain a high level of consensus, a notification to each affected household is necessary. This notification is a prerequisite step for landless families to have detailed information about the purpose of land acquisition and the benefits they would receive when transferring land-use rights. According to results of the interviews with local authorities, from the first days of proposing to build VSIP Nghe An Industrial Park, the investor directly led the representative of the people in the cleared area in Binh Duong to witness the industrial stature of VSIP. They were also shown the values that VSIP creates for the community there in terms of economy, society, and environment:

Land-expropriated people have a high consensus about the state taking land to build an industrial park. Local officials and some household representatives were invited to visit VSIP Industrial Park in Binh Duong province. Since then, households losing land have an essential understanding of the purpose and the potential of the industrial park to the locality. (government official, 20 August 2019)

Hereafter, there seem to be no households that did not have land acquisition information (Table 5). Community meetings and public announcements from local authorities were provided to bring the most specific information (67.1%). Those who could not attend these meetings also received an official notification from Vinh City People's Committee (27.6%). Hence, the government has tried to provide helpful information and ensure fairness for households.

During this research, we also conducted five face-to-face interviews with households whose agricultural land is next to the industrial park, but not on the list for land acquisition. They said that even though their land was not acquired, it also affected production: "Our family has lost our crop and [we have] not enough to eat" (female, 54 years old). When the industrial zone was built, the irrigation system changed, resulting in no water for irrigation and production purposes. Mice are also

| No | Categories | Frequency | Households | Percent |
|----|--|-----------|------------|---------|
| 1 | Official notice from the People Committee | 47 | 170 | 27.6% |
| 2 | Your neighbors/ cousins/ friends | 6 | 170 | 3.5% |
| 3 | Public announcements posted at the local People Committee | 15 | 170 | 8.8% |
| 4 | Community meetings and public announcements from local authorities | 114 | 170 | 67.1% |
| 5 | You know nothing until the land acquisition is implemented | 0 | 170 | 0% |

Table 5. How affected households know about land acquisition. (authors' compilation)

more prevalent due to loss of surrounding agricultural land: “Irrigation water for the field is not enough, along with rat infestation⁹, it makes productivity not as high as before” (male, 48 years old). Therefore, rice productivity has decreased.

Furthermore, these households show aspirations towards land acquisition. According to one respondent, “our family is also looking forward to recovering land for other purposes, while the land is still available but cannot be produced” (female, 42 years old). The reason is that, although there is still land for production, the productivity is lower than before the industrial zone was built. These households feel unfairly treated when they are also indirectly affected by the project but without government support: “I feel annoyed and inequitably treated” (female, 41 years old). Some people also feel displeased when their neighbors repair their houses or buy new things from compensation money. These injustices also cause psychological pressure on these households: “I feel sad and sleepless for many days” (male, 49 years old).

Despite the economic and emotional effects, several other aspects of the lives of the interviewed households do not seem to have experienced any change. As the project has been running for more than three years from its inception to when this research was implemented, the environment’s quality (air and water sources) was expected to be impacted: “Currently, I have not noticed any pollution. However, I still have concerns that the quality of the environment will deteriorate in the future” (female, 41 years old). Another factor is that ‘social evils’, such as drugs, prostitution, and theft, have not yet appeared in this area¹⁰: “Security is still guaranteed. I have yet to see a heist take place. However, there is still the phenomenon of gambling, but not much” (male, 48 years old). Security is better than before, now that communal roads have lights to travel at night. This situation shows that local facilities have also witnessed improvement: “Newly built roads and more street lights make it more convenient to travel at night” (female, 42 years old). It is concluded that the process of land acquisition for the VSIP Nghe An project mainly causes negative impacts on agricultural production and therefore households’ economy and morale in the affected area. The social and environmental factors are still under control while facilities have improved.

From the analysis above, the government needs to be concerned with both land-acquired households and those affected indirectly. There are currently no regulations relating to compensation for indirectly affected people in legal documents relating to land in Vietnam: “Vietnamese law does not have specific regulations on compensation in this case” (expert, 9 April 2020). To measure the negative impacts of land acquisition on such adjacent areas is not easy. This also shows limitations in land acquisition and compensation laws. Thus, the Vietnamese government needs to adjust to ensure fairness for households. For households losing land, the state needs to offer a reasonable compensation price as agreed by the people. In addition, the mental and emotional damage should also be considered. For indirectly affected households, the state needs to provide practical support to avoid dissonance between families.

9 In the past, when the rice land was still abundant, the rats harmed the crops, but because of the large area, the yield was still guaranteed. However, the agricultural land area is narrowed. With the remaining land, the rats will do more harm to the rice plants (as explained by the farmers).

10 Such forms of petty crime, strictly prohibited in Vietnam, usually occur in industrial zones (Ngoc et al., 2019).

CONCLUSION

In Vietnam, the accelerating industrialization, modernization, socio-economic development, and international integration have led to increasing land acquisition for project implementation. However, land acquisition is an activity with not only immediate but also long-term effects on many subjects and aspects. A project that requires land use often has various purposes. Sometimes, the boundary defining the project's goals, or defining its primary purpose, is not a simple matter. For example, projects in hi-tech parks, economic zones, or new urban areas are geared towards public interests. Still, they pay more attention to economic benefits when dealing with real estate or manufacturing. Meanwhile, people have their land acquired at a compensation price lower than the market price and are less likely to be resettled on the spot to benefit from the project.

Based on the Land Law of 2013, this study summarized the regulations and procedures for land acquisition in Vietnam. In Vinh city, Nghe An province, a study was conducted with 170 households to inquire whether the state and authorities have implemented the land acquisition process according to the law. It also considered people's own assessments of the acquisition of their land. Overall, the study shows positive results regarding the state's land acquisition and compensation procedures for landless households. However, several questions raised by those directly and indirectly affected about the fairness of these two subjects still need to be answered by functional agencies. This will help to resolve litigation issues between indirectly affected households and local authorities as well as conflicts between directly and indirectly affected households.

In Vietnam, land acquisition is divided into two forms: compulsory and voluntary land acquisition. These two forms differ in methods and compensation costs (different compensation land prices). In theory, with these forms and procedures of acquisition, land acquisition should be settled by respecting the interests of all stakeholders: the state, investors, and households. However, there have been differences in policy implementation regarding land ownership and land use rights transactions. Following the procedures for land acquisition and compensation, most households reported to have received notices of land acquisition. They also had received information about the purpose of land acquisition and details of the state's payment and support for their families. However, people were still concerned about differences in compensation. This is not a new problem, and the state needs to find solutions to ensure fairness for the people. If resolved, this problem would not impede site clearance, thereby enhancing socio-economic growth. Upon land acquisition, both households that lose land and households with farmland adjacent to the project are affected. Hence, the government needs solutions for both groups. Such support would avoid situations and perceptions of inequality between households that are both directly and indirectly affected by land acquisition.



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ABOUT THE AUTHORS

Tran Tuan Nguyen is a researcher and lecturer at the Department of Economics and Land Administration, Faculty of Real Estate and Resources Economics, National Economics University, Vietnam. His research interests include rural development, land-use change, economic geography, and urban planning.

► Contact: nguyentrantuandhv@gmail.com

Gábor Hegedűs is a lecturer at the Department of Economic and Social Geography, University of Szeged, Hungary, where he obtained his Ph.D. in Human Geography in 2011. His research interests involve rural geography and rural development, urban geography, gated communities, and return migration, in Hungary as well as other parts of the world.

► Contact: hegedusg@geo.u-szeged.hu

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DISCLOSURE

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