

**ACQUISITION OF AGRICULTURAL LAND FOR URBAN  
DEVELOPMENT IN PERI-URBAN AREAS OF VIETNAM:  
PERSPECTIVES OF INSTITUTIONAL AMBIGUITY,  
LIVELIHOOD UNSUSTAINABILITY AND LOCAL LAND  
GRABBING.**

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## **Acronyms**

CSW	Council of Social Welfare
GDP	Gross Domestic Product
FGD	Focus group discussion
FG	Focus group
LP/R	Land pooling and readjustment
PC	People's Committee
OECD	The Organization for Economic Co-operation and Development
UDIC	Viet Hung Urban Investment and Development Joint-stock Company
UNESCO	United Nations Educational, Scientific and Cultural Organization
USD	United States Dollar
VND	Vietnam Dong
VNECO	Vietnam Electricity Construction Joint-Stock Corporation
WB	World Bank

## **Abstract**

1986 Doi Moi economic reforms have helped Vietnam integrate more intensively into the global market and offered significant opportunities for economic and other forms of growth. Since then, Vietnam has experienced remarkable changes in different sectors, especially in urban development patterns, bringing rapid increases in the urban population and other built-up areas. At the heart of urban transformation processes in Vietnam are changes in institutions, which involve the “intensification of land redevelopment” in the state’s renewed urbanization. Consequently, a more decentralized process has been applied through various urban-related policies, with decision-making authority being redistributed from the central to local authorities. Local governments have adopted different land acquisition policies for their respective jurisdictions, so land is subsequently converted to residential use at a much higher price. According to the 1992 Constitution, land is the collective property of all citizens and is administered by the state, and farmers have no individual rights to land to claim their compensation. As such, the issue of land rights has become highly contested in recent times, especially as Vietnam makes its transition from a centrally controlled system to a market-oriented mechanism. All these account for/explain the fact that protection of land rights for people in Vietnam legal system is very weak. As a result, in recent times, land conversion for economic development has given rise to rapid increases in land-related disputes.

Economic growth and increase of social inequality are linked to Vietnamese policies on land tenure and rights. Therefore, in order to reduce poverty, improvements in equitable access to land are of high importance, especially to the rural farmers who make up 75% of the Vietnamese population. As they relate directly to benefits and livelihoods of all people, land and renewal of land policies have become a matter of great concern not only to

individuals or policy-makers, but also the whole society. To the peasants – the direct subject of this study, agricultural land, seen inevitable for their permanent livelihoods for thousands of years, is even more critical as they are ranked among vulnerable groups and their stable livelihood conditions derive partly from social stability. Consequently, acquisition of land from this group should receive more intensive studies than any others in order to secure long-term social stability for the country.

This study examines issues of agricultural land acquisition, compensation, and livelihoods of the affected farmers in Vietnam, using Thua Thien Hue Province as key case study and then Van Giang case, Hung Yen Province for a comparative analysis in terms of local reactions for policy recommendations. Based on primary data gathered via three fields trip in 2012 - 2014 and other secondary resources, it is argued that the ambiguity in the legal framework for land acquisition and compensation, which puts livelihood sustainability of the local communities at stake, is inherently intentional and driven by local elites at the back of the local state. This intentional institutional ambiguity opens loopholes for local alliances to earn economic interests to the detriment of local farmers due to the loss of land as their primary livelihood means.

To that end, in the first chapter, I firstly build a conceptual framework around two core concepts, i.e. land acquisition for conversion and land grabbing, in order to examine the manner in which the former, supposedly an effective tool in the hands of the state, turns into the latter, which by nature is negative as it only benefits with elites and their economic self-interests. The literature review draws attention to the two important concepts of intentional institutional ambiguity and the politics of the Vietnam state with strong position of elites at its back controlling the economy. These two concepts will be employed to shed light on the local land-grabbing phenomenon in the case study.

The second chapter lays a foundation of methodological approaches for the

research, with which in-depth interviews, questionnaires, focus-group discussions and other informal talks with relevant stakeholders in Thua Thien Hue, Hung Yen, Hanoi and Danang have been employed for collection of primary data.

The third chapter provides some understanding of land politics in Vietnam via the analysis of the intentional ambiguity in the relating framework for land acquisition and compensation and the consequent emergence of dual land price in contemporary Vietnam real estate market. The analysis demonstrates that the framework remains ambiguous, particularly in terms of the land pricing system for acquisition of agricultural land. This ambiguity is evident firstly because it cannot resolve the question of how to set compensation prices closely to market prices, as regulated by the 2003 Land Law<sup>1</sup>. As a result, the gaps between compensation rates and property market prices have continued to increase. Secondly, this framework demonstrates the loose principles for a land pricing system in which the local people's committee plays a role as the only and final arbitrator of land prices. In addition, the framework is unclear in defining responsibilities of the related stakeholders, especially the local authorities due to the lack of monitoring and evaluation systems for compensation. This chapter concludes that the intentional ambiguity that protects local states consequently opens loopholes for local alliances to earn economic interests in practices of acquisition. The result of that incompleteness is the emergence of dual-land price in the real estate market of contemporary Vietnam.

Chapter IV examines the practice of agricultural land acquisition and compensation in order to explore how the institutional ambiguity and its practice challenge local sustainable livelihoods in Vietnam. Four different projects are divided into group of two for comparative analysis so as to evaluate the practice of agricultural land acquisition and compensation in the three selected urban fringes in Thua Thien Hue, central Vietnam, namely Xuan Phu and An Hoa Wards (Hue City) and Phu Thuong Commune (Phu Vang

District). This examination is followed by an analysis in which changes in income-generating activities, employment structure, and household income before and after land acquisition will be discussed intensively. The analysis of the Thua Thien Hue case study indicates, at the heart of the whole process is the local state's consistent effort to lower compensation prices. The case study further shows that local authorities have been able to do this by making use of the ambiguous framework in three ways: the land pricing system to increase the gap between compensation and market prices; the unchecked authority of the local government in land pricing; and an inadequate monitoring and evaluation system upon compensation. The root cause to the intentional institutional vagueness in the framework is the interest coalitions that create the discrepancy between framework and market prices in order to drive the land market to their own benefits at the cost of sustainable means loss for livelihoods of the local farmers. Land acquisition in Vietnam, which has been facilitated by that intentional vague framework and decentralization system, therefore challenge local livelihoods of the local farmers. For these reasons, the nature of land acquisition in Vietnam as an institutional framework for urbanization (goodwill) has changed to land grabbing at local level.

Chapter V further explores local reactions to land acquisition and compensation in Vietnam via a comparative analysis between cases of Thua Thien Hue and Hung Yen in northern Vietnam in order to draw some policy recommendations. Through the processes of acquisition and compensation in Thua Thien Hue, the research findings indicate one group of nine farmers in An Hoa Ward who accepted the loss of agricultural land in a happy manner. All of them are over working age at time of acquisition and are the old militants of the defeated Republic of South Vietnam. Except for this group – the only winners of development game, all other interviewed farmers both in Thua Thien Hue and Van Giang are unsatisfied about the practice of agricultural land acquisition and compensation.

However, their reactions are different. The majorities of interviewed farmers in Thua Thien Hue are unsatisfied because of unfair compensation and price discrepancy but still accept to return their land. Their mild reactions are mainly because local practice of acquisition and compensation follows the legal framework and does not violate their claims to livelihoods although issues of corruption, interest coalitions, transparency and community consultation still remain. In addition, natural, cultural and historical matters also contribute to shape the idea of “acceptance” but not opposition of the people of Thua Thien Hue in general and farmers in particular. In Van Giang case, the local farmers’ resistance originates from the fact that the official agricultural land acquisition is of paramount unaccountability and coercion not only violates the law but is also against the local peasants’ normative belief as their right to land. Both cases as well as the emerging hot-pots of land-related disputes in many other localities in Vietnam hinders social stability in the long run.

Chapter VI will summarize key points throughout the research as well as propose a number of recommendations in order to prevent local land grabbing and possible social conflicts over land, including the acknowledgement of individual land rights, extension of land tenure, encouragement of volunteer conversion of land, replacing one-off cash compensation by other kinds of land, using intermediate land pricing council in compulsory land acquisition and disempowering local authorities decision making of land price; flexibly applying rational use of land as good practice of Japan, particularly, land pooling and readjustment, equivalent exchange system and citizen participation-based Machizukuri in urban planning.

This study adds an insight into the dynamics of local land grabbing in global-South and contributes to the understanding of land politics in post-socialist Vietnam. As mentioned elsewhere in the paper, weak and incomplete legislation in Vietnam is fertile for the emergence of land grabs. Case study no.1 fits into the discourse of land grabbing in other developing countries, which normally involves three, key actors, the State, the trans-

national or domestic economic corporations and the affected communities. Additionally, in local practice of Vietnam, it also appears in another type of project. In this variation, local governments play dual roles in land speculations under the disguise of land governance and local economic development. In these types of governmental projects, there is seemingly no ‘under the sunlight’ place for the involvement of economic organizations. In fact, their participation in the development games are always there, but ‘in the darkness’. They are the backyard businesses that drive the land markets to their benefits via their secret deals in the dual coalitions as in the above discussions. This study concludes that the Vietnamese legal framework is intentionally ambiguous to open loopholes for local states and their allies to gain economic benefits at cost of sustainable livelihood losses of the rural farmers for urban development at peri-urban areas. Consequently, agricultural land acquisition as an inevitable institutional instrument for urban development, in the hands of local interest coalitions who are protected by the said institutional ambiguity, has changed its nature to become local land grabbing.

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## **Chapter I. Introduction**

The policy reform initiated in 1986 (or the Doi Moi<sup>1</sup>) called for a transition from a rigid and control-based rural economy established under the socialist agriculture to a more flexible and market-based farming institutions in which production incentives are strong can thus play an important place in economic growth in Vietnam (Ravallion and Walle, 2008). However, such reforms have created challenges to the Vietnam's society since the reforms would generate "socially unacceptable inequalities" in land and other dimensions relevant to people's living standards (Ravallion and Walle, 2008: 1). Thus, it is true to state that Vietnam's economy has grown rapidly but unevenly in terms of benefit sharing among social classes. Consequently, land relations have become complicated in the recent years. In the country today, there are pictures, which have become increasingly common, of farmers opposing to the district government using their agricultural tools in order to retain their fields. Xuan Quan Commune, Van Giang District, Hung Yen Province is a typical example. In early 2012, despite their serious opposition, farmers in this area only see their efforts ending in vain. In April 2012 the local authorities finally completed their coercive appropriation of 72 ha of agricultural land, which was later allocated to Viet Hung Urban Investment and Development Joint-stock company (UDIC), in order to build Van Giang Ecopark – a tourist and commercial urban center (Phapluattp, 2012). Elsewhere, groups of people from Nam Dinh and Bac Giang Provinces spent nights in the public parks of Hanoi waiting for the morning to come so that they could come to the National Assembly to reclaim their agricultural land. They claimed that they had been dispossessed unfairly and unaccountably. Most recently, in September 11<sup>th</sup>, 2013, a man in Thai Binh Province entered the city Center for Land Fund Development and shot one leader and three officers who he had never met before committing suicide. His reason was the unfair compensation

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<sup>1</sup> Doi Moi means renewal or innovation or literally 'change to the new'.

given to his family for land acquired by the city PC (Dantri, 2013). These pictures are no longer uncommon in Vietnam today, as it changes from a centralized allocative control of the economy to a market-oriented mechanism.

While the Doi Moi economic reforms have helped Vietnam integrate more intensively into the global market and offered significant opportunities for economic and other forms of growth, the majority of rural farmers, especially those whose land is acquired for the purpose of economic development, seem to be marginalized and have received limited benefits from the processes. Since the Doi Moi, poverty rates have dramatically declined from 58% in 1993 to 14.5% in 2008 (Wells-Dang, 2013). Additionally, the country has experienced remarkable changes in different sectors, especially in urban development patterns, bringing rapid increases in the urban population and other built-up areas (Forbes, 1995; Dixon and Kilgour, 2002; Quang and Kammier, 2002). The strategic priority on industrialization and modernization has placed new demands on agricultural and forest land for urban-industrial development purposes (Adam, 2012). Therefore, at the heart of urban transformation processes in Vietnam are changes in institutions, which involve the “intensification of land redevelopment” in the state’s renewed urbanization (Labbé and Musil, 2011: 2). Consequently, a more decentralized process has been applied through various urban-related policies, with decision-making authority being redistributed from the central to local authorities (Han and Vu, 2008; Vo, 2010). All these institutional changes ultimately aim to grant local governments the authority to expropriate land from local people. As a result, local governments have adopted different land acquisition policies for their respective jurisdictions. Then, land is subsequently converted to residential use at a much higher price (Suu, 2007; Han and Vu, 2008; Vo, 2010; Thu and Perera, 2011). It should be noted that while 90% of the remaining poor still reside in rural areas and maintain their livelihoods by agricultural and forest land, most of the economic achievements have

been captured by the richest urban households (WB, 2012). All these indicate that farmers have not, by all means, made the majority of the beneficiaries of land re-development processes for urbanization and industrialization in contemporary Vietnam.

As such, the issue of land rights has become highly contested in recent times (Akram-Lodhi, 2004, 2007; Suu, 2004, 2007; Well-Dang, 2013). With less than 0.5 hectare for each agricultural household on average, Vietnam is ranked among the lowest land endowments per capita in the world (Oxfam, 2012). According to the 1992 Constitution, land is the collective property of all citizens and is administered by the state, and farmers have no individual rights (only land use right) to land to claim their compensation. Therefore, when acquisitions of land being taken place for eligible purposes as stated on the 2003 Land Law such as economic development, the local people have no other choice but returning their land use right to the local state. Otherwise, they will be seen illegal for opposing the State's development strategy. In these opposition cases, coercions will be employed to withdraw the land from local people. After returning the land use to the local state, local people can make claims on unfair compensation or other relating problems but not any claims for getting the land use right back. All these account for the fact that protection of land rights for people in Vietnam legal system is very weak. As a result, in recent time, land conversion for economic development gives rise to rapid increases in land-related disputes and stresses the urgent need to revise the 2003 Land Law in order to reduce and mitigate land conflicts.

That is to say, the economic growth and increase of social inequality are linked to Vietnamese policies on land tenure and rights. Therefore, in order to reduce poverty, improvements in equitable access to land are of high importance, especially to the rural farmers who made of 75% of Vietnam population (Hieu *et al.*, 2010). For this reason, land and renewal of land policies have become a matter of great concern not only to individuals

or policy-makers, but also the whole society because it relates directly to benefits and livelihoods of all people. To the peasants – the direct subject of this study, agricultural land, seen inevitable for their permanent livelihoods for thousands of years, is even more critical as they are ranked among vulnerable groups (Suu, 2004) and their stable livelihood conditions are partly made of social stability (Suu, 2004, 2007; Kerkvliet, 2005, 2013). Consequently, acquisition of land from this group should receive more intensive studies than any others in order to secure long-term social stability for the country.

So far, land issues in Vietnam in general and acquisitions of agricultural land in particular have attracted more and more attentions from local to international scholars from different disciplines. Until now, there are quite many books and academic articles on land issues and the renewal of land policies in Vietnam. As for Suu (2010), despite different approaches from different disciplines, most of those works consented that land has been critical mainly for two accounts. Firstly, land is of economic and political values to the State and its social agents. Secondly, the renewal processes of land since the Doi Moi has created important transformation in structure and relations of land and made remarkable contributions to the renovation and motivation of economic growth in rural areas (Suu, 2010: 5). However, those works have not yet put the analysis and evaluation of land renewal processes in a generalized context of economics, politics and society. Particularly, in terms of land acquisition, recent studies since 1993 have looked particularly to the impacts of the process on livelihoods of local people. These studies support the existing literature that land acquisitions have remained negative impacts on the local sustainable livelihoods due to loss of land as primary means for subsistence, problems of employment conversion and other consequent social problems. All of these studies consider the acquisition processes as a necessary and effective tool for urbanization if it is practiced properly. Thus, the findings could not contribute anew to the existing policies to improve

the common unfair compensation practice in land acquisition in Vietnam in recent time.

This study took another approach. It also examines issues of agricultural land acquisition, compensation, and livelihoods of the affected farmers in Vietnam, using Thua Thien Hue Province as a case study and Van Giang case, Hung Yen Province for a comparative analysis. It is becoming popular in Vietnam that, despite many negative impacts have been shown in other studies on land acquisition around Vietnam, local governments everywhere still practiced land acquisition. What have facilitated them in so doing? What is the root causes to the problems of increasing land-relating complaints and disputes? I assume that land acquisition and compensation in Thua Thien Hue will also bear common consequences on local stable livelihoods as those of other similar studies. To explore the root causes to this common situation, I will evaluate the land acquisition policies from perspective of land grabbing. If land acquisition as an institutional instrument to be employed for the purpose of socio-economic development (as in popular claims for land acquisition in all relevant legal papers of Vietnam) is considered necessary and effective, it must by all means help local people improve their living conditions. Therefore, the research's hypothesis is that agricultural land acquisition in Vietnam in recent time is substantially another form of land grabbing with agricultural land use right being dispossessed for accumulation from local communities.

Many academia and experts being interviewed in this study did not agree that agricultural land acquisition in Vietnam could be looked from perspective of land grabbing. As for most of them, it does not fit stereotypical representations of global land grabs which is seen a matter only of large-scale, cross-border land deals by foreign investors (Zoomers, 2010; Borras and Franco 2010, 2012). However, if we are concerned with livelihood loss of the rural poor, interest allies of "backyard business" and reactions of the affected people, then Vietnam offer another dynamics to the mainstream discourse of land grabbing,

specifically, land grabbing at local level, or local land grabbing.

Hence, I argue in this study that the Vietnamese legal framework is intentionally ambiguous to open loopholes for local states and their allies to gain economic benefits at cost of sustainable livelihood losses of the rural farmers for urban development at peri-urban areas. I further argue that the agricultural land acquisition as an inevitable institutional instrument for urban development, in the hands of local interest coalitions who are protected by the said institutional ambiguity, has changed its nature to become local land grabbing. In this sense, the main objectives of this research are to:

- To identify the incompleteness of the existing legal framework in land acquisition and compensation and to what extent this incomplete legal framework could facilitate land grabbing in Vietnam;
- To examine the practice of land grabbing in Vietnam and how this process impacts on the sustainability of livelihoods of the local farmers;
- To explore how local interest alliances have been established and define the winners and losers in the whole process;
- To contribute to the dynamics of land grabs in global South and the understanding of local politics of land in Vietnam;
- To suggest a number of policy implications to improve the practice of land acquisition and compensation in Vietnam.

Therefore, the study aims to answer the following research questions:

1. What is the legal framework for land acquisition and compensation in Vietnam on that the local acquisition must ground on?
2. How have the processes of agricultural land acquisition and compensation been practised in Vietnam in general and in Thua Thien Hue in particular?

3. How have the processes impacted on the sustainable livelihoods of the local farmers in Thua Thien Hue?
4. What have local people in Thua Thien Hue in particular and farmers in other Vietnamese hot-spots of land issues react to local land acquisition and compensation? (a comparative analysis between two cases study: Thua Thien Hue and Van Giang, Hung Yen)
5. Who have been the winners and losers in the whole processes?
6. In what way does agricultural land acquisition and compensation change their nature into local land grabbing?
7. What are the suggestions to improve the land acquisition practice in particular and land renewal policies of Vietnam on the whole?



## **Chapter II. Conceptual framework**

### **II.1 Urbanization in the debates of land grabbing**

Urbanization in developing countries is not a novel concept, and the debate centers on the dissolution of the city and rural areas, and the question of who are the winners and losers in the development game (Kusno, 2010). As the characteristics of urbanization processes are determined by the context in which they are placed, the historical, ecological and political-economic contexts of developing countries have proved different from those of the West (McGee, 1991). As a result, theories of urbanization processes developed in Western countries are inadequate to understand the dynamics of urbanization in the developing world, including Asian and African countries (Fekade, 2000; Kombe and Kreibich, 2000; McGee *et al.*, 2007). In an attempt to amend the conventional Eurocentric view of urbanization as a process that prefers the distinction between rural and urban (Kusno, 2010), McGee used the term *desakota* (*desa* for village and *kota* for town in Indonesian) to define urbanization and the process of urban spread (McGee, 1991: 7). It is referred to as the emergence of “peri-urban regions of highly-mixed rural and non-rural activity surrounding the large urban cores of many Asian countries” that have a significant focus on industrialization and rapid economic growth. In this definition, McGee located peri-urban as outside the areas adjacent to the city core.

McGee admits globalization is an indispensable conceptual element in the study of peri-urban areas (McGee, 2005). Globalization and the demand for integration give rise to deregulation and free trade in order to facilitate the entry of international and trans-national economic corporations in developing countries in forms of capital investment to seek out new markets, resources and cheap labor (Stiglitz, 2002; Leaf, 2002; Webster, 2002; Saad-

Filho and Yalman, 2010). At the same time, developing countries have been competing with each other for foreign investments in order to improve their local socio-economic conditions. By doing so, they commonly offer land rental at a low price to investors (Vo, 2010). Land in peri-urban areas is suitable for rental because it serves agricultural production, which is much cheaper for compensation upon acquisition than residential land (Han and Vu, 2008; Vo, 2010). As such, land conversion for urbanization is an instrument to attract external inflows of investment. Globalization processes are therefore common in peri-urban areas with major infrastructure investments (McGee, 2005), which involve large acquisitions of agricultural land through urbanization (Suu, 2007; Han and Vu, 2008; Sullivan, 2010; Labbé, 2011). This explosion of large-scale commercial transactions under global neo-liberalism, referred to as the 'land grab', is being agreed between states and foreign or domestic developers (Borras *et al.*, 2011; Wolford *et al.*, 2013). The land grab echoes both colonialist and imperialist aims to use state power to reformulate the rule of capital in all social aspects (Saad-Filho and Yalman, 2010), and is occurring on a global scale, with a clear North-South dynamic (Borras *et al.*, 2011). This indicates that at the heart of land grabs are elites from the state and investment sector who exploit the land market to their own interests at the cost of the rural poor (Borras and Franco, 2012).

Although land grabs have been practiced long before in Africa, it was not until March 2009 that the international community became aware of land grabs (Wolford *et al.*, 2013). The WB calls global land grabs an "agricultural investment" (Borras *et al.* 2011, 209) and claims that it is a means for poverty reduction based on three accounts: the generation of employment for workers, new opportunities for contract farmers and payments for land deals in the form of purchase or lease (Deininger and Byerlee, 2011). In fact, there have been oppositions to land grab from states, corporations and civil society around the world because they see land grabs as a threat to the sustainability of livelihoods

of the rural poor (Li, 2011; Hall, 2011; Borras *et al.*, 2011; MacInnes, 2012).

## **II.2 Land acquisition versus land grabbing in the debates**

The conversion of agricultural land for urban development to meet the demands of industrialization and economic development is inevitable in the practice of urbanization in developing countries. That is to say land acquisition is always at the heart of urbanization, which is the focus of industrialization and rapid economic growth. This then begs the question of land management, that is, how best to deal with land allocation for urbanization in order to concurrently “fuel economic growth and promote human resettlement” (Ding, 2007: 1). In Vietnam, land acquisition is a fundamental institutional framework in urban development so as to identify the state’s priorities of industrialization and modernization, whose aim is to turn Vietnam into an industrialized country by 2020 (Suu, 2009a: 107). Land acquisition for conversion, therefore, is an outcome of political and economic reforms to ensure Vietnam’s integration into global economy. This conversion contributes to the “socio-economic transformation towards an industrial and services-based economy and attract domestic and foreign investments” (Ty *et al.*, 2014). In this sense, land acquisition is the state’s goodwill in development practice.

In Vietnam, land acquisition could be done by firstly, converting rural collectively owned land to state-owned land and secondly, decentralizing authority from central to local governments so that they can acquire land from farmers and sell it to land-developers at much higher prices (Suu, 2007; Thu and Perera, 2011; Vo, 2012). This gives rise to some ethical questions for debate, namely, who will receive the benefits and who will invariably lose in this kind of development? Would the acquisition of agricultural land for urban development contribute to economic development while the farmers, constituting 75% of the 90-million Vietnamese population (Hieu, 2010), lose land as their primary means for livelihoods? How to balance the benefits of relevant stakeholders, especially the vulnerable

farmers in the development game? If policy-makers cannot resolve any of these questions in the practice of land acquisition, this kind of institutional framework will facilitate the emergence of land grabbing, which is negative in nature.

### **II.3. From land acquisition to land grabbing: the intentional institutional ambiguity in Vietnam and China cases**

When possession or use of land is not recognised as legitimate ownership, land can be transferred to capital with the back support of the state via other agents such as local elites (Levien, 2012). This means the grabbing of land is much more likely to take place in countries with unclear land rights. Theorists, therefore, point out that land grabbing has been occurring in countries with weak land rights protection (Arezki *et al.*, 2010; Deininger, 2011). Countries accused of being unable to ensure “tenure security or formal land markets”, or even social security that would generate order and protect the national territory include Madagascar, Sudan, Ethiopia, Cambodia and Vietnam” (Wolford *et al.*, 2013: 191). Land grabs in these countries are associated with the most problematic aspects of land transfers (or transfers of land use rights in the case of Vietnam), particularly forced dispossession, speculative behaviour, corruption and lack of transparency which, therefore, stress the importance of improved governance as the key answer to these problems (Li, 2011; Wolford *et al.*, 2013).

Vietnam and China are the last remaining communist states reforming their economies along market lines concurrently with sustaining their political control (Vuving, 2006; Womack, 2006; Gainsborough, 2010). These two countries apply the doctrine of ownership of the entire people in defining issues of land rights (Pamela, 2005). While Vietnam is accused of being unable to ensure “tenure security or formal land markets” and weak protection of land rights (Wolford *et al.*, 2013: 191), China’s property right jurisprudence is questionable as to whether these rights can be “realistically enforced” to be

consistent with the governing ideology of greater guarantee of protection to the vulnerable people in the society (Pamela, 2005: 610). This indicates that there are great gaps in bringing the legal frameworks on land in these two countries into practice. These frameworks, which contain “intentional institutional ambiguity” in China’s case (Ho, 2005a: 1) or large “areas of continuity, in forms of existing power structure” in which “power continuously seeks to re-create itself” in Vietnam’s case (Gainsborough, 2010: 2 and 4) are the institutional tools for these states to be able to maintain their key roles in organising the society and economy (Ho, 2005c; Gainsborough, 2005). In this sense, it is not surprising that these frameworks are transparent but ambiguous so that the states could maintain persistent influence on the society and economy.

In land governance, China legislation is criticized for its incomplete and unclear land ownership system. Land ownership ambiguity is the result of efforts by the Central State to create a “leeway for reacting to societal developments” (Ho, 2005a: 5). In addition to the state-ownership which is not listed as a separate right, land rights in China can be divided into the collective ownership to land, the state-owned land use right, collectively-owned land use right and other rights (Ho, 2005a). Privatisation of right is not institutionalized. State ownership of, *inter alias*, “natural resources and urban land” in principle, is a given right and thus, constant (Ho, 2005a: 6). Therefore, the state is free to allocate state-owned land to any individuals or organisations. Collective land ownership, which is given to “suburban and rural land”, could be converted into state ownership via land acquisition framework (Ho, 2005a; Pamela, 2005; Ding, 2007). Hence, at local level, local states in China make use of the ambiguity in the definition of collective ownership of rural land upheld by the central leadership to expropriate land in order to work out land planning and urban development (Ho, 2005a). The common stories of “forced eviction” and seizure of land in China, leaving dozens of families “homeless, landless and without

compensation for their seized property” (Pamela, 2005: 608, 609) indicate that Chinese people cannot receive any guarantee of interests for the land they have lived on and tilled for years. Consequently, farmers live in tremendous uncertainty about the future as the land they till today may be gone tomorrow because of some acquisition plan driven by the local elites at the state’s back. Ho further argues that these unclear land and property rights in China in collective ownership of rural land have facilitated the emergence of local elites between real estate companies and local authorities. Local states have asserted their power of eminent domain to acquire land away from common collective land and put it in the hands of “an increasingly rich and powerful elite” (Pamela, 2005: 608). This results in illegal deals over land by these economic alliances and social conflicts in contemporary China (Ho, 2005b).

In Vietnam, there is still room for improvement in the legal framework relating to land in post-Doi Moi stage. New market mechanisms have not yet substituted the institutions, which were used to regulate the establishments of urban spaces in pre-reform period. Rather, the hybrid institutional organisations, governance practices and economic relations, which combine socialist factors with recent market theory of capital circulation and accumulation, characterize the reform process in Vietnam (McGee, 2009; Labbé and Musil, 2013). Although significant changes for a more vibrant society after the 1986 Doi Moi have been made in many aspects such as economic openness, privatization of state companies and signs of widening of political space to “thoughts of political pluralism”, the political changes in Vietnam are likely to come from “changes within the state institutions rather than the rise of an assertive civil society as they are observed in the West” (Gainsborough, 2010: 2 and 24). This is because the Vietnamese state, similarly to that of China, has maintained its key role on societal and economic organisation by elites control over the economy and other particular forms of rule (Gainsborough, 2010). At local level,

as for Gainsborough, globalization and neo-liberalism could not weaken the state. Local elite has been able to maintain its power by using new developments to resist international agreements.

Ho's concept of intentional institutional ambiguity applicable in China land ownership framework and Gainsborough's perspective on the nature of Vietnam state and its relationship to politics offer a new perspective to understand to underlying accounts of the ambiguity in legislation of Vietnam, particularly in land conversion for urban development. To arrive at a better understanding of this intentional ambiguity, it is necessary to uncover "in whose interest the state is acting" (Gainsborough, 2010: 186). As for Gainsborough, those are the interests of a "new landlord class, namely Communist Party cadres and government officials" and their family members (Gainborough, 2010: 14) who dominate the rural economy (Kerklviet, 2005). Therefore, the legal framework, which is intentionally ambiguous, is a tool of the state in maintaining its power and control over the economy for elites' interests, at the cost of the rural farmers in the practice of land acquisition for urbanization.

#### **II.4. Land grabbing: some consequences**

From the perspective of political economy, land grabbing refers to "the capturing of power to control land and other associated resources" to consolidate "forms of access to land-based wealth" (Franco *et al.*, 2013: 3). Land grabbing appears virtually where there lies an agenda to speculate in future increases in land values in the mask of land acquisition for an eligible purpose (Franco *et al.*, 2013). That means, behind the grabbing of land is the elites' power to control the benefits of the land acquired. Most of recent literature discusses land grabbing at a global level, looking into the explosion of large scale (trans)-national commercial transactions under global neo-liberalism, a new form of large-scale land acquisition being agreed between states and foreign or domestic developers (Borras *et al.*,

2011; Wolford *et al.*, 2013). The calls global land grabbing an “agricultural investment” (Borras *et al.*, 2011: 209) and claims that it is a means for poverty reduction based on three accounts: the generation of employment for workers, new opportunities for contract farmers and payments for land deals in the form of purchase or lease (Deininger and Byerlee, 2011). However, there has been opposition to land grabs from states, corporations and civil society around the world because they see this phenomenon as a threat to the sustainability of livelihoods of the rural poor (Li, 2011; Hall, 2011; Borras *et al.*, 2011; MacInnes, 2012).

Land grabbing under the mask of land acquisition is the state’s institutional tool to control the economy. This process, whether local or global, under the veils of either agricultural investment for poverty reduction or land acquisitions for urban development, has been faced with severe opposition from different communities, scholars and policy makers because of its severe social and environmental consequences (Li, 2011; Borras and Franco, 2012; Franco *et al.*, 2013). One evident consequence, originating from the ambiguity in land acquisition legislation, is corruption. The intentional institutional ambiguity is a root cause of unfair treatment of stakeholders as local authorities can make use of the authority to serve the self-interest of their alliances (Ho, 2005a; Pamela, 2005). In addition, the decentralization system that gives local governments the authority to defining land prices may facilitate the local elites and vested interest groups’ manipulation of opportunities created through decentralization to their own benefits in the form of corruption (Oyono, 2005; Tacconi, 2007; German *et al.*, 2013). There are essentially three key stakeholders in land compensation processes for urban development: the state, the land-developers and the local community. The state (governmental officials) and land-developers corruptly enable land grabbing by ignoring laws and conspiring to gain revenues for themselves (Brown, 2005; Akram-Lodhi, 2007; Suu, 2007; MacInnes, 2012). Compensation, therefore, is calculated at much lower rates than the market value when



land-developers bribe governmental staffs to obtain land at low prices and then sell it at much higher prices (Brown, 2005). Through this, the state and land-developers aim to benefit from the discrepancy between the market value and the low cost of acquiring it (Brown, 2005; Akram-Lodhi, 2007; Suu, 2007; Bob *et al.*, 2008). Past corruption facilitates future corruption by strengthening the corrupt stakeholders' hold on power and influence (MacInnes, 2012). In this three-way struggle, the local land-owners (or land-users in case of Vietnam) whose land is acquired invariably lose (Hudalah *et al.*, 2007; Han and Vu, 2008; Kusiluka *et al.*, 2011). Benefits fall to the middle and upper classes, who comprise a small part of peri-urban communities (Hudalah *et al.*, 2007), or to political and business elites (Oyono, 2005; Tacconi, 2007; MacInnes, 2012, German *et al.*, 2013). Corruption, defined as “the abuse of entrusted power for private gain” (Transparency International, 2011: xxv), is a common problem in government projects and land acquisitions in developing countries (Kitay, 1999; Borras *et al.*, 2011; Arial *et al.*, 2011; Borras and Franco, 2012; MacInnes, 2012).

The practice of land grabs as agricultural investments in developing countries, which fails to satisfy the requirements of the poverty reduction model by the WB, give rise to local resistance in different forms in developing countries. In Indonesia, large-scale acquisition of underutilised land for plantations could not transform farmland to factory sites and did not generate employment for the displaced communities as it had promised. It created more predicaments for the local people in sustaining their livelihoods, even if their offspring were ranked among the “educated unemployed” (Li, 2011: 281). In Brazil, demarcation of historical-cultural indigenous land in Mato Grosso do Sul with the support of the federal agency and the expansion of agro-industrial production gave rise to pressure on land values and the marginalisation of the indigenous people from both economic development and social integration processes (Sullivan, 2010). In most cases, because

people who have been pushed off their land find it hard to accept their condition, they continue to make land claims in different forms, sometimes in a polite manner and other times through confrontation and force (Sullivan, 2010; Li, 2011; Kusiluka *et al.*, 2011; Ghatak and Mookherjee, 2012). In China, the first nine months of 2006, saw 17,900 cases of “mass rural incidents” in which a total of 385,000 farmers protested against land grabbing by the government. In 2008, 70% of the complaints lodged by farmers in the prior five years were related to rural land acquisition (Cao *et al.*, 2008). In most cases, they are criminalised as squatting and vandalizing for their *claiming* activities (De Schutter, 2009), which include claiming for the rights to a means of livelihood, a right embedded in their national constitutions (Borras and Franco, 2010).

A review of relevant studies presented above indicates that at the heart of urbanization and land acquisition in economically developing countries are problems with ambiguous legislation, unfair compensation and land-related social tensions. Land acquisition driven by elites at the back of the state will become land grabbing by which means for long-term livelihoods of the local community (agricultural land) will be dispossessed for accumulation of capital by elites. Although the reformed policies help Vietnam integrate more intensively into the global market and economy and offer great opportunities for economic and other forms of growth, the process of urbanization-led economic development excludes the poor from the benefits and creates sharper divisions among social classes. Opposition to municipal land acquisition has so far been limited to local campaigns by affected communities rather than large-scale mass movements (Suu, 2007; Vietnamese Central Inspectorate, 2013; the Economist, 2013). Nevertheless, the discontent arising from unjust land policies should be regarded as a severe long-term threat to stable governance.

## **II.5 Contribution of this research to the literature**

Many theories discuss about land grabbing at global scale. Limited research has been done to answer the question of whether land grabbing can be local. Vietnam in post-Doi Moi has been integrated deeper into the global economy in the globalization processes. There are cases of trans-national or international corporations investing in Vietnam in forms of FDI projects. Large-scale acquisition of land has been practiced to work out these projects with the involvement of trans-national corporations, which fits into the general characteristics of global land grabbing as suggested by Borras and Franco (2012: 38) as follows:

“Land-use change involves converting forest lands or lands previously devoted to food production for subsistence or domestic consumption to produce food or biofuels for export; or large-scale acquisition of agricultural land for industrial-urban development (Levien, 2011);

It is transnational in character and driven by largely the Gulf States, Chinese and South Korean Governments and companies;

The underlying land deals increasingly involve finance capital, partly leading to speculative deals;

The deals are often shady in character, being non-transparent, non-consultative and fraught with corruption involving national and local governments;

The deals often leads to, or have lead to, dispossession when ‘local communities’ do not have formal, legal and clear property rights over the contested land, and so

Regulation of land deals is needed.”

In this study, I employ “land grabbing” discourse to another types of projects.

These are ones that involve small and medium scales of agricultural land acquisitions (in fact these acquisitions are not large-scale as in the domain discourse of global land grabbing) done by local states and local or national real estate companies for economic development projects, particularly, new urban development projects. During analysis, I explore that the local acquisition of land in Thua Thien Hue as well as in other locales reveals similar characters as in the above characterization of global land grabs. Thus, I propose that land grabbing is not necessarily global but can be local and prefer the phase “local land grabbing” in the analysis. This study of “local land grabbing” in this sense contribute another dynamics to the emerging debates of land grabbing in the global South.

## **Chapter III. Research methodology**

### **III.1. Critical theory paradigm**

This research adopts a critical theory paradigm as its guiding investigative framework. According to Kincheloe and McLaren (2000), a critical social theory is concerned in particular with issues of power and justice and the ways that the economy, matters of race, class, and gender, ideologies, discourses, educations, religion and other social institutions, and cultural dynamics interact to construct a social system (Kincheloe and McLaren, 2000: 281).

In order to generate data, this study will base on an inductive approach, which derives theory from empirical data, rather than deductive approach, which builds theory from pre-existing theory and then test against the data (Liamputtong and Ezzy, 2005: 258). This can be justified via consideration of ontological and epistemological claims of this research. Ontological position of this research claims that that there may be “different versions of nature and essence of social things” (Mason, 1996: 11), or each relevant stakeholder will have different ideas about the land acquisition processes in Vietnam. Epistemological assumptions, which concern the “principles and rules” by which researcher decides how social phenomena can be known, directs researcher to consider philosophical matters involved in finding the answer to the said assumptions (Mason, 1996: 13). Therefore, epistemological position claims that researcher, in doing an evaluation of policy practice in agricultural land acquisition, should accept all views of relevant stakeholders in identifying the impacts of the policies and based on that, give suggestions. As such, the inductive approach as the general methodological approach is employed to generate data for this research.

More specifically, the paradigm has significant implications for researchers in ontological, epistemological and methodological terms for researchers and for members of minority groups to challenge assumptions and values held by those in powers (see Table 1). Minority groups include “single parents, sole careers, people with physical disabilities, people with intellectual disabilities, people from socioeconomic backgrounds, senior citizens, gays, lesbians, women, residents in host communities, employees in developing nations, and governments in developing nations or small island states” (Jennings, 2001: 43). And for his research, this means not only the local perspective, and the focus on the transformative participation of the minority groups is of paramount concern (Jennings, 2001: 42-43; Tribe, 2004: 55-56), simultaneously the critical awareness of power relationships of the researcher and her recognition of the transformative capacity of the minority groups is equally important (Velazquez, 1998: 65-66, cited in Higgins-Despoilers 2006: 7; Guba and Lincoln, 1994: 110, cited in Jennings, 2001: 42).

Table 1. Overview of the critical theory paradigm.

<b>BASIS</b>	<b>DESCRIPTION</b>
Ontology (How is the world perceived?)	<ul style="list-style-type: none"> <li>- Complex world organized by overt and hidden powers</li> <li>- Critical realist</li> </ul>
Epistemology (What is the relationship between the researcher and the subjects or objects of the research?)	<ul style="list-style-type: none"> <li>- Between objective and subjective</li> <li>- Values immediate inquiry which is participative and/or which reflect the values of human players</li> </ul>
Methodology (How will the researcher gather data/information?)	<ul style="list-style-type: none"> <li>- Predominantly qualitative</li> <li>- Participative dialogic and transformative - Seeking the elimination of false consciousness and the facilitation of a transformed world</li> </ul>

Source: Adapted from Jennings 2001: 56.

### **III. 2. Qualitative methodology**

The use of a critical theory paradigm suggests also the employment of qualitative

research methodology in this research. The word qualitative implies a focus on “the qualities of entities and on processes and the meanings that are not experimentally examined or measured” (Denzin and Lincoln, 2000: 8). Unlike quantitative researchers, qualitative researchers emphasize “the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry” (Denzin and Lincoln, 2000: 8; Phillimore and Goodson, 2004: 30- 42). As such, the key principle of qualitative research is to understand the thoughts of a people based on their concepts, not ours through empathetic understanding (Jennings, 2001: 158; Phillimore and Goodson, 2004: 4). As qualitative methodology aims to “problematize, reveal hidden realities, and initiate discussions” (Hollinshead, 2004: 70), it is well fit to fulfill the specified aims and objectives of this research.

### **III.3. Case study**

According to Stake, “there is something that we do not sufficiently understand and want to - therefore, we do a case study” (1995: 133, cited in Beeton, 2005: 47) - a study of a specific “bounded system” (1994: 236, cited in Hollinshead, 2004: 70). A research case study can thus be described as “a holistic empirical inquiry used to gain an in-depth understanding of a contemporary phenomenon in its real-life context, using multiple sources of evidence” (Beeton, 2005: 42). A number of aspects make the case study both a valid methodological tool in relevant research as well as a broadly criticized approach.

This use of case study approach in this research is consistent with qualitative methods because it allows researchers to explore as well as testing theoretical concepts against local experiences and place-specific conceptual insights for wider applicability (Beeton, 2005: 39). More specifically, through an intensive analysis of the performance of land acquisition policies in this research, insights could be gained from the local perspective but the lessons learnt may also be tested against other similar cases. Given that there is no official national

assessment of land acquisition policy practice in Vietnam so far, a case study approach could also contribute to establishing some sort of benchmarks for assessment of other similar cases.

#### **III.4. Methods for data collection**

According to Wong (2002: 247, cited in Lee 2003: 32), since a research method has both strengths and limitations, dependence on a single method can cause methodological biases. To complete this research, data were collected from both secondary and primary sources.

##### *III.4.1. Secondary sources*

The secondary sources used in this research include academic books and journals/proceedings, archival records, government reports, statistical compilations, journal and newspaper articles, maps and progress reports that are more specifically focused on Thua Thien Hue Province in the period of 2007 – 2012 and Van Giang, Hung Yen from 2004 to present. They were collected from library research, Internet search and access provided by local government officers, local companies and local people. The validity and reliability as well as their authenticity and consistency were carefully checked and double checked before they were used.

##### *III.4.2. Primary sources*

###### *III.4.2.1. Qualitative interviewing*

Seen as the most widely used technique for picturing a “manifold and controversial human world” (Kvale, 1996: 7) as well as conducting systematic social enquiry (Gubrium and Holstein, 2002: 54), interview has become an even more popular means of generating information in research dealing with personal experiences and perspectives (Holstein and Gubrium, 2004: 47). As discussed above, ontological position assumes that each relevant



stakeholder will have different ideas about the project. Epistemological position claims that researcher should accept all views on the project. In so doing, researchers should “interact with people, to talk to them, to listen to them and to gain access to their accounts and articulations” (Mason, 1996: 40). Jennings (2005: 101) defines an interview as “an interaction following a question- answer format (stimulus-response) or an interaction more akin to a conversation”. This definition can be referred to the description of different types of interviews specified in the table 2. Shaped by a qualitative methodology, a conversation style (semi-interviewing) is the focus of the research. This is explained by Byrne who suggests that qualitative interviewing is flexible in allowing an exploration of voices of those who are believed to have been ignored, misinterpreted or suppressed and experiences from below (Byrne, 2004: 180-184).

Table 2. Comparison of structured, semi-structured and unstructured interviews.

<b>Description items</b>	<b>Structured</b>	<b>Semi-structured</b>	<b>In-depth, unstructured</b>
Style	Specific protocol question and answer	Conversation - like	Conversation - like
Design	Researcher	Semi-emergent	Emergent
Researcher stance	Objective	Subjective	Subjective
Researcher perspective	Outsider (etic)	Insider (emic)	Insider (emic)
Consequence of researcher stance and perspective	Limited reflexivity	Reflexivity	Reflexivity
Exchange issues during the research process	Limited reciprocity	Reciprocity	Reciprocity
Language used	Subject/ respondent	Informant, participant co-researcher	Informant, participant core searcher
Material/Data collection	Data/Presentation/Checklist/Some open-ended Questions	Empirical materials/Slice of life/Field notes/Transcription and Recording	Empirical material/Slice of life/Field notes/Transcription and Recording

Basis of analysis	Mathematical and statistical analysis	Textual analysis	Textual analysis
“Findings” expressed as	Numeric representation	Deep and thick description	Deep and thick description
Writing style for reporting research	Scientific report	Narrative	Narrative

*Source:* adapted from Jennings 2005: 101.

By using qualitative interviewing, researcher can get different answers on the project from different informants based on their own experiences and educational backgrounds. Similarly, different ideas on how to improve the existing project will be explored via the “conversation with a purpose” of qualitative interviewing. Consequently, qualitative interviewing is an appropriate method to generate data for this research.

Thus, in this research, two field visits were done in Thua Thien Hue, Vietnam in September 2012 and August 2013. Another one was conducted in May 2014 in Van Giang, Hung Yen province. Via these field trips, interviewing targets experts target the following groups of respondent:

- Local people of Thua Thien Hue: Before collecting data via qualitative interviews and FGs, a short questionnaire focusing on impacts of agricultural land acquisition and compensation to local livelihoods has been issued randomly to 250 farmers in the research sites. Findings at this stage show that the local acquisition and compensation rates maintained remarkable negative impacts on livelihoods, with households losing more than 50% of agricultural land. Therefore, data collection targets 170 respondents among these groups from three research sites for in-depth interviews and FGDs. These respondents were selected from those 250 households in the peri-urban areas according to criteria of socio-economic and cultural heterogeneity in order to ensure representativeness for the selected sample for the different dynamics of those peri-urban areas. Furthermore, I also target stable and settled households among these 250 which rely on both rural and rural activities

for livelihoods and which own comprehensive knowledge on resources and local development for FGDs.

I also interviewed 27 non-farmer residents who have not involved in land acquisition and have been living within the research sites for pluralism in data collected and also for crosschecking of information.

- Officials and leaders of the relevant authorities of Thua Thien Hue Province: since land compensation is a sensitive issue and not easy to explore information from the relevant authorities, collection of information will be done through semi-structure interviews in form of informal talks<sup>2</sup>. The total number was 21 respondents.

- Relevant experts in some other provinces such as Hanoi, Hung Yen and Danang: via social network of authors, questionnaires will be sent to these groups by emails. Some internet-based conversions will also be employed to explore their comments on the issues. The total number was 17 respondents.

These people, who are from different sectors, are expected to own different views on the social impacts of the project. This fits with the requirements of data validation and openness for diversity in social research (Jennings 2005:63).

#### *III.4.2.2. Focus group discussion*

FGD is also an appropriate method to generate those similar data, as does qualitative interviewing. FGD which included from five to not more than seven members (Krueger 1994:35) are either guided or unguided discussions addressing a particular topic of interest

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<sup>2</sup> Informal talks were employed for data collection when respondents refused to take formal interviews. In fact, many experts in Thua Thien Hue refused to participate in interviews because land and acquisition and compensation have been hot and sensitive issues in the country. The aim of informal talks is to create an open and friendly conversion so that respondents can feel best free to tell his stories based on researcher's indirect questions to direct the respondents to the issues in investigation.

to the group and researcher as a moderator (Edmunds 1999:12). FGs method is more suitable in the context of Western countries than developing world when discussing on such debatable issues as this topic. Thus, this method is not suitable to use for ones who are working for the local government (including the PCs of all levels as well as other bureaus under the Committees). This is because ones who argue against the project will be seen, unofficially, opposed to the local government (in this cases is Thua Thien Hue Province PC - the highest administrative body of the province). This is seen disadvantageous to them for future career and promotion. One might argue that confidentiality is ensured by so-called contractual agreement between researcher and subject (Berg 2001:128). However, this kind of confidentiality is, by all means, ensured in Western countries where individual is seen as “pinnacle” of the society and individual value is of high importance (Byrne, 2004). In non-Western countries, especially a country with governance of one party as Vietnam, this value is inapplicable. Thus, a confidential interviewing should be a better option than FG to collect data from local officials. For the farmers, in addition to interviewing, FGD is applicable and suitable for them to have their says.

Participation in FGDs was on a voluntary basis. Eight farmers’ FGDs were organized in Thua Thien Hue and two in Van Giang, Hung Yen. Each discussion ran approximately one hour and was digitally recorded (see Appendix 4 for major questions of qualitative interviewing).

#### *III.4.2.3. Observation*

Observation is a qualitative method, which helps researchers learn the perspectives held by study populations (Jorgensen, 1989: 6). As for Jorgensen, observations allowed the researcher to understand the local situations firsthand and prepared one to plan for the eventual evaluation activities. There are different forms of participant observation such as researchers directly participate in the events being studied with their role as researchers is

introduced, or immerse in the action being observed playing as an outside linebacker to observe and take notes in details (case of this research). In all cases, participant observation is seen as one of primary methods in qualitative research (Mason, 1996: 84) and serves as “the most powerful source of validation” (Adler and Adler, 1994: 389) or a convincing form of verification (Kuklick 1996:60).

In this research, observation method and Rapid Rural Appraisal (RRA) were adopted to have a better understanding of the research sites. Observations were also carried out with the consent of local community and the role of the observer and research purposes were explained clearly to the observed before the activities commenced (Patton, 1990: 80-81).

#### *III.4.3. Data recording*

Regarding methods to record data, both audio/videotaping and paper transcripts are seen appropriate (Holstein and Gubrium 1995:78). However, as both are critiqued as “partial reconstructions of interviews rather than full records of them” (Mason 2002: 77), researcher will elect both of them as recording solutions to all those qualitative methods so that they can supplement each other in order to capture “how things were said as much as what was said” (Holstein and Gubrium 1995:79). In addition, there were possibilities that the latter option cannot be done due to lack of consensus from participants. Therefore, transcription of data by “detailed process notes” (Holstein and Gubrium 1995:78) was employed as the basic method to record data from those qualitative interviewing and FGDs.

#### *III.4.4. Consideration of practical and ethical issues*

Social research is about “interfering with people” (Kellehear, 2002: 70) and qualitative research share many ethical concerns (Christians, 2000: 138-140). According to Ryan (2005: 15-16), “care and nurturance might be the ethical stance appropriate to the research complexities of contemporary tourism experiences”. In a broader view, Marczyk *et al.* (2005: 240-243) discuss fundamental ethical principles to protect human participants,

that is to ensure autonomy (human beings have the right to decide what they want to do and to make their own decisions about the kinds of research experiences they want to be involved in, if any), beneficence (being kind, or a charitable act or gift) and justice (the selection of research participants must be the result of fair selection procedures and must also result in fair selection outcomes).

One ethical issue in sampling is that there should be a balance in number of male and female participants. This is because women in the local context belong to vulnerable groups of the society and have fewer opportunities to involve in public activities than men (Nhien 2006). Moreover, women and men have different experiences and realities (Anderson *et al.* 2004: 225) and thus, the need to include both of them in this research fit with epistemological assumption that researcher should accept all views of relevant stakeholders in the process.

Another practical issue is that, most of the target people still have to work in week days. Thus, the interviews and FGDs were organized at weekend so as to target maximum of participants.

#### *III.4.5. Data interpretation*

As qualitative research, the collected data were sorted, compared, classified and synthesized with a much higher level of subjective or personal judgment than occurs in quantitative analysis (Denzin, 1989). The reproduction of the interviewing information was based on full verbatim transcripts, which allows monitoring the communication styles (Jennings, 2005: 112). A most important task in interpreting collected data is that “the researcher should determine how useful the data segments drawn on to support the emerging story are in illuminating the questions being explored and how they are central to the story that is unfolding about the social phenomenon” (Marshall and Rossman, 2006: 124). As the aim of the research is to “give voice” to the local people and make the

arguments evident, the narrative style with the use of traditional short quotations to support the research points was applied (Denzin, 1989).

#### *III.4.6. Limitations*

Despite much effort, the research encountered some theoretical and methodological limitations. First, due to time and resource constraints, the research could not afford a longer duration field visits. It may be argued that it is the quality not quantity of the sampling in qualitative research that is of great importance. However, it should be noted that one major problem in qualitative studies is key informant bias where a small number of informants are relied on and there is no warranty that their views are typical (Maxwell, 1996: 70-73). Second, the limitation of qualitative research should be noted. In particular, Jennings (2005: 110) cautioned that the “level of engagement of the researcher, interviewing in small numbers, power relationships, interviewer credibility, when to stop interviewing, using recording equipment or not, ways to report” could always be problematic. Furthermore, the application of purposeful sampling and semi-structured interviews also raise the questions of biases that are well documented.

Also due to time limitation and limited education background of the local farmers, the researcher could not use survey method (for ex. questionnaire) to gather more data for a deeper analysis. This limitation is acknowledged for further study on the topic.

More problematic still, the relevant literature on land acquisition in Vietnam, both at the national level and lower administration units is limited. Also, documentation from governmental and non-governmental agencies is be biased, creating some certain challenges for data analysis.

## **Chapter IV. Understanding land politics: the intentional ambiguity in the legal framework for land acquisition and compensation and the dual-land prices in land market of contemporary Vietnam**

This chapter aims to provide some understanding of land politics in Vietnam via the analysis of the framework for land acquisition and compensation. By so doing, it will review, in the first instance, the development of land renewal processes in Vietnam after the country gained independence in 1975. It will then continue by a review of key points in the Vietnamese legal framework related to land conversion in order to point out the intentional ambiguity in the relating framework. Our analysis demonstrates that the framework remains unclear, particularly in terms of the land pricing system for acquisition of agricultural land. This ambiguity is evident firstly because it cannot resolve the question of how to set compensation prices closely to market prices, as regulated by the 2003 Land Law. As a result, the gaps between compensation rates and property market prices have continued to increase. Secondly, this framework demonstrates the loose principles for a land pricing system in which the local PCs play a role as the only and final arbitrator of land prices. This is the root cause to the emergence of local coalitions in the local context to be further discussed in the next chapter. In addition, the framework is unclear in defining responsibilities of the related stakeholders, especially the local authorities due to the lack of monitoring and evaluation systems for compensation. The last section will draw some implications for understanding of land politics in contemporary Vietnam by further discussion on the intentional ambiguity in the framework and the emergence of dual-land price practice as a result of that incompleteness.

### **IV.1. Land renewal development in Vietnam in post-1975**

In 1986 at the Sixth National Congress the Vietnamese government sanctioned a



wide-ranging set of renovations known as Doi Moi. These reforms, which admitted the failures of central planning, were designed to gradually de-regulate and liberalize the economy. Associated with these reforms, the 1993 Land Law (and revisions of 1998), which followed the 1988 “Resolution 10”, formalized the farm household as the main unit of agricultural production and provided for the allocation of land use rights to households. These land use rights give households farm decision-making rights related to the purchase and use of inputs, the sale of outputs, and to some extent the use of land. Under the 1993 Land Law these land use rights can be transferred, exchanged, leased, inherited, and mortgaged. Land reforms that grant land use rights to individual households and encourage the equitable distribution and efficient use of land are considered to be “indispensable for rural development, for the mobilization of human resources, and for increased production for the alleviation of poverty” (FAO, 1979: cited in De Janvry, 1984: 263). The change from collectivization of farmland to the recent land reforms will be summarized into three major stages:

#### *IV.1.1. Pre-reform period 1980 – 1986: the collapse of collectivization and de-collectivization stage*

Collectivization of the economy allow co-operatives in particular and the State in general to control most of basic agricultural production equipment to serve a collective production, in which outputs were not distributed based on working capacities of co-operatives’ members. This management mechanism did not encourage peasants in agricultural production (Tien, 1999) while showing many other flows such as corruption; particularly managers of co-operatives abused their powers in distributions of outputs to their relatives (Kerkvliet, 1995). No matter hard working or not, the outputs was on one-size-fit-all basis. This resulted in ineffectiveness in management of collective co-operatives (Kerkvliet, 1995) and leads the economy of Vietnam to crisis in 1970s (Tien, 1999).

In 1980s, the ineffectiveness of collective system was evident in great decrease in agricultural outputs and common hunger in the whole country. This stressed the urgency to the change from the centrally controlled economy to a market-oriented economy. Land renewal, which was at heart of the agricultural renewal, was initiated in the Resolution 100 (or *Khoan* 100) in 1981. The *Khoan* 100 mainly focused on direct allocation of outputs to groups and laborers in agricultural co-operatives. The *Khoan* 100 was the first official acceptance of *khoan ho*<sup>3</sup>, which were opposed by many members of the Politburo before although it still maintain ambiguous in this resolution. This *Khoan* 100 allowed co-operatives to distribute agricultural land to their members' households. This *Khoan* 100 provided incentives to improve output by defining a production quota for each member's households. This quota was defined on the basis of productivity of the land during the previous three consecutive years. The households were allowed to keep or sell surplus on market or to the state trading agencies on negotiation basis (Vo, 1990). Vietnamese academia and planners see this resolution as a breakthrough in State's agricultural policies because it created intensive changes to Vietnamese agriculture, Vietnamese peasants and rural Vietnam (Ravallion and Walle, 2008; Suu, 2010).

However, after nearly 10 years implementing the *Khoan* 100, the catalyst function of this household *Khoan* was no longer effective, resulting in great decrease in agricultural yield. Arguably, there were many reasons for the failure of this *Khoan* 100. One of which was the ambiguity in the official acknowledgement of *khoan ho*. Agricultural co-operatives still retained the ability to increase or decrease their members' share of the contracted amount by altering the payment system for the input assigned to themselves and their members. Thus, members of co-operatives were still concerned that their use to agricultural land would be withdrawn by their co-operatives. Therefore, they did not work with all their

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<sup>3</sup>*Khoan ho* refers to household labor contract system.

efforts for their co-operatives but put more effort into their 5 percent plots of land or reserved their own resource to earn a living elsewhere. 11 years later and three decades after collectivization first began in the North, Vietnamese policy makers came to a conclusion that collectivized farming was insufficient (Ravallion and Wall, 2008; Suu, 2010). This led to the failure of the *Khoan 100* and required a change to the existing agricultural policy. As a result, de-collectivization via family farming has been swung back.

#### *IV.1.2. Doi Moi period of 1986 – 1992: relocation of agricultural land use and de-collectivization*

Doi Moi was initiated in December 1986 to deal with high inflation, erosion of state institutions and extreme shortage in economy. In early 1988, the first land law was promulgated with establishment of three rights relating to land: possession (belonging to the entire-people), management (belonging to the State) and use (individuals, households and organizations, on term basis). For agricultural land, the 1988 Land Law defined the allocations of agricultural land use to plantations, afforestation yards, co-operatives, agricultural production corporations, afforestation corporations, people's armed forces, state agencies, civic organization and individuals for long-term use. This new law facilitated the birth of another innovative policy, or the *Khoan 10* by the Politburo in April 1988. The *Khoan 10*, an improved version of the *Khoan 100*, officially admitted the *khoan ho* and recognized households as the primary resource in agricultural production. It initiated the process of de-collectivization and revived the development of the peasant household economy in rural areas. Accordingly, the *Khoan 10* obliged agricultural co-operatives to contract land to peasant households for 15 years of annual crops and 40 years for perennial crops. With de-collectivization, peasants were allowed to buy production tools and manage production processes and consumption without imposition of prices by the State as it did before. Although long-term land use rights of peasant was not officially admitted, this

*khoan* 10 marked a significant development in history of land development in contemporary Vietnam. Only after one year, the agricultural production changed from hunger to sufficiency and world 3<sup>rd</sup> exporter of rice in 1989.

In addition to great achievements of the Doi Moi, there were a numbers of limitations from perspectives of land policy. Particular, in agriculture, the reform focused on subsistence crops while the development of commercialization was impeded. Although the land law 1988 admitted land use rights, the duration was not long enough to encourage households to invest in agricultural production. Land use rights could not be used for collateral by financial institutions. Therefore, households could not raise loan funds for investment in agriculture. Additionally, land transfer was not allowed, discouraging peasants from commodity production. As Vietnam moves into the world market and reduces trade barriers in line with various free trade agreements, farmers are becoming increasingly vulnerable to falling incomes because of lower prices for their produce (Marsh and MacAulay, 2006). Thus, the land reforms in this period could not meet the general requirements for deeper integration for Vietnam in post-Doi Moi, press on the necessity for another comprehensive reforms.

#### *IV.1.3. Adapting to market mechanism: on-going land reforms*

It can be concluded that the first Land Law, approved by the National Assembly in 1987, was constructed on the principle that the State subsidizes all types of land. Land has no value and is therefore priceless. The State offers land to anyone in need with no charges and withdraws land in cases where it is left unused. In the process of economic integration and globalization, this law has no longer been appropriate. To deal with the emerging situation, in agriculture, the land Law 1993 built on the Resolution 10 by extending land tenure to 20 years for annual crops and 50 years for the perennial. In addition, the 1993 Land Law allowed exchange, transfer, lease, inheritance and mortgage of land use rights.

The law also put a ceiling on the amount of land that can be allocated to households: 2 hectares of cropped land in the central and northern provinces and 3 hectares in southern provinces. For perennial land, the limit on holdings is 10 hectares. Also in 1993, a very important decree no. 64/ND-CP dated September 27<sup>th</sup> 1993 on instruction of allocation of agricultural land use to households and individuals for long-term agricultural production purposes. The 1993 land law and its follow-up decree 64 granted peasants increased security and tenure over land, which they had been allocated.

Thus, the move of Vietnam to a market economy with multi-economic sectors under State management in the socialist orientation in 1991 facilitated the adoption of the second Land Law in 1993. Five rights are granted to households and individuals: conversion, transfer, inheritance, lending, and mortgage towards the land in use. This 1993 Land Law also acknowledged the value of land. However, land pricing was determined only by the State and was not put in line with market pricing. The change from non-valued land in the Land Law of 1987 to the acknowledgement of land value in the Land Law of 1993 was an important initiative, but it did not consider the needs of the non-agricultural land sector as well as other regulations related to the conversion of agricultural land to non-agricultural purposes. Although this law grants authority to the State for land acquisition in highly necessary cases for the purpose of national benefits, public benefits, and national defence and security, no right is given to developers (or investors) for any land transaction. Investors have only one channel to get access to land. That is via the State's acquisition of land from other land users.

In 1994, the initiative for industrialization and modernization took place to turn agricultural Vietnam to an industrialized country. In that year, two land-related ordinances were promulgated to offer a complete legal corridor to economic organizations using land. According to these ordinances, businesses are entitled to lease land from the State and have

rights to mortgage and use the leased land as contribution, but they are ineligible to convert, transfer, or lease their land. However, these regulations remained limited because they aim to prevent businesses from trading of raw land<sup>4</sup>. Only State businesses and businesses in the agricultural production sector were prioritized in the conversion of land use rights into financial capital via rights to mortgage and capital contribution. These reflect an impediment to domestic investment, especially the development of the land market, and raise inequality among State companies and non-State sectors.

The ordinance on rights and obligations of domestic organizations was revised in 1996. Consequently, the State is entitled to allocate land<sup>5</sup> to domestic businesses for the implementation of two groups of project: housing construction and business projects as well as technical infrastructure construction and business projects. In 1998, the Vietnamese National Assembly passed an amendment to the 1993 Land Law with a specific emphasis on greater empowerment of domestic investors. In addition to the two categories of project described above, local developers were allocated land with land use charges for working out projects on exchanges of land for infrastructure. Furthermore, the existing law offers investors rights to land transactions such as transfer, lease, mortgage, and guarantee as well as capital contributions. However, the land conversion system remains limited to the State's rights to acquire land for land rental or allocation to developers in different kinds of investment projects.

In term of land allocation, the land law was revised in 1998 in order to encourage and facilitate the process of land allocation and registration by outlining procedures and designing responsibilities in tandem with two new land rights supplementation, including the right to use land as capital for joint venture (National Assembly 1998). The revisions

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<sup>4</sup>Raw land refers to a piece of property that has not been developed and remains in its natural state.

<sup>5</sup>Collection of land use charges applies in these cases.

also defined circumstances for allowing land related changes and procedures for registration of changes. Further revisions in 1999 dealt with complaints about inadequate procedures for “implementation” of land use rights (WB, 1998: 36). The decree no.17/1999/ND-CP set out conditions and procedures for exchange, transfer, lease, inheritance and mortgage of land use rights. According to this decree, land use right can be used to exchange if it is convenient for production and livelihood and the land must be used for right purposes and within the term set by the state when the land is assigned (Decree no.17/1999/ND-CP).

In terms of land transfer and lease, conditions were set stricter, especially for wet-rice land. Households can only transfer land use rights if the move to other residential places to live or take up production or business activities, convert employment or have no ability to earn a living. The land use right can only be transferred to households or individuals who have the demand to use the land and have no land area less than the land limit. For wet-rice land, land use right can be transferred to household or individual directly involved in agricultural productions. Transfer of land use right involves a payment of tax on the transfer by the transferor and payment of a registration fee by the transferee.

To facilitate industrialization and urbanization further, and to address complicated situation in land acquisition practices, the Land Law 2003<sup>6</sup> was approved. This law addresses widely various issues. Among which, there are two notable principles. The first one emphasizes the accordance of land pricing with normal market prices. The second one requires citizen participation in land management.

The process of land reform in Vietnam is on going, and another revision to the Land Law has recently been passed by the National Assembly and took effect in July 1<sup>st</sup>,

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<sup>6</sup> Although the amended Land Law was approved in November 2013 in substitution of the 2003 Land Law, the context under study has been established under the validity of the 2003 Land Law. Thus, we only refer to the 2003 Land Law in our analysis. The 2013 Land Law is not relevant to the context under study.

2014. Considerable pressure is being exerted on the government in relation to the possession of land and acquisition of land for economic development purposes (Suu, 2009; Vo, 2012; WB, 2012).

## **IV.2. Land governance in contemporary Vietnam: State-owned land system, land conversion and the legal framework for land acquisition and compensation**

### *IV.2.1. Consistent ideology of land governance: state-owned land system*

According to the 1992 Constitution of Vietnam, land is the collective property of all citizens and is administered by the state alone. The land law has been amended in 1998, 2001 and 2003. Basically, these amended laws are the revision, supplementation and improvement of the original land law promulgated in 1988 but not seen independent from the 1988. Debates on revisions of the land law centers on issue of land rights, particularly, should land belong only to the State (state-owned land) or whether individual's land rights should be acknowledged. Ultimately, privatization of land rights is not acknowledged, even in the recently approved Land Law and amended constitution of late 2013. The state, on behalf of the citizens, controls and administers land rights for use terms ranging from 20 years for agricultural land to 50 years for forestland, or indefinitely in the case of residential land. The state maintains its authority to allocate or lease land to organizations, households or individuals. The 2003 Land Law considers the acquisition<sup>7</sup> of land permissible for the following purposes: national defense and security, national benefit, public benefit (Article 39) and economic development (Article 40).

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<sup>7</sup> According to the 2003 land law, there are two types of land acquisition: voluntary and compulsory. This research examines compulsory land acquisition only as the majority of land-related disputes/complaints have originated from this type of acquisition. Hence, acquisition whenever being referred in this study means compulsory land acquisition.



#### *IV.2.2. Land conversion legislation*

In terms of land conversion, the current law allows two approaches. The first is volunteer land conversion whereby land use purposes are changed in accordance with a valid land use plan. This kind of conversion is based on consensus among existing land users and land developers on the transfer of land use rights in forms of rights transfers, land rental, or the contribution of capital by land use rights. The State's authorities operate as facilitators who support official administrative procedures. The second one is compulsory land conversion by which land use purposes are changed according to approved land use plans. A competent authority<sup>8</sup> will then promulgate an administrative decision on land acquisition and then issue it to existing landowners. Concurrently, an administrative decision related to land allocation would be granted to developers. Another administrative decision on compensation and resettlement will be issued to land-losers. In this approach, the State plays a key role.

The second approach includes acquisition of two types. One is acquisition based on scheme in which land is withdrawn upon approval of a land use plan. The acquired land will then be put up for auction of land use rights or for bidding for projects that require land use. Funds for compensation and resettlement (if any) are taken from the State budget and will be reimbursed by the money derived from auctioning or bidding. The other one is land acquisition for particular projects in which the State acquires land after consensus with land developers on the location for an investment project. In all cases, the local governments<sup>9</sup> maintain their rights to define land prices for compensation.

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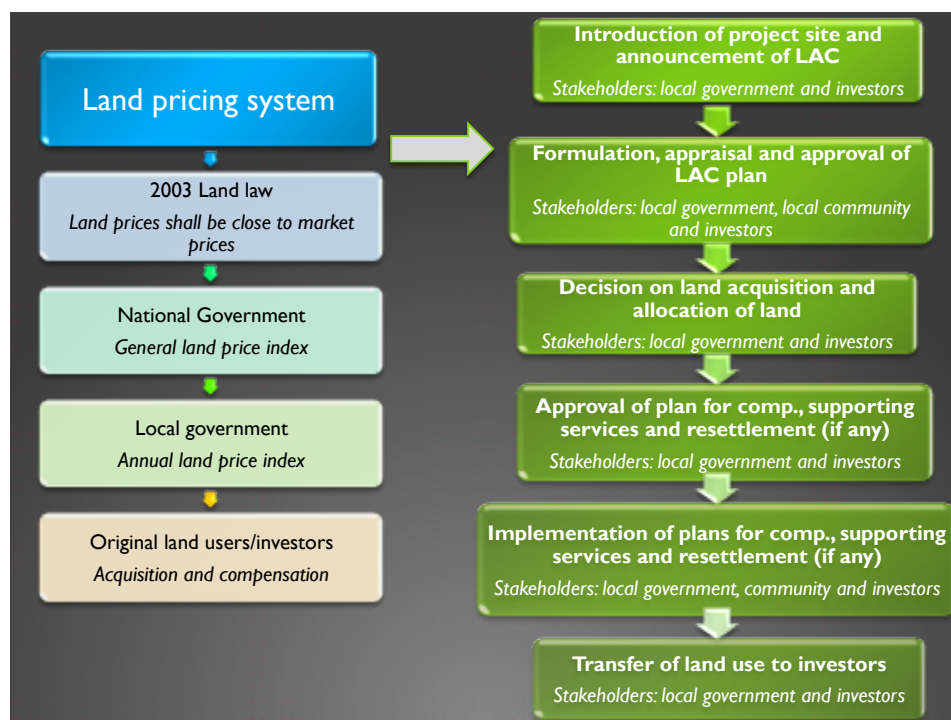
<sup>8</sup> Normally the local PCs.

<sup>9</sup> The words local state or local government will be used interchangeably in this research and means the PCs and other relevant competent authorities at local level. See appendix 1 for details on administrative system of Vietnam.

The former acquisition approach is expected to be preferred to the latter because it can help limit corruption for the reason that land developers in this case have not been identified yet. Additionally, the acquired land will then be open for auctioning or bidding. Another good point is that, in this case, land use purposes of the acquired land have not been defined yet. Therefore, compensation will be less complicated because possibilities for price increases are not well defined. Notwithstanding these benefits, this scheme-based acquisition of land is not commonly applicable. This point can be explained as follows: the scheme-based acquisition might create a waste of land if there would be no land developers interested in it. Additionally, high expenses for land, compensation, resettlement and clearance can present a difficulty for local governments to adopt this procedure in land acquisition.

#### *IV.2.3. Legal framework for land acquisition and compensation*

Based on the 2003 land Law, the general framework for land acquisition will be illustrated in the following figure:



Source: consolidated by author.

Figure 1. Legal framework for land acquisition in Vietnam.

According to the 2003 Land Law, there are three key principles in defining land prices, among which the most important principle is that the compensation price should be close to the market value (Clause 1, Article 56). According to this Law, the decentralized approach in land pricing can be summarized as follows. First, the National Government promulgates general regulations for methods of land pricing and a general price framework for each region in a particular period. It also deals with revisions of land price discrepancies between two provincial localities. Second, the PCs build up a specific land price index for their localities in accordance with the general framework of the National Government. This index is valid from the first day of every year (Clauses 2, 3 and 4, Article 56).

#### **IV.3. The ambiguity in the general framework for land acquisition and compensation in Vietnam**

This section will analyze the existing general framework for land acquisition and compensation as illustrated in figure 1 and demonstrate that this framework is ambiguous based on the three following accounts: conceptualization of the market price for compensation; problems of transparency and accountability; and issues with the system of compensation monitoring and evaluation. Using these three accounts, I argue that the general framework is intentionally ambiguous and therefore gives rise to the emergence of two-price system in land market in Vietnam.

##### *IV.3.1. Definition of a market price for compensation*

One important initiative of the 2003 Vietnamese Land Law is the regulation of principles in determining land prices. One principle is that land pricing should be close to that of an ordinary market transfer of land use rights. This market price is conceptualized as money in VND, calculated as a per square meter unit of land for a legal use. It is established as a result of completed transactions, which are becoming popular between transferors and transferees in a normal trading condition (i.e. a condition with no effects of factors that

cause unreasonable price fluctuations) (Decree no.123/2007/ND-CP dated July 17<sup>th</sup>, 2007 on revisions of the Decree no.188).

The legal framework on which the National Government's land price framework is based is incomplete because it cannot address the question of how to define compensation prices alongside market prices, as stipulated by the 2003 Land Law (Thu and Perera, 2011). The "market price" stated in Decree no. 123 is difficult to identify, as in the transfer of land use rights it is common practice for both parties not to disclose the real transaction price on the transfer contract in order to incur a lower transferal tax.

Additionally, except for the definition of the market price stated in Decree no.123, review of other related legal documents such as the Decree no.188/2004/ND-CP, dated November 16<sup>th</sup>, 2004 (methods to define land prices and price brackets for different types of land) and the most recent Decree no.69/2009/ND-CP dated August 13<sup>th</sup>, 2009 (supplementing regulations on land use planning, land pricing, compensation and resettlement issues) indicates that there are no detailed instructions or specific measures to regulate the market price of land. Moreover, local authorities also insist on maintaining low land rates in order to attract capital investments (Han and Vu, 2008; Vo, 2010) in order to realize the national priority of industrialization and urbanization, which requires agricultural and forestland for urban-industrial expansion (Adam, 2012). Although land rates have increased significantly, the gap between the official land compensation framework and the market prices has continued to widen in the recent times (Han and Vu, 2008; Thu and Perera, 2011; Kim, 2011; Labbé and Musil, 2013; Wells-Dang, 2013). Particularly, the official land compensation rates are far below the 30% - 70% of market value price (WB, 2011).

#### *IV.3.2. The PC as the final decision-maker of land price*

Although at face value the Communist Party and government promote

participatory planning and grassroots democracy as part of wider democratic governance (Larsen, 2011), the framework for land acquisition and compensation indicates that the local PCs maintain themselves as the sole and final decision maker of land pricing processes (Clause 3, Article 56, Land Law 2003). While the National Government encourages land pricing consulting services and suggests local governments avail themselves of these when defining land prices, in reality, these services operate independently of the administrative system and are not utilized by local PCs.

It becomes apparent that the promotion of citizen participation in land governance as reflected in the 2003 Land Law is merely tokenistic. The framework for land acquisition and compensation is top-down without an institutionalized space for other relevant stakeholders, especially the affected communities, to voice their opinion on land policies (Akram-Lodhi, 2004; Suu, 2004; Suu, 2007). It is not until land-related complaints become disputes or even turn violent (Akram-Lodhi, 2007), that the state and the affected communities enter negotiations over compensation changes, albeit with the support of middle agents such as state-run media, associations and local bureaucrats (Kim, 2011; Wells-Dang, 2013). The pricing framework remains incomplete as long as the principle of public participation is stated in legal documents, but in practice, local governments retain the ultimate authority in price setting.

#### *IV.3.3. The system of compensation monitoring and evaluation*

The legal framework for land acquisition and compensation is incomplete as it lacks a compensation monitoring and evaluation system. Decree no.69/2009/ND-CP stipulates that local governments must provide affected communities with vocational training and employment conversion upon acquiring their agricultural land (Clause 3, Article 21). This being stated, there is inadequate regulation of monitoring and evaluation responsibilities, meaning that local authorities routinely neglect this aspect of the land

acquisition process.

A review of recent decisions on land acquisitions, compensations and resettlements of some provinces, such as Decision no.108/2009/QĐ-UBND of Hanoi PC and Decision no.09/2011/QĐ-UBND of Hung Yen PC, reveals the common practice of local governments making one-off payments for the entire land acquisition process, which includes compensation for the acquired land and assets, support for vocational training and job conversion. Thua Thien Hue, to be analyzed in the next sections, is a case in point. Limited levels of education and high vulnerability of rural residents hindered a smooth transition and sound management of compensation packages, which can result in social problems such as gambling and domestic violence due to reduced welfare and unemployment (Suu, 2009; Thanh, 2009; Chuong and Hoanh, 2010).

In sum, the inadequate approach to regulating market pricing in compensation, the monopoly of local governments in price-making processes and the lack of a monitoring and evaluation mechanisms upon land acquisition are the three main points that underline the ambiguity of the existing legal framework. This intentional incompleteness in the policies for land acquisition and compensation for urban transition in contemporary Vietnam exemplifies concept of intentional ambiguity (Ho, 2005a) and “uncertainty to exert power of state” (Gainborough, 2010). These concepts are critical to gain understanding on the politics of land in Vietnam.

#### **IV.4. Understanding the politics of land: intentional ambiguity in the framework for land acquisition and dual-land pricing system in the land market of contemporary Vietnam**

Besides China, Vietnam is the last remaining communist state reforming their economies along market lines while concurrently sustaining their political control (Vuving, 2006; Womack, 2006; Gainsborough, 2010). Because the country applies the doctrine of

ownership of the entire people in defining issues of land rights (Pamela 2005), land legislation in Vietnam is accused of being unable to ensure “tenure security or formal land markets” and weak in protecting land rights (Wolford *et al.*, 2013: 191). This indicates that there are great gaps in bringing the legal frameworks on land into practice. Particularly, while promotion of participatory planning and grassroots democracy presents the commitment of the Communist Party and government to reforming democratic governance (Larsen, 2011), the framework for land acquisition and compensation points out that the local PCs maintain themselves as the sole and final decision maker of land pricing processes (Clause 3, Article 56). The central state also encourages operations of land pricing consulting services and suggests local governments consider these services while defining land prices. However, these services are operated independently of the administrative system and would not be used or relied upon by the local PCs. On one hand, the existing framework appears to be comprehensive thanks to the inclusion of land pricing consulting services. On the other hand, there are no principles to force the local state to consider these services in making decisions on land pricing. Therefore, this framework, which offers the local state the sole authority in the land pricing system, is intentionally unclear in order to guarantee the persistence of the local state in maintaining its political power (Gainsborough, 2010), particularly on urbanization and land acquisition practice.

In Thua Thien Hue, collected data indicates that there have been annual meetings between the provincial PC and different authorities such as the Department of Finance, Department of Natural Resources and Environment, Department of Construction, Department of Planning and Investment, as well as representatives of some local real estate businesses and pricing consultants. In the official meetings, there are also debates of land pricing among participants. However, the final decision-making authority belongs to the provincial PC. According to expert interviewees, their opinions are normally left

unconsidered in most cases. This is also the same in the cases of local communities. The PCs at city and district levels organized community meetings with local residents related to land acquisition and asked them for comments and suggestions. In fact, most participants (who are also our interviewees) did voice their complaints about low compensation rates and require community negotiations before practicing any urban planning scheme. Despite this, the original plans of land acquisition were still implemented without any considerations of counter-ideas or negotiations with the local communities. The framework for land acquisition and compensation which facilitate the monopoly of the local government, contradicts the logic behind the change towards to multi-sectoral market economy under the Doi Moi, which is supposed to remove government control over land price and to use demand and supply conditions to determine prices for transactions (AusAID, 2000). Consequently it weakens the impact of the right of citizens to be compensated at market prices in case of repossession of land use rights by the State (Akram-Lodhi, 2007). Public participation stated on legal papers, despite the fact that local governments still maintain their authority of price-making decision, is the flaw that strengthens the ambiguous framework. These frameworks, which contain large “areas of continuity, in forms of existing power structure” in which “power continuously seeks to re-create itself”, are the institutional tools for the state to be able to maintain its key roles in organising the society and economy (Gainsborough, 2010: 2 and 4). In this sense, it is not surprising that these frameworks seem transparent but are actually ambiguous so that the states can maintain persistent influence on the society and economy.

While the state imposes this intentional incomplete framework for acquisition and compensation to the original land users, it concurrently creates an incentive for land-developers to acquire the land, only to enter it on the real estate market at multiples of the prices stated on the framework (Thu and Perera, 2011; Labbé and Musil, 2013). The



following table shows the gaps in residential land prices in Xuan Phu and An Hoa as two typical areas in Thua Thien Hue in recent years.

Table 3. Differences in official and market land prices<sup>10</sup> in Thua Thien Hue Province

*Calculation unit: Million VND/m<sup>2</sup>*

	2007			2012		
	Official price	Average market price	Difference <sup>11</sup>	Official price	Average market price	Difference
19-metre-surface road (Xuan Phu Residential Area)	4.9	7.0	43%	4.9	12.0	145%
Nguyen Van Linh Street (An Hoa Ward)	2.9	4.0	38%	4.0	8.0	100%



Figure 2. Gaps between official and marker prices, examples in Xuan Phu and An Hoa, Thua Thien Hue.

*Source:* data was generalised from the Decisions no. 2874/2006/QĐ-UBND and 50/2011/QĐ-UBND promulgated by Thua Thien Hue Province PC in 2006 and 2011, respectively.

<sup>10</sup> USD-VND exchange rates in 2007 and 2012 were approx. 16,000 VND and 20,000 VND, respectively.

<sup>11</sup> Difference = (average market price – official price)/official price x 100%.

In Thua Thien Hue, interviews with local experts reveal an explicit gap between the acquisition price that is announced annually by the local authority and the real market prices of agricultural and residential land as seen from the above table. The price ranges of market transactions are provided by the local property businesses as well as interviewees of the local notary agency - the authorized and legal agents for land-related transactions. As seen from table 3, after 5 years, in 2012, the official price for one square metre in the 19-metre-surface road in Xuan Phu stay the same as it was identified in 2007. In case of An Hoa Ward, the increase from 2.9 to 4.0 million VND for one square metre after 5 years is not remarkable as compared to the gap in official and market prices. This gap also increases from 38% to 100% in An Hoa case. Consequently, in local practice in Thua Thien Hue, there are obvious gaps between the official price that is announced annually by the local authority and market prices formulated as a result of real transactions in the market. It is evident that the gaps are considerably wide: 38% - 145%, comparing with the average range of Vietnam (30 – 70%) (WB, 2011). While the Land Law of 2003 stipulates that the land price framework should be adjusted annually by the provincial government in the case of great differences between the official price and market price (article 56), price modifications have progressed slowly in local areas. Interviews with local experts indicate that land pricing amendments have been made every year. Participants in this process include different authorities, local property businesses and pricing consultants. However, the final decision-making authority belongs to the provincial PC. In reality, according to interviews with local experts and businesses, their opinions are normally left unconsidered.

This scenario, dubbed the “two-price system for land” (Thu and Perera, 2011: 30), can be found in every locality of Vietnam (Kim, 2011; Labbé, 2011). The discrepancy of compensation price and market price benefits land developers and by all means some groups of persons of relevant agencies via form of corruptions (Ho, 2005a, c; Pamela, 2005;

Brown, 2005; Akram-Lodhi, 2007). In the meantime, the local state's power is protected by a decentralization system, which grants sole authority to local states in land pricing practice. The top-down performance of local states, which is not in line with the promotion of democracy, is protected by that intentional institutional ambiguity. Therefore, farmers are inevitably the losers in urban development games in general and land acquisition practices in particular because their right to use agricultural land – the primary means for subsistence - is acquired in a legitimate manner. That is to say, the decentralization system and the existing framework protect local states' ability to acquire land as the primary means for stable livelihoods from local farmers. Land acquisition at present does not strike a balance among the interests of relevant stakeholders. In other cases of land conversion in Vietnam, interest alliances are the key drivers of the land acquisition process. They are “growth machine coalitions” – the de facto alliances among the Vietnamese ministries of construction and natural resources, local authorities and land developers (Labbé, 2011: 441) or more commonly, the alliances between land developers and local governments (Kim, 2011) or the newly emergent rural economic and political elites (Akram-Lodhi, 2007) to direct the land market to their advantages at the cost of the rural poor.

## **Chapter V. The practice of agricultural land acquisition and compensation from perspective of local communities' livelihood sustainability: the case studies in Thua Thien Hue Province, Central Vietnam**

### **V.1 Overview of Thua Thien Hue and the research sites**

Thua Thien Hue Province is situated on the coast of central Vietnam. It borders Quang Tri Province to the north, Da Nang City to the south, Laos to the west, and the South China Sea to the east. It is on East–West Economic Corridor<sup>12</sup> connecting the province with Laos, Thailand, and Myanmar. UNESCO recognized the capital city of Hue as a World Cultural Heritage site in 1993. It is the most developed urban centre in the province, whereas Huong Thuy and Huong Tra are satellite towns. Other districts include Phong Dien, Quang Dien, Phu Vang, Phu Loc, Nam Dong and A Luoi.

Thua Thien Hue stepped up urban development processes in the early 2000s. Like other cities in Vietnam, the urban area of Thua Thien Hue is densely populated, with approximately 4,762 people/km<sup>2</sup>, making it a high-density area of Vietnam (Statistical Yearbook, 2010). Because it has limited spaces for urban enlargement, peri-urban areas have been selected for urban extension. In these urban fringe areas in Vietnam, most land is used for agricultural production.

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<sup>12</sup> The East–West Economic Corridor first begun in 1998 by the Ministerial Conference of Greater Mekong Sub region organized in Manila, the Philippines. This economic development program was established to promote development and integration of four Southeast Asian countries (Myanmar, Thailand, Laos and Vietnam). This 1,450-km economic corridor begins at Mawlamyine City of Myanmar on the western end and crosses the Kayin Division, the Thai provinces of Tak, Sukhothai, Phitsanulok, Phetchabun, Khon Kaen, Kalasin and Mukdahan and the Laotian province of Savanakheth before finally traversing the Vietnamese provinces of Quang Tri, Thua Thien Hue and Danang City on the eastern end. This corridor has been in existence since December 12, 2006.

After promulgation of the Land Law in 2003, peri-urbanization in Thua Thien Hue Province has emerged because of the pressure of an increasing population and employment in the city area. As such, a number of land acquisition policies were adopted during 2004–2012. Land acquisition has caused the loss of permanent livelihoods for millions of farmers, compounded by poor compensation for their lands. Land is subsequently converted to residential use at a much higher price. This situation is common in many other localities in Vietnam (Suu, 2007; Han and Vu, 2008; Vo, 2012).

During 2007–2010, the local government of Thua Thien Hue Province acquired more than 4,460 ha of land for the implementation of 295 urban development projects<sup>13</sup>. The total area of the province is 506,260 ha, of which urban land occupies 4.8% (24,139 ha). Land for agricultural production accounts for 55,416.92 ha, or 10.9% of the total natural land area of the province. Land for non-agricultural purposes in Hue City only accounts for about 1.8% of urban construction land. 40% of the population live in urban areas of Hue City, Huong Thuy Town, Tu Ha, Thuan An and Binh Dien Townships (Hai *et al.*, 2010: 27). According to the National Strategy for Urban Development of Vietnam to 2025, to be ranked among middle-income countries, Vietnam should obtain 1,000 urban sites with 2,000,000 ha of urban land (5.6% of the total land area of the whole country) and have about fifty two million people residing in urban areas (50% of the total population (Decision 445/QD-TTg). These targets underscore the low level and limited dynamics for urbanization in Thua Thien Hue, further emphasizing the importance of improving urbanization processes in this locale.

The urban development trend in Thua Thien Hue fits a model of one center with satellite urban sites surrounding it (Hai *et al.*, 2010: 33). The urbanized core includes Hue City, whereas the satellites are made of Tu Ha, Huong Thuy, Thuan An and Chan May –

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<sup>13</sup> Source: official report on urban development of Thua Thien Hue PC, 2011.

Lang Co City. This trend is presented in the following figure.

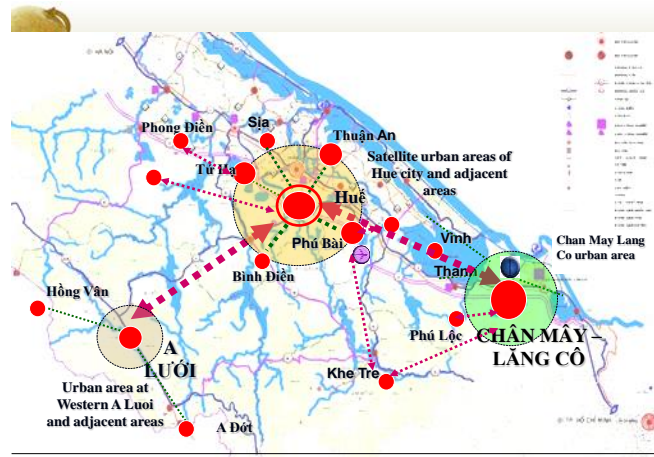


Figure 3. Urban development model of Thua Thien Hue.

One important factor to be considered in urban planning in Thua Thien Hue Province is that Hue city was granted World Cultural Heritage city status by UNESCO in 1993. Although the south-western part of the city is a suitable place for urban extension in terms of favorable geography and good soil quality for cultivation, urban planners were limited by the city's commitment to the conservation of historical sites. Instead, the local government designated the south-eastern part for urban expansion. This area covers part of Hue City, Huong Thuy Town and Phu Vang District, and includes the most rapidly urbanized areas in the province. For this reason, this study selected Phu Thuong Commune of Phu Vang District and Xuan Phuas well as An Hoa Wards of Hue City for research sampling. Except for An Hoa, both Phu Thuong and Xuan Phu are undergoing land acquisition processes to develop An Van Duong New City Project (2006 – present). Covering 959 ha of mostly agricultural land, this project is the largest urban development project in Thua Thien Hue Province to date<sup>14</sup>, and has resulted in large-scale acquisition of agricultural land from farmers of Phu Thuong and Xuan Phu.

<sup>14</sup> Source: An Van Duong New City - Project document, prepared by the Institute for Urban and Rural Planning and Architecture, Ministry of Construction, 2005.

Phu Thuong Commune is one administrative unit of Phu Vang District. Its population is 14,580 (2009). Its total natural area is 587.5 ha. Phu Thuong Commune, which is 5 km from the centre, borders Hue City and Huong Thuy Town, respectively, to the west and south. The transportation system in this commune is better developed than in other urban fringe areas because it has the National Highway 1A and the Provincial Road 10C. The main incomes still rely much on agricultural production, mainly wet-rice cultivation and some small agriculture-related businesses. During 2007–2010, the Phu Vang District acquired 177.1 ha of land, in which agricultural land occupies 123.3 ha (69.6%). This acquisition of land affected 2,266 households in the whole district. In 2007, the PC of Thua Thien Hue approved a detailed plan to build Phu My Thuong New City project on an area of 62.2 ha in Phu Vang District, particularly at two communes of Phu Thuong and Phu My. Among the acquired 177.1 ha, Phu Thuong has the largest area of acquired land (51.42 ha, equal to 29.1% of the entire district).

Xuan Phu is a peri-urban ward of Hue City to the east, with a natural area of 187 ha. Its population is 11,478 in 2,258 households (Statistical book 2012). It is the main part of the An Van Duong New City project (2006 – present), the largest and most important urban development project of Thua Thien Hue. Land acquisition and compensation have been mostly exercised in this area, which has so far become a hot site of property business as well as consequent increases in disputes and complaints related to land compensation.

An Hoa is another peri-urban ward of Hue city to the north. It was separated from Huong So Commune of Hue City in 2007. Natural land area is estimated at 447.49 ha. Its population is 9,224 people in 2,004 households. Among which, there are 1,470 people working in agricultural sector, occupying 30,5% while 3,350 people work in non-agricultural, equivalent to 69,5% (Statistical book 2012). In recent years, about 50 hectares

of agricultural land has been acquired from the local farmers<sup>15</sup>.

In this study, I will select four different projects, to be divided into group of two for comparative analysis so as to evaluate the practice of agricultural land acquisition and compensation in the three selected urban fringes in Thua Thien Hue, central Vietnam.

## **V.2. Case study 1 – Phu Thuong (2007) and Xuan Phu (2011)**

This case study examines two groups of farmers. The first one are farmers in Phu Thuong Commune who received compensation in 2007 (according to Decision no. 3721/2005/QD-UBND) for land acquisition to implement the Phu My Thuong New City project, for which it is expected to become a complex of residential areas, commercial centers, and luxury villas. The primary investor in this project is the VNECO. This corporation was formerly known as Electricity Construction Company 3, a state company. From 2002 to 2005, it was reorganized into a parent-subsidiary company. In 2005, it became the VNECO, under the management of the Vietnamese Ministry of Industry and Trade.

The other group of farmers in Xuan Phu Ward who received compensation in 2011 based on Decision no. 11/2010/QD-UBND for the project on the project on construction of new residential and office areas (LK2). This project, commencing in 2011, has acquired 2.79 ha of agricultural land for this stage. Minh Dien Vital Real Estate Joint Stock Company, a local private business based in Hue City is the primary investor of this project.

Before collecting data via in-depth interviews and FGs, a short questionnaire focusing on the impacts of agricultural land acquisition and compensation on local livelihoods was randomly issued to 200 farmers in the two peri-urban research sites. Findings at this stage showed that land acquisition and compensation rates had severe

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<sup>15</sup> Interviews with staffs of Tay An Agricultural Cooperative.



negative impacts on livelihoods, with households losing more than 50% of agricultural land. Data collection targeted 100 respondents from the two research sites for in-depth interviews and FGDs. Interviewees were selected according to criteria of socio-economic and cultural heterogeneity to ensure they were representative of the demographic diversity of the research area. Furthermore, we ensured the research samples were obtained from stable households with comprehensive knowledge of local resources and development, and who relied on rural activities for their livelihoods.

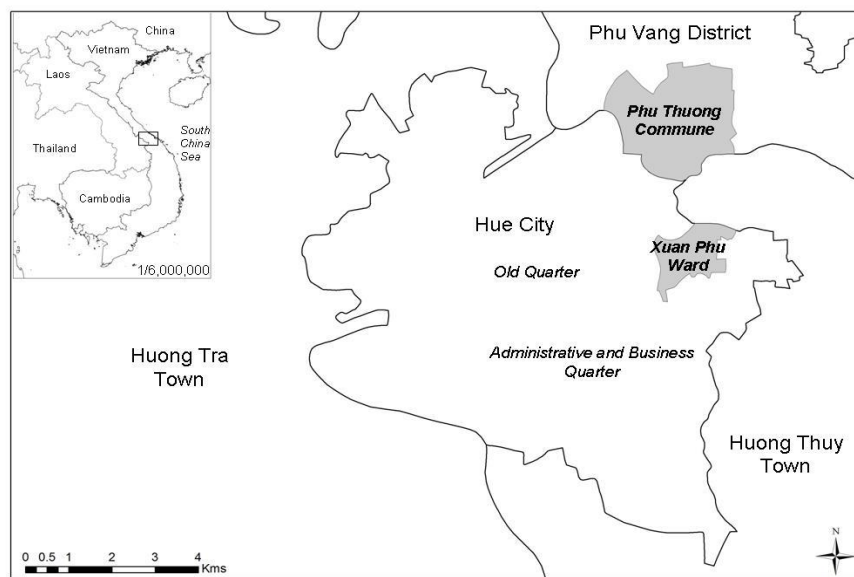


Figure 4. Location of research sites (case study 1).

#### *V.2.1. The local practice of land pricing for compensation*

The following table shows major compensation items for the two research sites:

Table 4. Comparison of compensation pricing in Phu Thuong Commune and Xuan Phu

Ward according to Decisions 3721 and 11.		
Compensation category	Phu Thuong (2007)	Xuan Phu (2011)
Agricultural land pricing	13,000 VND/m <sup>2</sup>	38,000 VND/m <sup>2</sup>
Support for job conversion <sup>16</sup>	1,800,000 VND/person	1,800,000 VND/person
Allowances for livelihood stabilization	No	-For acquisition of 30-70% of the agricultural land area: 1,710,000.00 VND/person  - For acquisition of 70% of the agricultural land area and upwards: 3,420,000.00 VND/person
Wet-rice	1,850 VND/ m <sup>2</sup>	1,850 VND/ m <sup>2</sup>

*Source:* Generalized from the decisions 3721, 11 and the follow-up compensation plans, applicable at the research site.

The above table indicates two main concerns. The first is whether the identified value of agricultural land is reasonable or not. For the LK2 project, the compensation rate is identified at 38,000 VND/m<sup>2</sup>, the lowest price for agricultural land at the time of acquisition, while the start-up price for public bidding in 2011 was about 8 million VND/m<sup>2</sup>. On the real estate market, this ranges from 10 -13 million VND/m<sup>2</sup>, which represents a ten-fold increase in comparison to the compensation price. This pricing gap is also evident in Phu Thuong Commune. The local government compensated the acquired land at a very low price of 13,000 VND/m<sup>2</sup> in 2007 and then allocated it to VNECO with the investment incentive of the lowest land rental fee on the official price index: 125,000 VND/m<sup>2</sup> (Decision no. 2228/2007/QD-UBND). According to local real estate agents and experts, the real estate market price of one square meter in this area is 6–10 million VND/m<sup>2</sup>, emphasizing again the gap between the compensation price for farmers and the

<sup>16</sup> The number of eligible people is calculated based on number of people of working age with names specified on household registration book.

business prices on the property market.

The compensation rates presented above are unlike compensation practices in China or other localities in Vietnam such as Hanoi, where the lump-sum financial payment is regarded as a substantial amount of money to help the affected communities be better-off for a certain time after land acquisition (Leaf, 2002; Suu, 2009; Zhang and Lu, 2011). The prices for one kilogram of ordinary long grain rice were, respectively, 5,382 VND and 9,907 VND in 2007 and 2011 (Statistical Yearbooks, 2007 and 2011). According to the data collected, the average compensation amounts for the acquisition of agricultural land per household were 37 million VND in Phu Thuong in 2007 and 65 million VND in Xuan Phu in 2011. Consequently, the average amount of compensation in Phu Thuong could help local farmers buy 6,875 kg of ordinary long grain rice, which is 6,561 kg in Xuan Phu. The average rice consumption is about 10 kg/member/month in a farming household, according to estimations by the local respondents in the two sites. Give that the average household members after acquisition were five and six in Phu Thuong and Xuan Phu respectively; the said compensation money could afford rice demand for 3.8 years in the case of Phu Thuong and 3 years in the case of Xuan Phu. This indicates that the compensation practice in Xuan Phu four years later was even worse. All respondents said they used all of the compensation money to buy a new motorbike, agricultural production equipment or to repair houses. According to the farmers interviewed, the compensation amount was too modest to open a long-term savings account.

The analysis presented above captures the large gap in land pricing, which disadvantages local farmers. While the 2003 Land Law stipulates that in the case of great disparities between the official acquisition price and the market price the PCs should adjust the land price framework annually, local experts purport that price modifications are slow to change. All local farmers said such insubstantial compensation money would make no

difference to their living standard and was not worth losing their permanent means of livelihood for. Thus, the interviews underscore that the compensation practice explained above has created many challenges in the lives of the local farmers. The following sections will explore the negative trends in income-generating activities and household income and employment conversion before and after land acquisition and compensation.

#### *V.2.2. Impacts on local livelihoods*

##### *V.2.2.1. Struggles in income generation*

A snapshot of the overall situation of local farmers is necessary to understand how land acquisition and compensation affects the sustainability of their livelihood. The following table summarizes the data of the investigated households at the two research sites:

Table 5. Agricultural land, household members, and labor of investigated households in Phu

## Thuong Commune and Xuan Phu Ward.

Items	Calculation unit	Phu Thuong Commune		Xuan Phu Ward	
		Before acquisition (2007)	After acquisition (2012)	Before acquisition(2011)	After acquisition (2012)
Total number of households investigated	Household	60	60	40	40
Average agricultural land area	<i>Sao</i> <sup>17</sup> /household	7.4	3.5	5.4	2.6
Total people	People	270	288	223	231
Average no. of members/household	People/household	4.5	5	5.6	6
Laborer <sup>18</sup>	People	108	187	98	124
Male	%	59	52	59	53
Female	%	41	48	41	47
Average no. of laborers/household	People/household	1.8	3.1	2.5	3.1
Average no. of agricultural laborers/ household	People/household	1.5	1.0	2.0	1.0
Average working age of laborer	Years old	38	44	34	36
Average working age of agricultural laborers	Years old	41	49	44	46

Source: Field studies, 2012.

Even a cursory overview of the data reveals a clear reduction in agricultural land

<sup>17</sup> *Sao* is an area unit in Vietnam. There are two types of *sao*: *sao* in the central region = 500 m<sup>2</sup>; *sao* in the northern region = 360m<sup>2</sup>. In this study, one *sao* is 500 m<sup>2</sup>.

<sup>18</sup> Laborers refer to available workers in the investigated households, not necessarily employed laborers.

and an increase in the number of laborers after acquisition at both sites. In Phu Thuong, the average agricultural land per household was 7.4 *sao* before acquisition, which was more than halved to 3.5 *sao* after acquisition. Similarly, 5.4 *sao* was reduced to 2.6 *sao* in Xuan Phu. Before land acquisition, Phu Thuong had an average of 1.8 laborers and 4.5 household members, meaning approximately one laborer could sustain 2.5 household members, mostly from wet-rice production activities; similarly, in Xuan Phu, each laborer could sustain more than 2 members. Although there was only a negligible increase in household members at both sites, the number of laborers after acquisition rose from 1.8 to 3.1 in Phu Thuong and 2.5 to 3.1 in Xuan Phu. That is to say, in Phu Thuong, to sustain approximately 5 members, about 3 laborers had to earn an income, while in Xuan Phu, almost 2 laborers had to generate an income to support a five-member family. This is because all of the investigated households rely mainly on wet-rice production for their subsistence. Upon loss of agricultural land, more household members have to join income-generating activities in addition to wet-rice production, which has continued to be done on the decreased land remaining. All this explains the household's growing difficulty in managing daily subsistence.

Women are still the homemakers in most traditional rural Vietnamese families, meaning the key income-generating responsibility falls on men in most cases. However, to address the new difficulties, local households have had to make use of all their available working resources. In Phu Thuong and Xuan Phu, the data indicates that women actively participated in livelihood activities after losing agricultural land.

These results show that the life of local farmers has become more difficult after losing their land. According to the interviewed farmers, in order to maintain their livelihoods, all labor resources available in a family must participate in income-generating activities, with only children under five years of age being exempted from work. In 41 cases

(42%) across the two research sites, children aged six and older had to work on a daily basis, such as helping parents with simple farming tasks including washing farming equipment, putting rice into big bags and overseeing buffalos for ploughing. There were eight cases (8%) of children aged 9–14 having to work in the same capacity as adults. In all cases, the children attended school alongside their farming activities, however, during harvesting seasons, in five cases children were prevented from attending school and were required to go to the fields to perform farming activities.

Compensation money has not meant that local households have an easier life. While local farming families rely mostly on wet-rice cultivation for daily subsistence, the loss or reduction in wet-rice land area means more women and even children at the research sites are required to help earn an income. Difficulties in their daily subsistence are evident in the trend that local people must work to an older age, especially in the agricultural sector.

In terms of income, the local practice of agricultural land acquisition and compensation also adversely impacts on the long-term livelihoods of local farmers, as seen in income changes in each household before and after acquisition. According to local farmers at the two sites, wet-rice yield is equivalent at both points of time of the survey and equal to 1.75 quintal/*sao*/year, after the deduction of other charges. The following table presents changes in household incomes from wet-rice cultivation at the two sites.

Table 6. Changes in annual household income in Phu Thuong and Xuan Phu before and after land acquisition.

Items	Calculation unit	Phu Thuong Commune		Xuan Phu Ward	
		Before acquisition (2007)	After acquisition (2012)	Before acquisition (2011)	After acquisition (2012)
Average agricultural land area	<i>Sao</i> /household	7.4	3.5	5.4	2.6
Average wet-rice yield	Quintal/ <i>sao</i> /year (2 crops/years)	25.9	12.3	18.9	9.1
Ordinary long grain rice price	VND/kg	5.382	12.000	9.907	12.000
Average income from wet rice	Million VND	13.9	14.8	18.7	11.0
Average income from industry and small handicraft	Million VND	0.6	6.4	0.4	2.1
Average income from other services	Million VND	0.2	2.0	0.5	2.4
Total	Million VND	14.7	23.2	19.6	15.5

Source: Field studies, 2012.

To the respondents, these income sources were unstable and derived from many different activities, resulting in changes in annual household income at both sites. With the loss of more than 50% of agricultural land, the average yield declines accordingly. Additionally, because of soil degradation of the remaining agricultural land from infrastructure construction nearby, much of the land was fallow, leading to a further



decrease in household income.

This decrease is more evident in Xuan Phu, where household income declined from 19.6 million to 15.5 million VND in a year, as the period from the land acquisition phase to the time of survey was transitional. The local people of Xuan Phu did not have sufficient time to adapt to the recent loss of agricultural land and equip themselves with the necessary skills to find alternative employment. In Phu Thuong, through in-depth interviews, all respondents said that income from industry and small handicraft and other services was difficult to obtain; in fact, none of the interviewed farmers were able to get stable jobs after the acquisition of agricultural land. To maintain their daily subsistence, they worked as '*tho dung*'<sup>19</sup>, including assistants to masons, motorbike drivers, canal diggers, house repairers, or gardeners. These employment opportunities are casual in nature and few, and rapid increases in unemployment meant demand outstripped supply. Furthermore, women often took up work as vendors, selling noodles or rice cakes or working as house cleaners or nannies for better-off families. After school, children normally contributed to their family income by selling lottery tickets and newspapers, or as shoe polishers and peanut vendors at nearby restaurants. Despite the active involvement of household members in pursuing income-generating activities, their household income has not improved. Although income increased from 14.7 million VND to nearly double that after five years in Phu Thuong, this difference is insignificant when compared to the price of ordinary long grain rice. In 2007, annual income was sufficient to buy 2,731 kg of rice, while in 2012 it bought only 1,933 kg. This emphasizes that local farmers at the two research sites have had difficulties in maintaining a stable income after land acquisition.

#### *V.2.2.2. Constraints on employment conversion and consequent unemployment*

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<sup>19</sup>*Tho dung* is unofficially known as laborer-on-call for requests of any type.

Ranked as a vulnerable group, rural residents commonly face educational limitations. The limited educational background of respondents posed a major challenge to finding new employment and thus threatens livelihood sustainability.

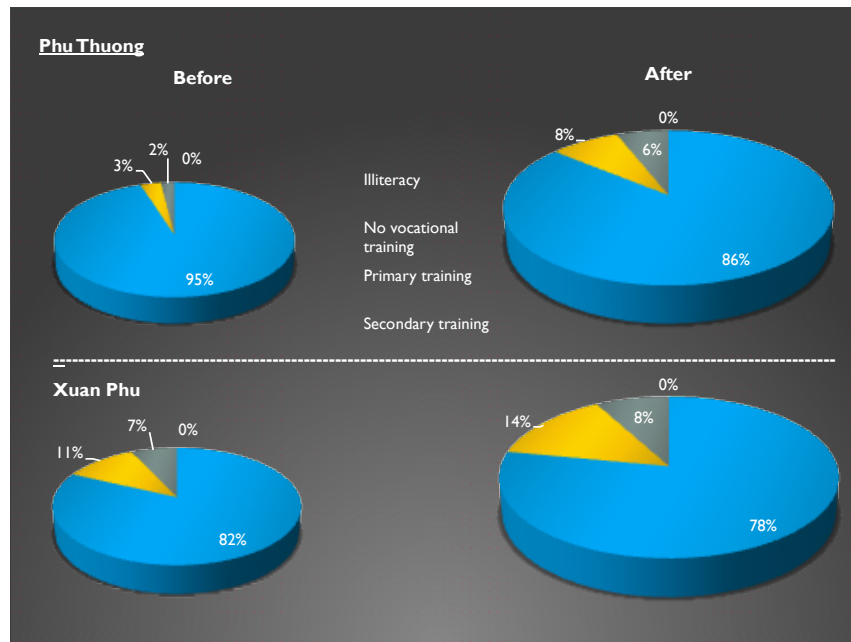


Figure 5. Vocational training situation in Phu Thuong and Xuan Phu before and after LAC.

Figure 5 depicts educational information at the research sites. Although illiteracy was not assessed at the two localities, the majority of household laborers did not receive vocational training before or after acquisition. Although there were increases in the number of people receiving some primary and secondary vocational training, they were in the minority and laborers' lack of training was high at both sites.

Data indicates that 95% of farmers did not attend any vocational training courses for two main reasons. First, the local authorities neither organized training courses for them, nor recommended them to attend courses, which were regularly held at the local vocational training centers. Although Decisions 3127 and 11 clearly stipulate that vocational training and support in job conversion are mandatory responsibilities of the local authorities upon acquisition of the local farmers' agricultural land, their performance is questionable at best. Another reason that farmers didn't attend vocational training is that they were older than 45

at the time of land acquisition, and regarded themselves as too old to start learning. Respondents however indicated that given the permanent loss of agricultural land, they hoped their children would be able to benefit from training, but no such opportunity existed.

According to Decision 3127, in 2007, households in Phu Thuong that had lost over 30% of their agricultural land were eligible for vocational training. The vocational training support for agricultural laborers is detailed in Decision 3127 as follows: in case of acquisition of 30–50% of the total area, each household will get one unit of support; if acquisition is 50–70%, each household will get two units; if the acquired area is from 70% upwards, then the number of units will be calculated based on the actual number of agricultural laborers of working age registered in the household book<sup>20</sup>. One unit of support is equal to 1.8 million VND. In addition, Decision 3127 deals with the issue of training for job conversion. Land developers must commit themselves to recruiting children of affected households to work in their companies as this is seen as a favor to farmers losing agricultural land use authority for working out urban development project. In addition, the Decision points out the necessity of vocational training and job creation programs for these households to stabilize their livelihoods upon land acquisition.

On paper, in accordance with Decree no.69, the provisions presented above indicate the local governments' approach in working with farmers to secure their long-term livelihoods. In reality, farmers receive a one-off payment of 1.8 million VND and the empty promise that the land developers will employ their children. Although land developers employ construction workers to work on the acquired land, recruitment conditions apply equally to all applicants, and no priority is given to local people or their children, though it was promised.

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<sup>20</sup> This calculation excludes labourers that are married and living separately, but their names have not been removed from household book.

The status quo of land acquisition and compensation by the local government indicates that the unclear and incomplete framework opens loopholes for the local authorities to absolve themselves of their responsibilities. The local governments' ultimate authority is institutionalized in the framework for land acquisition and compensation, and local people do not participate in decision-making processes. The lack of monitoring and evaluation mechanisms in the relating framework intentionally protects the local state's power, and the ambiguous legal framework means local authorities are only accountable to themselves. The compensation practice resembles a scenario where the government is a buyer and local farmers play the roles of sellers. It is noteworthy that one of the key legal foundations of Decision 11 is Decree 69. Written in 2009, it emphasizes the crucial role of the local government in providing vocational training and employment conversion to affected communities (article 29). However, as there's no formal and enforced monitoring and evaluation system, the local government is not held to account. Local farmers feel abandoned in their struggle to earn a living and find alternative means of employment after losing their primary source of income – their agricultural land.

This situation is elucidated in the following figure:



Figure 6. Employment circumstances before and after acquisition at the two research sites.

Employment rates among the 100 households investigated was above 90% before land acquisition because residents had been living in the locality for a long time and were eligible for land for agricultural production purposes, as stated in Decree no. 64/ND-CP, promulgated in 1993. There were only 10 (9.3%) unemployed people in Phu Thuong and two (4.1%) in Xuan Phu before land acquisition. Before acquisition, the unemployment rate of the Phu Thuong group was much higher than the average unemployment rate of the whole province in 2007, while in Xuan Phu it was lower than the unemployment rate of Thua Thien Hue province in 2011 (Statistical Books, 2007 and 2011). After the agricultural land was acquired, the situation deteriorated at the two sites. In Phu Thuong, employment fell from 90.7% to 48.7%, while the number of unemployed laborers increased from 10 to 96 out of 187, or equal to 51.3%. According to the respondents in Phu Thuong, there are two explanations for this situation. Firstly, after acquisition, the remaining agricultural area was too limited to continue wet-rice production. In addition, from the 60 investigated households, 31 fallowed their land as nearby construction work had deteriorated the soil. On these two accounts, farmers of these households discontinued farming and looked for labor-on-call jobs, which are very unstable. Due to their irregular income, they ranked themselves as unemployed laborers.

In Xuan Phu, the situation was slightly better, with a 53.2% employment rate after land acquisition. As Xuan Phu is close to downtown Hue, local people were able to access more employment opportunities than those in Phu Thuong. Nonetheless, considering the time from acquisition (July 2011) to the time of the field survey (October 2012), this increase in unemployment was very rapid. Given the provincial unemployment rate of 1.53% in 2012 (Statistical Book, 2013), both case study sites indicate a negative employment trend, and therefore a threat to stable livelihoods in the local communities.

### **V.3. Case study 2 – Xuan Phu (2011) and An Hoa (2012)**

Land acquisition and compensation in Hue City, the capital city of Thua Thien Hue Province, has grown rapidly in Xuan Phu and An Hoa Wards. Xuan Phu Ward is the main part of the An Van Duong New City project (2006 – present), the largest and most important urban development project of Thua Thien Hue. It covers a large area of 959 hectares (mostly agricultural land). This project has resulted in large-scale acquisition of agricultural land from farmers of Xuan Phu since its commencement. In this study, the Residential Area Development Project in Area no.4, which belongs to the An Van Duong Project, will be selected for sampling. This project, commencing in the 2008, acquired approximately 7.2 hectares of agricultural land from the local people in early 2011. This acquisition affects 74 farming households in the ward<sup>21</sup>.

In An Hoa, in recent years, about 50 hectares of agricultural land has been acquired from the local farmers<sup>22</sup>. An Hoa Ward is subject to agricultural acquisition to develop the Northern Residential Area in An Hoa and Huong So wards. This project covers a total area of 740 hectares, among which An Hoa contributes 383 hectares, mostly agricultural land. Among the affected community, there are 42 farming households that lost 100% of their agricultural land. Among the acquired land, most is allocated to the Huong So Resettlement Project, which aims to resettle people living in boats along the Huong River as well as displaced residents living on Ngu Ha Canal as a result of Ngu Ha Canal Improvement Project.

Both projects have a common important component. As these projects aim to increase revenue for local budgets, the provincial government reserves large amounts of

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<sup>21</sup>Decision no.3752/QD-UBND dated December 8<sup>th</sup>, 2010 promulgated by Hue City PC.

<sup>22</sup>Interviews with staffs of Tay An Agricultural Cooperative.

land being acquired for sale<sup>23</sup>. According to the project documents<sup>24</sup>, the money received will be used to develop infrastructure in the province. These transactions have drawn complaints from local people because of differences in land prices and unfair compensation that they have received. The primary investor of the Xuan Phu and An Hoa projects is the Investment and Construction Board of the province. This authority belongs to the administrative system of the provincial government, i.e. it invests in the projects on behalf of the provincial PCs, using the State budget.

Before collecting data via in-depth interviews and FGs, a short questionnaire focusing on impacts of agricultural land acquisition and compensation to local livelihoods has been issued randomly to 110 farmers in the research sites. Findings at this stage show that the local acquisition and compensation rates maintained remarkable negative impacts on livelihoods, with households losing more than 40% of agricultural land. Therefore, data collection targets 70 respondents among this group for in-depth interview and FGDs.

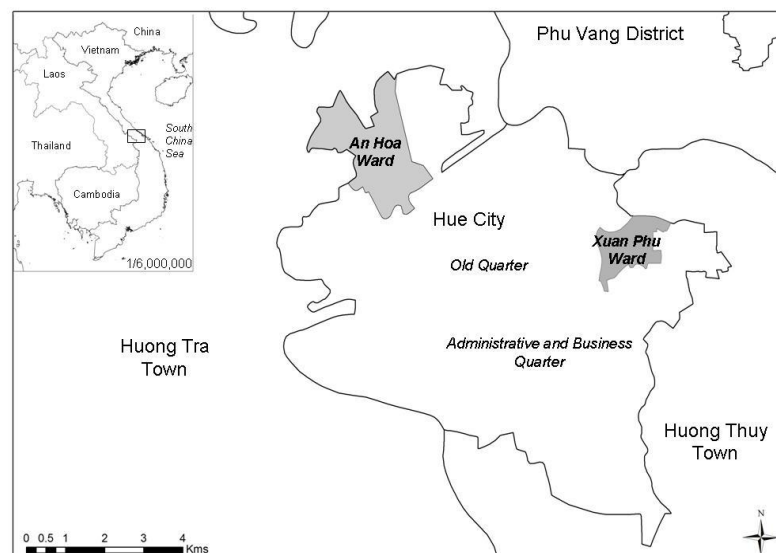


Figure 7. Location of the research sites (case study 2).

<sup>23</sup> Sale in this case refers to the transfer of land use rights via auctions.

<sup>24</sup> Decision no. 179/QD-UBND dated January 23<sup>rd</sup>, 2008 by Thua Thien Hue Province PC (Xuan Phu) and Decision no. 2256/QD-UBND dated October 31<sup>st</sup>, 2011 by Hue City PC (An Hoa).

### V.3.1 The local practice of land pricing for compensation

Table 7. Compensation category in Xuan Phu in 2011 and An Hoa in 2012.

Compensation category	Xuan Phu (2011)	An Hoa (2012)
Agricultural land pricing	38,000 VND/m <sup>2</sup>	41,000 VND/m <sup>2</sup>
Support for job conversion	1,800,000 VND/person <sup>25</sup>	Ineligible
Allowances for livelihood stabilisation	855,000 VND/person (Applicable for acquisition from 30% of agricultural land upwards, calculated based on number of people with names specified on household registration book)	* 1,710,000 VND/person (acquisition from 30 – 70% of agricultural area) * 3,420,000 VND/person (acquisition from 70% of agricultural area upwards)
Wet-rice	1,850 VND/ m <sup>2</sup>	1,850 VND/ m <sup>2</sup>
20% support for agricultural land in residential areas	Ineligible	Eligible

*Source:* The source of data for this table was generalized from the Decision no.11/QD-UBND<sup>26</sup> dated April 10<sup>th</sup>, 2010, Decision no.18/QD-UBND dated June 1<sup>st</sup>, 2011 and other compensation detailed plans, applicable for the acquired land at the research sites.

The local practice of acquisition in Xuan Phu in 2011 indicates unfair compensation and great disadvantages to the affected farmers. Both of the Decisions no.11 and 18 offer so-called *20% support for agricultural land in residential areas* to the affected communities. This kind of support is applicable for *agricultural land in ward administrative territory, residential areas of township, rural residential areas, adjoining*

<sup>25</sup> The number of eligible people is calculated based on number of people in working age with names specified on household registration book.

<sup>26</sup> After promulgation of the Decision no.11, the provincial PC issues the Decision no. 15/QD-UBND dated May 18<sup>th</sup>, 2010 to revise a number of articles in the Decision no. 11. However, basically, the compensation package was identified based on the Decision no.11.



*ward and residential boundaries*. If eligible, farmers will receive an amount calculated by the total acquired agricultural land area<sup>27</sup> multiplies by 20% of price identical to that of land used for residential purpose (Article 34, point 2, Decision no.11 and Article 31, point 2, Decision no.18). For example, if eligible for this support, Mr. A who loses 900 square metres of agricultural land in An Hoa Ward will receive the following amount of money:  $(420,000 \text{ VND} \times 20\%) \times 900 = 75.6 \text{ million VND}$ . Comparing to the annual income of investigated farming households in An Hoa before acquisition at 38 million VND (see table 9), this amount is rather significant to the local farmers after losing their land as the major means of livelihoods.

However, the affected farmers in Xuan Phu were ineligible for this kind of support although the location of their agricultural is exactly within the boundary of Xuan Phu administrative boundary. Unfortunately, no interviewed farmers were aware of this issue nor did they know anything about this kind of support. When we asked the local experts about this issue, we could not receive any positive and reasonable explanations. The practice of compensation of the local authorities, therefore, is questionable at best. This indicates the lack of transparency and accountability of the local government as the results of the top-down approach in practising compensation. The losers are by all means the farmers.

In term of compensation rate, table 7 shows that prices for compensation of one square metre of agricultural land are identified at 38,000 and 41,000 VND/m<sup>2</sup>, applicable in Xuan Phu and An Hoa in 2011 and 2012, respectively. These are the lowest levels of

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<sup>27</sup> Also according to these two Decisions, the total area calculated for this support shall not exceed five times of residential land allocation in Thua Thien Hue (particularly, the area shall not be over 1,000 square metre, according to the Decision no. 3626 /2005/QD-UBND dated October 20<sup>th</sup>, 2005 and Decision 51/2010/QD-UBND dated December 20<sup>th</sup>, 2010).

compensation for agricultural land use at the time of acquisition. While the local government compensates at those very low prices, the market prices for one square metre rises up to 11-13 and 4–8 million VND in Xuan Phu and An Hoa respectively. These are considerable mark-ups in comparison with the compensated prices. Although in the case of An Hoa, the local government offers the 20% support to the affected farmers as above mentioned, this money could, to some extent, help narrow the gap between the compensation price and market values. However, the compensation and the market prices still maintain discrepancy.

The above analysis manifests the gap in pricing land, which is considered to present a daunting disadvantage to affected land users. Local communities and other relevant stakeholders have no voices in making final decisions of land prices. After the local authority's promulgation of the land acquisition, the activity timetable will be implemented without any consultation with the community. All these indicate a top-down approach by the local authorities in land acquisition and compensation, even when the 2003 Land Law encourages citizen participation in land governance. The top-down practice and the sole authority of the provincial government in price setting indicate that there are inadequate monitoring and evaluation mechanisms to bring the participation of community in decision-making processes into practice. It is this "encouragement" clearly stated on paper but without any follow-up strict institutions further exemplifies the said intentional ambiguity in the relating framework.

### *V.3.2. Impacts on local livelihoods*

The following table provides an overview of the investigated households at the two research sites:

Table 8. Agricultural land, household members, and labor of investigated households in Xuan Phu and An Hoa Wards.

Items	Calculation unit	Xuan Phu		An Hoa	
		Before acquisition (2011)	After acquisition (2012)	Before acquisition(2011)	After acquisition (2012)
Total number of households investigated	Household	30	30	40	40
Average agricultural land area	<u>Sao/household</u>	3.2	0.5	3.8	2.2
Total people	People	153	166	244	255
Average member/household	People	5.0	5.5	6.0	6.4
Number of available laborers		116	128	191	198
Average no. of laborer <sup>28</sup> /household	People/household	4	4	5	5
Average no. of agricultural laborers/household	People/household	2	0	2	1
Average working age of laborers in other sectors	Years old	21	22	28	29
Average working age of agricultural laborers	Years old	54	55	59	60

*Source:* Field studies, 2012.

As seen from the table 8, number of available laborers per household (80% in Xuan Phu and 83% in An Hoa) in these two areas is remarkably high. The majority of children in these investigated households enters working age and has been earning stable income from non-agricultural sectors, particularly industry and small handicraft sectors. These cases are different from the case study 1 as these areas are very close to the city center. Therefore, young children of these families could access more educational and

<sup>28</sup> Laborers refer to available workers in the investigated households, not necessarily employed laborers.

employment opportunities. Living in the city, it is common that young people do not choose to work in agricultural sector. Agricultural activities in these households belong to their parents. These households are different from the case study 1, the investigated households of which are full-time farming.

The following figure shows numbers of available laborers, employed laborers in non-agricultural sectors and agricultural laborers in Xuan Phu and An Hoa before and after acquisition.

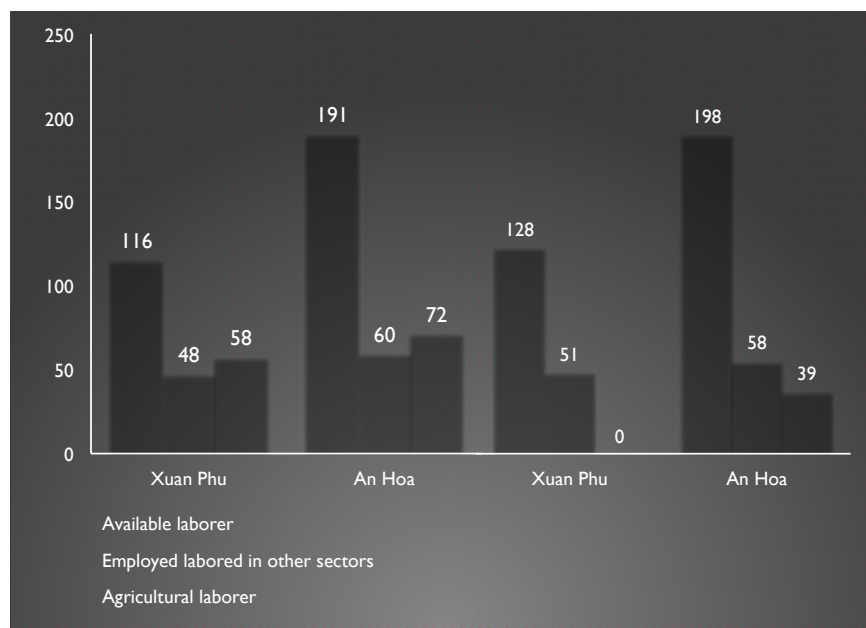


Figure 8. Numbers of available laborers, employed laborers in non-agricultural sectors and agricultural laborers in Xuan Phu and An Hoa before and after acquisition.

When being interviewed, local farmers in Xuan Phu indicated that the amount compensation was not worth losing their permanent means of living. Interviews with local farmers underscore that the practice of compensation explained above has created many challenges in the lives of the local farmers. As local farming families rely mostly on wet-rice cultivation for daily subsistence, the loss or reduction in agricultural land area engenders an increase in the household working force. More women and even children at the research sites have to join the struggle to earn a living.

The practice of acquisition and compensation also adversely impacts the long-term livelihoods of local farmers because lands - the major means of livelihoods have been taken away, either in part or in full. These impacts are evident as seen in income changes in each household before and after acquisition. According to local farmers, wet-rice yield is the same at both points of time of the survey and equal to 1.75 quintal/*sao*<sup>29</sup>/year<sup>30</sup>. Local farmers in two research sites could typically harvest two crops per year. The following table presents changes in household incomes in the research sites.

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<sup>29</sup> *Sao* is an area unit in Vietnam. *Sao* in Central region = 500 m<sup>2</sup> (including Thua Thien Hue) while *sao* in Northern region = 360m<sup>2</sup>.

<sup>30</sup> With other deductions already taken into account.

Table 9. Changes in household annual income in Xuan Phu and An Hoa  
before and after acquisition.

Attribute	Calculation unit	Xuan Phu		An Hoa	
		No. of respondents = 30		No. of respondents = 40	
		Before	After	Before	After
		acquisition (2011)	acquisition (2012)	acquisition (2011)	acquisition (2012)
Average agricultural land area	Sao/household	3.2	0.5	3.8	2.2
Average wet-rice yield	Quintal/sao/year	11.2		13.3	7.7
Long-grain rice price	VND/kg	9,907 <sup>31</sup>	12,000	9,907	12,000 <sup>32</sup>
Average income from wet-rice production	Million VND	11.1	0	13.2	9.2
Average income from other agricultural production activities	Million VND	0.8	1.8	0.6	0.2
Average income from industry and small handicraft	Million VND	25.6	27.2	24.0	23.2
Average income from other services	Million VND	0.5	0.5	0.2	0.2
<b>Total</b>	<b>Million VND</b>	<b>38</b>	<b>28.9</b>	<b>38</b>	<b>32.8</b>

Source: Generalized from field studies, 2012.

In the research sites, all are full-time agricultural households. Their main income relies almost on agricultural production. In those households, income is also generated from industry and small handicraft as well as other sectors such as small businesses. However, the latter, which is not remarkable in both sites, is normally earned by the children and wives of the investigated farmers.

<sup>31</sup> Thua Thien Hue Statistical Yearbook, 2011.

<sup>32</sup> Source: the official website of the PC of Quang Tri Province, Central Vietnam, <http://nguoidancanbiet.quangtri.gov.vn/index.php/vi/news/Gia-ca-thi-truong/Tinh-hinh-thi-truong-gia-ca-tu-ngay-08112012-den-ngay-14112012-479/>

In Xuan Phu, after acquisition, among 30 respondents, only two households still have remarkable remaining land of 2.1 and 2.9 *sao*. With these areas, people can maintain their wet-rice cultivation. However, as a result of soil degradation of the remaining agricultural land due to the negative impacts of infrastructure construction nearby, these farmers had to fallow their land. The other 28 cases gave up wet-rice production because the remaining area of 0.5 *sao* was too small to continue cultivation. Instead, they made use of this area to get income by growing water spinach. This allows each household to earn, after acquisition, 1.8 million VND on average. However, this humble amount could not make up the loss of wet-rice-generated income. To maintain their daily subsistence, most farmer respondents said they rushed to find new employments in neighbouring areas and downtown. Unfortunately, no one could find stable jobs. Difficulty in job conversion is due to two reasons. Firstly they do not have other skills than agricultural production experiences. Additionally, they were quite old (54 years old) at the time of acquisition. At this age, it was difficult to start learning new skills in addition to the limited educational background. In those non-full-time farming families, before acquisition, they obtain income from two main sources: agricultural production (parents) and non-agricultural sectors, particularly industry and small handicraft sectors (children in working age). With 48 employed labourers in these 30 households, every year, they contribute 25.6 million VND to the whole family income. Thus, before acquisition, each household can get 38 million VND. After acquisition, these households relied mostly on the income generated from their children only. As a result, their household income decreases from 38 to 28.9 million VND within only a year. In the meantime, the number of household members increases from 116 to 128 because of marriages and new births. According to the average household members, the income obtained in these households before acquisition (38 million VND) was used to feed 5 people, i.e. each people received 7.6 million VND per year. After acquisition, this decreases to 5.3 million. All these point out the livelihoods of these households in Xuan Phu become

difficult after agricultural land was acquired.

In An Hoa, the situation is better because they were eligible to receive the 20% support for agricultural land in residential area. While the local people lost 5.2 million VND in their annual income, all investigated households received an average amount of 92 million VND as an additional support. According to local experts, this 20% support showed a great effort of the local authorities in reducing the gap between compensation and market prices.

After acquisition, all interviewed local farmers in An Hoa accepted (but not satisfied) with the compensation package, in which the money they received for substitution of their means for livelihoods was the highest amount they have ever had in their lives. Data collection points out that the local farmers use the compensation money for two main purposes: repairing house for flood seasons<sup>33</sup> and buying new motorbikes. Only two farmers, aged 69 and 72, put the compensation money in bank saving accounts for monthly interests after having spent half of the money for the two said purposes. At the time of survey, the compensation money of all investigated farmers has been spent out. In the meantime, 39 out of 72 farmers became unemployed and remained very concerned about their future. Before acquisition, each household earned 38 million VND thanks to agricultural production and contribution of income from children working in industry, small handicraft and other non-agricultural sectors. With the remaining area of 2.2 ha after acquisition of agricultural land, income from wet rice production decrease from 13.2 to 9.2 millions. This is a remarkable reduction considering increase of long-grain rice price of two point of time (9,907 VND for one kg in 2011 versus 12,000 just after one year). Therefore, after acquisition, each household could obtain 32.8 million VND. This situation is similar as

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<sup>33</sup> Thua Thien Hue, Central Vietnam is subject to frequent flooding every year. Rate of frequency is 2-3 times per year.



that of Xuan Phu because member of household increase after acquisition. These show the challenges in income generation of these households after loss of agricultural and.

Additionally, the above analysis indicates another problem of welfare loss due to limited management skill of the local community (To *et al.*, 1997; Suu, 2009; Chuong and Hoanh, 2010). Cash compensation in land acquisition in has many negative consequences, particularly for vulnerable and marginal populations because their management skill to use the money appropriately is very questionable (Zaman, 1990). Thus, a significant principle in compensation is to determine non-cash compensation where cash alone is not appropriate (Patridge, 1989). In this sense, vocational and employment conversion support is highly necessary.

However, the local government and the investor of the project maintain no further responsibility to the affected farmers upon the completion of the cash compensation, leaving the communities alone in the struggle for livelihood subsistence. Decision no.18 indicates that vocational training and employment conversion supports do not apply to beneficiaries who have agricultural land in the ward administrative territory, residential areas of township, rural residential areas, adjoining wards, and residential boundaries. Because An Hoa is adjacent to the city boundary, all local farmers in these areas are ineligible for this kind of support. It should be noted, however, that in An Hoa, the educational level before acquisition of all respondents is rather low. None of them have received a high school diploma. The majority have only received primary and secondary education, which ensures a limited literacy level. In the meantime, the key legal foundation of Decision no.18 is the Decree no.69/ND-CP that indicates a comprehensive approach of the local government (especially the PCs at city, town and district levels) in working with the farmers to secure their long-term livelihoods. Therefore, the exclusion of the affected farmers in benefiting from vocational training and employment conversion supports in the

Decision is a top-down practice that disregards the expectations of the affected communities. This may be unfair to the local farmers because An Hoa, with a poverty rate of 5.03%, was still ranked among the top ten low-income communities in Hue City as of 2010<sup>34</sup>.

Local governments deal with farmers whose land was acquired by providing one-off compensation. This is also the common practice of other localities in Vietnam as one-off cash compensation means the local authorities will no longer bear any other responsibilities to the loss of land as means for stable livelihoods of farmers (Vo, 2012). In the land acquisition practice in Thua Thien Hue, although the affected farmers in An Hoa are satisfied with the acquisition and compensation, their challenges in job conversion, unstable income and unreasonable spending of compensation money after acquisition indicate that they are by no means the winners of the approach.

#### **V.4. Implications and conclusion**

The above analysis of the Thua Thien Hue case study indicates the incompleteness of Vietnam's legal framework for land acquisition and compensation and highlights that this framework challenges the sustainability of livelihoods of the local communities. At heart of the whole process is the local state's consistent effort to lower compensation prices. The case study further shows that local authorities have been able to do this by making use of the ambiguous framework in three ways: the land pricing system to increase the gap between compensation and market prices; the unchecked authority of the local government in land pricing; and an inadequate monitoring and evaluation system upon compensation. This part further examines this institutional ambiguity in order to understand local governments' rationale for lowering the compensation price offered to farmers.

Processes of land acquisition and compensation offer ample opportunities for

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<sup>34</sup> According to the Decision no.129/BC-UBND dated December 16<sup>th</sup> 2010.

certain groups of well-off people to become increasingly better off. At the same time the rural poor, mostly farmers, are pushed deeper into poverty. This has occurred because of the unfair distribution of benefits among three main actors: the government, land developers and local communities. Social stratification and conflicts among different groups of people have emerged in the new built-up environment of peri-urban areas, where traditional farming practices compete with urban modes of living. The most vulnerable people in these processes are local farmers, who have no ownership rights to agricultural land. Consequently, the local state expropriates their means of subsistence (land) by an imposed land acquisition framework.

The purpose of land acquisition and compensation in Vietnam is to serve industrialization and modernization – the state's number one priority of turning Vietnam into an industrialized country. The lower the land prices, the more opportunities for local states to attract flows of capital (Vo, 2010; Thu and Pereja, 2011; Ty *et al.*, 2014). To achieve the objective of the said priority, local state disregards the voices of citizens to increase compensation prices. Thus, although the promotion of community participation in policy-making processes to promote democracy is mainstreamed in the 2007 Decree on development of Grassroots Democracy promulgated by the National Government, bringing this decree into practice has had very limited success (Larsen, 2011). Concurrently, the decentralized system of governance means local states retain sole authority in the setting of land prices. The top-down actions of local states, which do not promote principles of democracy, is protected by that institutional ambiguity. In this sense, the local government's top-down practice in land acquisition and compensation is forceful in nature as it routinely disregards participatory principles. This is evident in the case study as well as in other cases (Suu, 2007, 2009; Ty *et al.*, 2014), in addition to more coercive acquisition cases as in Hung Yen, Thai Binh, Nam Dinh and Bac Giang and elsewhere in Vietnam

(Phapluattp, 2012; Dantri, 2013).

Therefore, farmers are inevitably the losers in urban development in general and land acquisition processes in particular because their rights to use agricultural land – the primary means of subsistence – is acquired in a ‘legal’ manner. That is to say, the decentralized system and the existing framework protect local states in legally acquiring land from local farmers. Land acquisition, which is unable to deal with stakeholders’ conflicts of interest, gives rise to land grabbing at the local level. In other cases of land conversion in Vietnam, alliances of interest are the key drivers of the land grabbing process. They are “growth machine coalitions” – the *de facto* alliances among the Vietnamese ministries of construction and natural resources, local authorities and land developers (Labbé, 2011: 441) or more commonly, the alliances between land developers and local governments (Kim, 2011) or those of newly emergent rural economic and political elites (Akram-Lodhi, 2007) to direct the property market to their advantage at the cost of the rural poor.

#### *V.4.1. Interest coalitions and corruptions*

In the case study no.1 of this research, the two main investors of the two projects in this study were the VNECO of the Vietnamese Ministry of Industry and Trade and the Minh Dien Vital Real Estate Joint Stock Company, a local private business based in Hue City. During discussions, representatives of these two companies conceded that they had to pay four kinds of fees for most projects such as administrative fees, expenses for infrastructure investment, expenses for land acquisition and unofficial fees. The first fee is fixed and regulated by law. The second is only subject to minimal changes, as investors have to ensure the minimum quality of their work. To gain maximum interest in their projects, investors have to reduce the expenses for land acquisition by increasing unofficial fees. Investors claim that these deals are preferable because they make things run more

smoothly. The majority of the 21 businesses interviewed in Thua Thien Hue revealed that they were willing to pay this corruption money for mutual benefits between businesses and local authorities. In fact, compensation for land in both Phu Thuong (2007) and Xuan Phu (2012) were paid out at the lowest rate possible according to the land price index promulgated in 2007 and 2012. This indicates that covert land deals and alliances between state and developers exist and are at the heart of land grabbing (Borras *et al.*, 2011; Wolford *et al.*, 2013). According to results of the most recent research on corruption in Vietnam, 40% of 1,058 respondents in ten provinces and cities of Vietnam admitted that they always make use of political relations with key persons in governmental agencies for their businesses; 63% of business respondents agreed that secret deals between them and public officials could make things work quicker and more smoothly (WB, 2013). These alliances give rise to the emergence of “backyard businesses” — a special form of corruption in which businesses establish close relations with key persons of central and local governmental agencies for economic benefits (Vietnam Central Inspection Agency, 2013).

The case study no.2 shows another variation of local alliances for interest. In the cases of the An Hoa and Xuan Phu Projects, the primary investor has been the Investment and Construction Board—part of the administrative system of the provincial government. The first local interest alliance is formed between these authorities and other relevant agencies in the local government. Data collection also indicates four kinds of fees that investors have to pay for a particular project with land acquisition: administrative fees; expenses for infrastructure investment; expenses for land acquisition (compensation of land and properties on land to original land users, etc.); and unofficial fees (lobbying leaders and relevant officials or corruption fee). The first fee cannot be changed because it is regulated by law. The second fee could be changed, but not by much because investors have to ensure a minimum quality of work. In order to maximise the return on investment for these

projects, investors have to reduce the expense of land acquisition by increasing unofficial fees via secret land deals in the form of corruption. Investors can do this easily; particularly in this case study as the investor of the two projects belongs to the working mechanism of the local government.

This alliance is evident when examining the case of tombs clearance on agricultural land for acquisition in An Hoa in 2013. According to the Centre for Land Fund Development of Hue City<sup>35</sup>, the city government will pay supporting money for tomb clearance only when they show evidences of bone remnants or glazed terra-cotta pots<sup>36</sup>. Experts of this Centre claimed that this regulation was established to minimise cases in which local people made false tombs to increase compensation money. However, local farmers said this regulation was highly unreasonable because there were many old tombs that were built long ago. At the time of removal, there was no bone and only black dust remaining. This kind of tomb was ineligible for qualification of tomb removal. As a result, while there were a total of 453 tombs according to statistics of An Hoa Ward PC, the investor only supported money for removal of 245 tombs, leaving the remaining of 208 cases unsettled. The Centre did this based on the account that there was no evidence of bone or pots as indicated in the official announcement<sup>37</sup>. The local community strongly opposes this regulation. Despite this opposition, there are no changes from the local government to protect the affected farmers from that unfair practice of compensation. The claim that there would be nothing but black dust in old tombs was reasonable was not taken into consideration. This indicates the alliance between the project's investor and the other relating authorities of the local government.

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<sup>35</sup> The authority in charge of acquisition and compensation of the city PC.

<sup>36</sup> The official announcement on land acquisition issued on March 28<sup>th</sup> 2013, applicable in An Hoa Ward.

<sup>37</sup> Interviews with local staffs of An Hoa Ward PC.

One might argue that there is no corruption and collusion between the relating agencies of the local government given that the sales of reserved land in two projects in study are to increase the local budget as stated in the project documents. Based on this account, the higher the prices are identified, the greater revenue the local government will receive upon sales of land. The question is that there is always another ‘under-the-table negotiation’ that justifies the discretion of establishing land prices of local governments (Tian and Ma, 2009: 601). As a result, among reserved land, many of the well-located plots will be allocated at official prices to many other accumulators via their relations with leaders and other staffs in a non-transparent manner. It is this alliance between local authorities and land accumulators, or ‘backyard businesses’ that explains the local government’s determination in drastically lowering compensation prices. Backyard businesses refer to a special form of corruption in which businesses establish close relations with key persons of Central and local governmental agencies for economic gains (Vietnamese Central Inspectorate, 2013). This kind of corruption is evident in the case study.

During a field trip to the developed land, when we posed as investors to buy a land plot at the crossroad of two internal streets in Xuan Phu Ward, the agent refused to sell to us. He revealed that that piece of land belongs to a son of ‘*sep tren*’ (an important person of a provincial authority). He also said that this person was advertising to sell this plot at 13 million VND for one square meter. It should be noted that, according to the 2012 official land price index, he only paid 4.9 million VND to buy its use right. And after only six months ago, he advertised it at market prevailing prices of 13 million. Local practice indicates that the land seller will be able to easily sell the plot at 11–12 million VND. This means the profits fall into private hands, at the cost of both the local government (loss of revenue to increase local budget) and the affected community (low and unfair

compensation). In fact, during interviews with local businesses and even experts working in relevant authorities, this situation is very common not only in Thua Thien Hue but also in other provinces in Vietnam.

Through observations in a land use right auction that took place in Xuan Phu in 2012, the alliances are more explicit. Except for some well-located land plots that have already found their new owners as earlier mentioned, other plots would be opened up to public for auction. Participants in this auction process involve officials of some local authorities, local businesses, land brokers and citizens. Among these participants, there are always some people who play the role of facilitators. They pose as land buyers, but in fact they participate to make the bidding brisk, in order to encourage other participants placing higher prices. This is good for two groups, first, the local government. These participants only do this for plots, which are opened up for true and fair bidding. That means buyers of these plots are any normal citizens who do not have any relations or are involved in any alliances with local authorities. This will help increase the local budget thanks to the higher prices participants place. Unfortunately, these plots are few. Secondly, this is also beneficial to other land developers as market prices are normally identified via these auctions.

In addition, among the land plots opening for auction, there are also other well-placed pieces, which are open only as a formality. In fact, these plots already identify their owners in advance via the secret land deals between local authorities and developers (or another group of their backyard businesses). Although other participants place high prices for those plots, the land investors still win the auction. This is because during auction, they place a price, which is unreasonably high, compared to other participants. Ultimately, they win the auction because no one is ready to pay so much for a plot over and above its real value. Later, the land investors will get the land plots at official prices, in addition to the corruption money paid to their allies in order to receive those good deals. They do it easily



because they do not need to be accountable to anyone. They are in a coalition.

It should be noted that the land for open auctions is the land acquired from the local farmers at 38,000 VND for one square metre. The average price for this auction in October 2012 ranges from 10 – 16 million VND per square metre. While the local government prefers sale of land use in the form of open auctions to ensure transparency, in reality, things are arranged in advance. All these indicate that these shady land deals have led to the dispossession of land when the local farmers in Vietnam do not have clear land right (only land use right). These deals and the consequent dispossession of land from local farmers are two important attributes in the characterisation of land grabbing (Borras and Franco, 2012).

In addition to the alliances referred in the case study 1, we refer to this variation of the dual interest coalitions as one between the local authorities *per se* and the other between local authorities—including their backyard businesses. This variation performs the dual role of local governments in the emergence of land grabs in Vietnam: they are both a player and a referee. It is different from the common group of state, investors and community that take part in the game of development elsewhere. However, the losers in all cases are the affected farmers who have lost their land as a means for sustainable livelihoods.

#### *V.4.2. Local land grabbing*

These deals in the two cases, which are “shady, non-transparent, non-consultative and fraught with corruption involving national and local governments” (Borras and Franco, 2012: 38), give rise to the dual land price system in Vietnam and the consequent dispossession of land from the local communities. These communities do not have clear rights to the contested lands, as seen in the case of Thua Thien Hue, in Hanoi (Suu, 2007; Han and Vu, 2007; Labbé, 2011) and elsewhere in Vietnam (Akram-Lodhi, 2007; Thu and Perera, 2011; Kim, 2011; Labbé and Musil, 2013). In this case study and elsewhere in

Vietnam, it is evident that the state's acquisition of land through secret deals is at the center of the process, and is imposed on the local communities without land price negotiations. As a result, farmers lose their land — their primary means of subsistence — and all hope of purchasing equivalent land with the compensation money. In the meantime, other stakeholders particularly state governments and land developers manipulate their alliances to resell acquired land at prevailing market prices, profiting at the expense of farmers.

For Vietnamese farmers, land is the most important livelihood asset. Nevertheless, many leaders and experts interviewed in this study appear not to recognize the importance of this, with the majority of these respondents insisting that local farmers can benefit from selling their land at good prices for urbanization-related infrastructure. However, none of the farmer respondents stated that they benefited from the sale of their land; all respondents were forced to sell at low prices long before infrastructure projects began, a situation that is increasingly common throughout Vietnam. The buyers of the land are newly emerging consumers, informal land brokers and other business people who were aware that the targeted land acquisition areas would have significant real estate market potential in the near future. Information about new urban planning initiatives is normally gained through informal channels, such as social relations and corrupt ties between land buyers and leaders or officials (Leaf, 2002; Markussen and Tarp, 2011). By the time infrastructure development increases the market price of the land, farmers have no land to sell. This land grab enables opportunities for unprecedented accumulation in which public land resources fall into “*de facto* private hands” (Labbé and Musil, 2013: 7). This kind of accumulation is evident in households that have relatives in positions of political or bureaucratic power, as their investment in the land increases exponentially due to such ties (Markussen and Tarp, 2011).

The root cause to the intentional institutional vagueness in the framework for land

acquisition and compensation is the interest coalitions that create the discrepancy between framework and market prices in order to drive the land market to their own benefits at the cost of sustainable means loss for livelihoods of the local farmers. Land acquisition in Vietnam, which has been facilitated by that intentional vague framework and decentralization system, therefore challenge local livelihoods of the local farmers. For these reasons, the nature of land acquisition in Vietnam as an institutional framework (goodwill) for urbanization has changed its nature to land grabbing at local level. Perspectives of land grabbing help explain the incompleteness of the framework of land acquisition in Vietnam and how its intentional vagueness serves the most powerful elites.

This study in this sense, adds an insight into the dynamics of local land grabbing in global-South. As mentioned elsewhere in the paper, weak and incomplete legislation in Vietnam is fertile for the emergence of land grabs. The case study no.1 fits into the discourse of land grabbing in other developing countries, which normally involves three, key actors, the State, the trans-national or domestic economic corporations and the affected communities (Levien, 2011; Li, 2011; Borras *et al.*, 2011; Borras and Franco, 2012). Additionally, in local practice of Vietnam, it also appears in another type of project. In this variation, the local governments play dual roles in land speculations under the disguise of land governance and local economic development. In these types of governmental projects, there is seemingly no ‘under the sunlight’ place for the involvement of economic organizations. In fact, their participation in the development games are always there, but ‘in the darkness’. They are the backyard businesses that drive the land markets to their benefits via their secret deals in the dual coalitions as in the above discussions. The lower the compensation prices are identified, the higher economic gains they receive. The objective of budget increases as stated in the projects documents is questionable given that land prices defined on the annual index is far below market prices. Leaders in provinces and cities in

Vietnam insist on maintaining low land prices, to attract capital for infrastructure improvement and local economic development as mentioned elsewhere. This low price incentive also aims to benefit other groups of investors, that is, the dual interest alliances as evident in this case study or in any similar type of projects in other localities of Vietnam. This dynamics contributes to the debates of land grabbing in global-South and land politics in post-socialist Vietnam.

## **Chapter VI. Local reactions to agricultural land acquisitions and compensation for urban development in Vietnam**

The previous chapters have dealt with the first important research questions of whether and to what extent the land acquisition in Vietnam turned out to be local land grabbing. This chapter will further explore the local reactions to land acquisition and compensation in Vietnam via a comparative analysis between the case of Thua Thien Hue and case of Hung Yen in northern Vietnam. The analysis and the findings of the previous chapters will foundation on which I will propose a number of recommendations for improvement of relating institutions in the final chapter. This chapter analysis will be done mainly based on qualitative interviewing method (both direct and online interviews with the research objects).

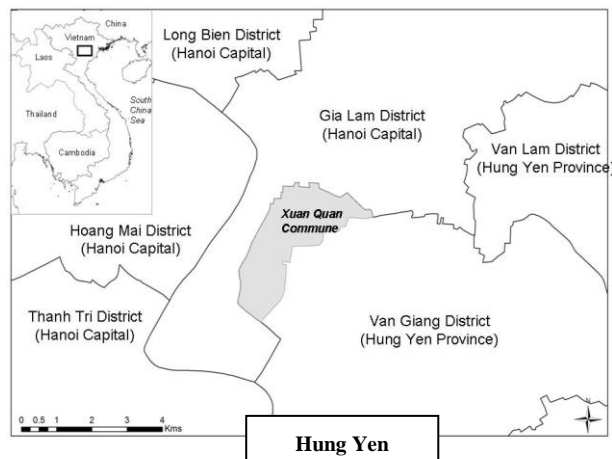


Figure 9. Location of the research site in Hung Yen, Northern Vietnam.

### **VI.1 Rural community responses to urban development**

As earlier mentioned, in spite of the emphasis on land pricing and public participation in the 2003 Land Law, the majority of land-related disputes in recent times have originated from the acquisition for economic development purposes. There has been a

rapid increase in land-related disputes. Up to 2006, there were 27,000 complaints relating to land issues, among which 18,900 cases related to compensation and unfair support for livelihood resettlement and 13,500 cases regarding low compensation rates compared with market price (Vo, 2010). According to interviews with experts in Hanoi in 2012, in the four years from 2008 to 2011, the Vietnamese Government received about 1.6 million written petitions, accusations and other complaints from citizen. This is considered 26 percent increase from a previous comparable period. Among which, the majority were signed by numerous households from the same or neighboring community indicate that the above figure represent at least a few million. Among which, over 70% complaints have been about land, especially its confiscation and low compensation to land users. As earlier mentioned, land has been highly contested recently. Public protests have become commonplace in numerous cities in all over Vietnam.

Rural resistance relating to land has happened alongside with history. Southeast Asia recently witnessed dramatic transformations for urbanization, initiated with the Green Revolution and more recently with “diverse multi-scalar economic and socio-economic and socio-political processes” in terms of the growth of cash crops, export processing zones, land conversions, free trade agreement and especially the growing complexity of rural-urban connections (Turner and Caouette 2009: 950). Many of which directly linked with globalization comes various and numerous forms of resistance. As for Turner and Caouette (2009), rural resistance originates from what individuals and communities struggle against see unjust consequences. According to these authors, a multi-scalar approach should be used in order to capture the diverse forms of contemporary rural resistance, as previous analytical methods such as “local and global” are inadequate to understand various forms of resistance. Measures of resistance are “context contingent” established by different worldviews and shift because of local contexts, opportunities structures as well as the

“endogenous peculiarities of resistance dynamics” (Turner and Caouette 2009: 951). As for this reasons, these authors suggest to see agency as an important perspective to study on contemporary agrarian change in Southeast Asia. The approach proposed by Turner and Caouette is significant to generalize the dynamics of rural resistance in the region. The changing forms and scales of rural resistance in the region can be understood as responses to socio-economic and political processes associated with agrarian transformation and globalization. In the meantime, they are also a consequence of the partial and limited political liberalization that characterize a number of Southeast Asian countries.

Kevin J. O’Brien and Lianjiang Li (2006) offer another conceptual clarification and empirical background to so-called contentious politics in contemporary rural China from view of rightful resistance. Chinese villagers employed the gap between what was promised on paper by the central state and what have been done on the ground by the local state public services, by which, the local citizens fulfill their rights via regime-approved channels. The term “rightful resistance” captures the characteristics of one common practice in term of politics in these authors’ studies on policy-based petitions and protests in rural China. The authors use conceptual tools of “perceived opportunity”, “boundary-spanning claims”, “tactical escalation” and “resistance outcomes” and how Chinese villager responses on the ground to shed light on those analytical elements by which, the authors investigate divergence within the state, among the fragments of the Party-government and make the states work for them. The work by Kevin J. O’Brien and Lianjiang Li offers an important perspective to see the reactions of local farmers to agricultural land acquisition in Vietnam based on the “multi-layered state that has grand aspirations but formidable principal-agent problems” (O’Brien and Li 2006: 65). However, the question of how the interest split in the state at different levels maintain interactive with the relevant rural people. Another limitations of this work is the thin supporting argument on “rightful

resistance” as the way they explain the variances and dynamics in organizing resistance is unclear, leaving the readers with the confusion that from what perspectives, particularly, economic development, local politics or cultural practices, etc. that the analysis is grounded on.

Benedict Kerkvliet (1995, 2013) develops the literature on everyday politics in peasant societies, which is not simply a question of either a moral economy or rational economy to be selected for analysis. Peasants can and often have orientations, depending on what kinds of peasant they are. To Benedict Kerkvliet, politics consists of “debates, conflicts, decisions and cooperation among individuals, groups, and organizations regarding the control, allocation and use of resources and the values of ideas underlying these activities”. He prefers “everyday politics” to study on peasants’ reactions to these issues, which occurs where people live and work and involves people embracing, adjusting and/or contesting norms and rules regarding authority over, production of, or allocation of resources. It includes quiet, mundane and subtle expressions and acts that indirectly and usually privately endorses, modify or resist prevailing procedures, rules, regulations or order. Everyday politics involve little or no organization. It features activities of individuals and small groups as they make a living, raise their families. Wrestle with daily problems and deal with other like themselves who are relatively powerless and with superiors and others who are powerful”. Benedict Kerkvliet’s theory covers not only collective actions but also every type of reactions as consequences that the allocation and control of resources can bring about.

Suu (2007) proposes another approach to study on the attitudes, relations and conflicts over land rights of villagers in the Red River Delta through an examination of perspectives of the villagers and other parties over the question of land ownership, management and use of land rights. To Suu, peasants’ perspectives might also be similar to,



or contradict with those of local cadres, higher state officials and the state's land tenure policy in general. However, their views contain both moral and rational economic aspects and are conceptualized by the historical tradition and cultural setting in which they lives. Many theorists have sought to explain the emergence of collective actions relating to urban development and land issues. Land-related local resistance in Vietnam concerns the tension between socialist idea of entire people-owned land and market economy with liberal idea of private property rights, as for many experts I interviewed. All of theorist consent that where there are power differentials as they always are, there is resistance and rebellions. Adopting Benedict Kerkvliet and Suu, I argue against this by adopting another approach by which I will compare reactions<sup>38</sup>, particularly, local reactions of farmers in Thua Thien Hue and resistance in Van Giang, Northern Vietnam. I argue that, originated from the common problem of unfair compensation practices, each local communities have maintained different reactions to local practice of agricultural land acquisition and compensation. This chapter aim to explore why reactions differ from the case of Thua Thien Hue and other hot-pot of land disputes in northern Vietnam in order to draw some policy implications.

## **VI.2 Local reactions to land acquisition and compensation in Vietnam: cases of Thua Thien Hue and Van Giang, Hung Yen.**

The following table demonstrates compensation items applicable in An Hoa (2012), Phu Thuong (2007) and Van Giang (2004).

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<sup>38</sup> I prefer using "reactions" as referring to local communities' responses (including both resistance and other kinds of attitudes) to urban development practice in this study. The term "resistance" is not suitable in the context of Thua Thien Hue.

Table 10. Compensation category in Thua Thien Hue (An Hoa and Phu Thuong) and Hung Yen (Van Giang).

Compensation category	An Hoa (2012)	Phu Thuong (2007)	Van Giang (2004)
Agricultural land pricing	41,000 VND/m <sup>2</sup>	13,000 VND/m <sup>2</sup>	48,000,000 VND/sao (133,000 VND/m <sup>2</sup> )
Support for job conversion	1,800,000 VND/person	1,800,000 VND/person	Promise (no practice)
Allowances for livelihood stabilisation	* 1,710,000 VND/person (acquisition from 30 – 70% of agricultural area) * 3,420,000 VND/person (acquisition from 70% of agricultural area upwards)	No	Promise (no practice)
Compensation for growing crops	1,850 VND/ m <sup>2</sup> (wet-rice)	1,850 VND/ m <sup>2</sup>	
20% support for agricultural land in residential areas	Eligible	No	No
Resettlement/allocation of other land slot	Inapplicable	Inapplicable	Promise (no practice)

Source: Data for Van Giang was generalized from semi-structured interviews and focus groups.

#### VI.2.1 The satisfied farmers: are they the winners of the land acquisition processes?

Through the processes of acquisition and compensation in Thua Thien Hue, the research findings indicate one group of nine farmers An Hoa Ward who accepted the loss of agricultural land in a happy manner. In particular, these people accept the official acquisition of their agricultural land although they still have some concern regarding the discrepancy between official land price evaluation and market prices. Their mild reaction was based on two accounts. Firstly, all of them are over working age (average years old of this group is 72 years old) at time of acquisition. Secondly, they are old militants of the defeated Republic of South Vietnam army who were treated equally as other Vietnamese to

be granted agricultural land for production for livelihoods in 1993.

Considering historical and political background of An Hoa Ward, many farmers were old soldiers and their second generations of defeated Republic of South Vietnam army. After the war, this area became the place of permanent residence for most of old soldiers of the defeated Republic of South Vietnam army. The reason for their common decision to reside at the same area is not record on any official document. However, according to the interviewees, during the war between South Vietnam and Vietnam Northern militants, An Hoa was a poor community relying on agricultural production. An Hoa was very close to Mang Ca, headquarter of the Division no.1 of the South Vietnam military. In general, farmers are usually low educated but are in good shape. Therefore, they make great candidates for military enlistment. In addition, peasants in this area at that time were innocent and neutral to any political ideas. That was the reason why the Division no.1 recruited quite a large number of the local peasants to join the South Vietnam Army in 1950s. According to the interviewed farmers, their participation in the Army at that time is totally the same as what Vietnamese call the practice of military responsibilities of Vietnamese citizens today. They would never imagine that they have been categorized as the defeated Republic of South Vietnam army after the 1975 when the Vietnam Northern socialists defeated them and unified the North and South Vietnam into the Republic Democratic Vietnam.

In 1975, the Vietnam Northern socialists gained victory in the Second Indochina War. Many of the defeated soldiers of South Vietnam military join the “frequent wind” initiated by the president of the USA to exit from Vietnam. Other militants escaped from Vietnam by seaway while still many other chose to stay. Peasants in An Hoa were among the latter groups. There were two reasons for their choice of stay. Firstly, all of them believe that their humble position in the South Vietnam military would be considered for tolerance

from the new government. Secondly, they did not want to leave their homeland where they had many spiritual values. After April 30<sup>th</sup> 1975, the Government of Republic Democratic Vietnam applied “re-education policy” to all soldiers of the South Vietnam military and servants of the South Vietnam Government. Depending on position and duration of service, these people would receive short ideology training then being released or be imprisoned in a period ranging from several days to ten years (some cases even longer to 33 years).

In An Hoa, all of these farmers were imprisoned after 1975. Claiming on the reason of old age and inability to remind, they refuse to talk more about that time. After being released, they came back to An Hoa as their homeland for making a living under on-going house arrest from the local government. They had been strongly discriminated and marginalized. Therefore, they prefer a silent life.

In 1993, being permanent residents in Hue City, these old soldiers were eligible to receive agricultural land use from the State thanks to the Decree 64. All of them were happy because the state did not discriminate them and gave them equal chances as their neighbors. Thus, they highly appreciate official allocation of agricultural land in 1993 according to the Decree 64/ND-CP as a state’s favor to them, the losers of the Second Indochina War. Secondly, local practice of acquisition and compensation follows the legal framework and does not violate their claims to livelihoods. All of them are already out of working age whose matured children having non-farming employments in the city refuse to work as peasants. Therefore, with the compensation for the acquired land, they are happy to have saving credits during their retirement. These nine farmers can be seen as the only winners of the acquisition practice in Thua Thien Hue to date.

#### *VI.2.2. The dissatisfied farmers*

In Thua Thien Hue, except for nine cases in An Hoa as above-mentioned, other interviewed farmers are dissatisfied about the practice of agricultural land acquisition and

compensation. Following are reasons of their disappointment:

Table 11. Reasons stated by local farmers in Thua Thien Hue (2012).

Reasons	Number of respondents (170)
Low compensation price	170
High discrepancy between compensation and market prices	159
Local government does not show efforts to reduce the discrepancy	32
No negotiation with local people before acquisition	155
The whole process is not transparent and accountable	143
Corruptions of local cadres	92
Group benefits between local cadres and land brokers	23
Procedure to resolve complaints very time-consuming	110
Land-related disputes not resolved	2
Other ideas:	
Local cadres maintain impositions of acquisition policy	1
Ready to join public opposition to oppose against land acquisition if any	2
Land acquisition practice in Thua Thien Hue is better than other provinces and cities Northern and Southern Vietnam. So, although farmers are unhappy with compensation prices, they accept the land acquisition and compensation process.	18

Source: Generalized from field studies, 2012.

The above table indicates that, low compensation price and lack of negotiation is the main reasons to the unhappiness of the local people. In fact, peri-urban areas in developing countries such as Vietnam have becoming the hot-spot of land market (Han and Vu, 2008; Gainsborough 2012; Vo, 2010; Thu and Perera, 2011). As for many experts interviewed, there are cases that people become millionaires just after one night because of a road enlargement project. Thanks for this situation, all interviewed people are aware of their opportunities. They understand that the price of already-acquired land nearby reached even twenty times of the original price if entering real estate market. Therefore, they only

make a simple comparison and are easy to realize the great gap between the compensation money they receive and the market price. Also because of this, quite many people believe that there are corruptions and group benefits in land acquisition and compensation, forcing them to give up the trust in the local state. These results are not different from other previous studies by Suu (2009) for Vietnam case and Ho (2006, a, b and c) for the Chinese.

Despite all these, all interviewed farmers maintain mild reactions to the local practice of acquisition and compensation. To some of them, they also understand that the practice of acquisition and compensation in Thua Thien Hue has still conformed well to the law and other legal paper although they are quite sure about possibility of interest allies and corruptions. Also, surprisingly, except for the three cases that oppose against land acquisition (to be mentioned later), most of them are of the same opinion that they are aware of being a citizen of Thua Thien Hue. Hence, they are willing to return agricultural land to the state upon requirements. To them, working out urban development projects will help improve the picture of the city in order to develop local tourism and make them more proud of their beloved hometown. When consulting with some local experts in Hue and Hanoi, many experts reach the consensus that natural, cultural and historical matters are contributing to shape the thinking of the people of Thua Thien Hue in general and farmers in particular. People in Hue are different from those in North Vietnam in term of gentleness, patience and slow-living way, to some extend, they are not as active as the people in the north and south of Vietnam. Historically, this is the old capital of Vietnam and also the land suffering much from the Indochina wars and natural disasters. People in Hue on the whole and the farmers have been familiar with suffering, hard working for subsistence and therefore, the idea of acceptance but not opposition is instinct in their blood from generations to generations.

Additionally, in the communities, there are some people who show their better

understanding as they claim that acquiring land for urban development is a logical process of development after Doi Moi and intensive integration of Vietnam into the global economy. It is thanks to these people (some of whom are voted “*to truong to dan pho*” or “*truong thon*”<sup>39</sup>) that shape the common thinking of the whole community. One *To Dan Pho* or *Thon* is an informal organization, based on the traditional model of village organization. It is made up of residents of a street, a block, a building, and is not under Socialist Party organization (Parenteau and Thong, 2005). A *To Dan Pho* or *Thon* takes care of the problems of daily life in its area. General speaking, they are representing the local community in a residential area. According to the interviewed farmers, local people vote head of these civil groups by community trust and respect. Therefore, their roles are very important in shaping the common thinking of the local people. In fact, local people in the research sites in Thua Thien Hue told many cases that the heads of these civil groups could persuade local farmers to return their land use rights to the local state although these farmers showed their anger at the beginning of the acquisition processes.

Via a number of public meetings and informal talks during work or free time between these *to truong to dan pho/truong thon* and other local farmers, 167 of local farmers accept the land acquisition process and maintain mild reactions although all of them still concern about low compensation and other problems as above-mentioned. There are three cases that aggressively oppose against the compensation. One old woman bears the mistakes of the local cadres who specified a wrong calculation on the compensation amount for her agricultural land. The real amount is unfortunately lower than the previous number. Since she is so old and very conservation, she claims that the local cadres corrupt her money. Although there were face-to-face explanations of the related official to this person,

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<sup>39</sup> Head of the civil group in wards and towns/districts or head of the village in communes (see appendix 1 for details).

she still opposes against the compensation of her land. The other two cases are due to their close connections with a family in Bac Giang, northern Vietnam who involve on some resistance relating to land acquisition in this locale.

### *VI.2.3. Resistance in Van Giang, Hung Yen*

Van Giang is one rural district of Hung Yen Province, about 20 kilometers Southeast of central Hanoi. In 2004, the Prime Minister approved the biggest urban development project in Northern Vietnam, the Ecopark – one luxury residential area with a total investment of more than eight billion USD. Viet Hung UDIC, a newly established private company. The Ecopark will include townhouses, condominium towers, a commercial center, parks, golf course of international standard, hospital, kindergarten and a university. It will consume 500 hectares. Among which, 4,876 households have used 70% of it for farming activities<sup>40</sup>.

Local residents claim that officials and the UDIC did not make any community consultation during planning stage of the project. Only when they were informed that the land use right would be compensated at 48 million VND for one square meter did they become aware of the project. Before acquisition, this area was a good model of agricultural extension in post-Doi Moi stage. Because this area, seen narrow, was densely populated, the limited agricultural land allocation was a barrier to wet-rice cultivation. Therefore, peasants and local government in this area were active to change crops from wet-rice cultivation to bonsai and other kinds of fruit plants such as orange, kumquat, litchi and especially longan. Normally, in 2004, according to interviewed people, every year local farmers earn about

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<sup>40</sup> All these data was collected from in-depth interviews with local experts via author's close relationship with their relatives. Request for relevant documents was refused on the account that there are no archives of those documents.



300 million VND (equal to approximately 19,000 USD)<sup>41</sup>. Given that each household has 6 members on average, each person earns about 50 million per year. This income is remarkably high in comparison with other the GDP per capita of Vietnam in 2004 as of 430 USD (WB, 2004). Therefore, the compensation value of 48 million for one *sao* is a daunting disadvantage to them.

The cash compensation they received upon acquisition of land is about 197 million VND (12,584 USD). This is even lower than their annual income. Surprised and irritated, households demanded clarification from local officials and requested the local state to see documents authorizing the Ecopark and other documents relating to acquisition and compensation. Because there had been no responses from the relating agencies, local people in groups of families brought their cases to higher level, particularly, provincial and national ones. Since then, so many times they kept on writing petitions, complaints, even with the support of middle agents such as state-run media, which could contribute to facilitate the relevant stakeholders to enter negotiations over compensation changes (Akram-Lodhi, 2007; Kim, 2011; Wells-Dang, 2013), there have been no satisfactory answers.

As a result, before the Independence date, in August 2006, about 4,000 villagers demonstrated in front of the National Assembly building in Hanoi. Among this group of people, there were some families to be considered “*gia dinh co cong Cach Mang*”<sup>42</sup>. However, because of threats of arresting from police, the majority returned home. There had been no responses from national authorities.

Via in-depth interviews with these people in Van Giang, I found ten cases that are

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<sup>41</sup> USD-VND exchange rate was about 15,778.00 VND in 2004. Source: [http://www.vietcombank.com.vn/News/Vcb\\_News.aspx?ID=3035](http://www.vietcombank.com.vn/News/Vcb_News.aspx?ID=3035)

<sup>42</sup> Families who contributed greatly to the Vietnam revolution in two wars.

considered heroes of modern Vietnam for their contributions to the Indochina wars. Among these cases, seven peasants were old soldiers of the North Vietnam military and fought for Vietnam against the French and Americans. Their ancestors joined the Trung's sisters to rebel against China 2000 years ago. Two female peasants are considered "*ba me Vietnam anh hung*"<sup>43</sup> and the last one was a widow (wife of a deceased militant of North Vietnam during the Indochine wars). All these people have received special social welfare from the National State for their contributions to Vietnam in the wars. However, all of them were treated equally as others in acquisition and compensation for their land.

Sine 2006, there were many other demonstrations in Van Giang and Hanoi to oppose against the in-transparent acquisition and unfair compensation. Even some of other actions developed into violence in 2009 and 2012. Especially in 2012, hundreds of Van Giang villagers fought with shovels, picks, bricks and stones against police who armed with tear gas and club wielding who came to work out coercive acquisition of several hectares of land for the Ecopark. According to the local people, the number of police was about 500. There were even involvement of about 500 gangsters. The reason for violent resistance was the farmers' natural resistance to the destructive action on their fields and other properties on land by the police and gangsters.

To the common villagers, if they must return their fields, they want to negotiate a fair price, unable to accept the government and investor stipulated compensation. Comparing with the compensation package of Thua Thien Hue, it is clear that the compensation in Van Giang is even worse as comparing income before acquisition and cash compensation later on. Particularly, in An Hoa, upon loss of agricultural land, each household receives 41,000 VND/m<sup>2</sup> compensation price plus 20% support. The market price for one square meter of the acquired land is 4,000,000.00 million VND. In Van Giang,

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<sup>43</sup> The Vietnamese mothers of war martyrs.

farmers get 133,000 VND/m<sup>2</sup> while market price is approx. 20,000,000 VND/m<sup>2</sup>. In addition, although the local people were informed in 2004 by the local officials to receive compensation of another piece of land with equal value, at the time of investigation (May 2014), there is no follow-up policy from the local authorities.

For the other ten cases of *gia dinh co cong cach mang*, they received the similar compensation for acquisition of their land. However, because generations of their families have devoted their lives to bringing official institution to power during the struggle against imperial and colonial forces to ultimate independence in 1975. It is unjust that official institution takes away their most-needed agricultural land as the only viable factor of production that this farming community relies on. This forces the local peasants to keep on the rightful resistance to claim their rights to land and livelihoods, which were, threaten by “unjust” official acquisition since 2004 until now. In one word, the land users in Van Giang resist the government’s use of eminent domain powers to acquire land because of the local authorities’ coercive acquisition without transparency, unfair compensation for the land and loss of livelihood are the primary reasons for this resistance as in many other cases in India or other developing countries (Lall, 2009) in order to perform their everyday politics.

### **VI.3. Remarks**

It can be seen from the above analysis that the common cause to different reactions of the local people to the local practice of agricultural land acquisition and compensation is unfair compensation price when taking away agricultural land – the primary means for long-term livelihoods of the local farming communities. The two groups of local villagers in Thua Thien Hue and Van Giang were of the same opinion that they are willing to return the land for the inevitable requirement of urban developments. In case of Thua Thien Hue, their mild reactions are mainly because local practice of acquisition and compensation follows the legal framework and does not violate their claims to livelihoods although issues of

transparency and community consultation still remain. Comparing with the case of Van Giang, the economic difference between before and after acquisition is not as much as it is. In addition, the local authorities also make use of the educated heads of the civil groups in residential areas to persuade the conservative people change their mind and then accept the acquisition.

In Van Giang Case, as long as the local government gives them opportunities to negotiate of land prices but does not employ coercions, the local people would agree to return their land to the state (although land and the farming are what they want, not money). Their resistance originates from the fact that the official agricultural land acquisition is of paramount unaccountability and coercion not only violates the law but is also against the local peasants' normative belief as their right to land. It should be noted that Van Giang villagers' demands are not the only case of Vietnam. Van Giang case resonates with many other Vietnamese land protestors in both North and South of the country. As in the stories of many interviewed experts, farmers in many places such as Hai Duong, Binh Duong and Ha Dong, etc. claim that local officials are always violating laws and regulations, abuse their authorities at the cost of the rural farmers and by all means, are corrupt. While the local authorities always stress on democratic procedures, they fail to consult with local people and hide information, make decisions without community input and sometimes resort to intimidation and force when people do not follow them. Moreover, the recent increases in land-related complaints at different level of local governments have resulted in long delay of developments project, negatively affecting economic development as well as the attractiveness of investment environment in Vietnam (Vo, 2009; WB 2012). Both cases as well as the emerging hot-pots of land-related disputes in many other localities in Vietnam hinders social stability in the long run. Thus, policy-makers should make major changes to the existing institutions in order to prevent local land grabbing and possible social conflicts over land.

## **Chapter VII. Conclusions and recommendations**

### **VII. 1. Conclusions**

The greatest success of the land renewal processes in Vietnam post-Doi Moi is its comprehensive impacts to the country's socio-economic development, especially the rapid growth in agricultural sector, pushing Vietnam into the top rank lists of rice exporting countries. Land conversion for urban development is therefore inevitable in hunger eradication and poverty reduction, improvement of rural areas and speed up the national economy. Since the 1990s, the industrialization and urbanization at high speed has resulted in large-scale acquisition of land, especially land for agricultural purpose. In one hand, the acquisition of land use rights has been a momentum for the conversion of an agriculture-based economy to an industry and service-oriented. In the other hand, the acquisition has maintained negative impacts to social life of local peasants in peri-urban areas (Suu, 2010). These are the vulnerable people whose culture is named as "wet rice cultivation" and whose primary livelihoods have been made of from agricultural land and agricultural production.

In this conversion processes, only a small number of the local farmers in Thua Thien Hue could benefit from the processes. They are the old and defeated soldiers of the Indochina wars who have been residing in An Hoa since the country's independence date. All of them are happy to return the land back to the State and receive the compensation for use during retirement stage. The remaining farmers are unhappy with the acquisition and compensation, as they believe there are big gaps between compensation and market value for their land. Although they did not oppose against the acquisition practice, all of them dissatisfied with the compensation. In addition, none of respondents become better-off after returning the land. On the contrary, their sustainable livelihoods have been lost without

proper substitution of employment, leading them almost unemployed and therefore falling deeper into poverty trap.

And this is also the common situation in Vietnam in the practice of agricultural land acquisition. In other cases, for example, Phu Dien, Hanoi, where the official land price index is much higher than in other localities, local farmers could receive remarkable amount of compensation. Some of them became better off as they could use the compensation for doing another kinds of business such as house for rent (Suu, 2010). This could help them earn good income after returning the land to the local government. However, this number of people make of a small portion of truly beneficiaries of the land conversion process. The majority in Suu's study also suffered from loss of primary livelihoods as in this study.

The above analysis of the Thua Thien Hue case study indicates, ridiculously, the loss of livelihoods due to acquisition of agricultural land for urban development does not really serve the on-paper objective of urbanization and economic development which employed acquisition of agricultural land as a tool. The analysis showcases the incompleteness of Vietnam's legal framework for land acquisition and compensation and highlights that this framework challenges the sustainability of livelihoods of the local communities. The whole process reveals the local state's consistent effort to lower compensation prices. The case study further shows that local authorities have been able to do this by making use of the ambiguous framework in three ways: the land pricing system to increase the gap between compensation and market prices; the unchecked authority of the local government in land pricing; and an inadequate monitoring and evaluation system upon compensation. Concurrently, the decentralized system of governance means local states retain unique authority in the making of land prices. The top-down actions of local states, which do not promote principles of democracy, is protected by that institutional ambiguity. In this sense, the local government's top-down practice in land acquisition and

compensation is forceful in nature as it routinely disregards participatory principles. This is evident in the case study as well as in other cases (Suu, 2007, 2009; Ty *et al.*, 2014), in addition to more coercive acquisition cases as in Hung Yen, Thai Binh, Nam Dinh and Bac Giang and elsewhere in Vietnam (Phapluattp, 2012; Dantri, 2013).

Therefore, farmers are by all means vulnerable in urban development in general and land acquisition processes in particular. This is since their rights to use agricultural land – the primary means of subsistence – is acquired in a ‘legal’ manner. That is to say, the decentralized system and the existing framework protect local states in legally acquiring land from local farmers. Land acquisition, which is unable to deal with stakeholders’ conflicts of interest, gives rise to land grabbing at the local level. As mentioned earlier, in other cases of land conversion in Vietnam, alliances of interest are the key drivers of the land grabbing process, particularly, “growth machine coalitions” – the *de facto* alliances among the Vietnamese ministries of construction and natural resources, local authorities and land developers or more commonly, the alliances between land developers and local governments or those of newly emergent rural economic and political elites.

These deals in the two cases, give rise to the dual land price system in Vietnam and the consequent dispossession of land from the local communities. In this case study and elsewhere in Vietnam, it is evident that the state’s acquisition of land through secret deals is at the center of the process, and is imposed on the local communities without land price negotiations. As a result, farmers lose their primary means of subsistence while state governments and land developers manipulate their alliances to resell acquired land at prevailing market prices, profiting at the expense of farmers.

For Vietnamese farmers, land is the most important livelihood asset. Although many leaders and experts interviewed in this study insist that local farmers can benefit from selling their land at good prices for urbanization-related infrastructure. In reality, none of

the farmer respondents could benefit from the sale of their land as they sold at low prices long before infrastructure projects began, a situation that is increasingly common throughout Vietnam. The buyers of the land are newly emerging consumers, informal land brokers and other business people who were aware that the targeted land acquisition areas would have significant real estate market potential in the near future. Information about new urban planning initiatives is normally gained through informal channels, such as social relations and corrupt ties between land buyers and leaders or officials (Leaf, 2002; Markussen and Tarp, 2011). By the time infrastructure development increases the market price of the land, farmers have no land to sell. This land grab enables opportunities for unprecedented accumulation in which public land resources fall into “*de facto* private hands” as I mentioned earlier.

The root cause to the intentional institutional vagueness in the framework for land acquisition and compensation is the interest coalitions that create the discrepancy between framework and market prices in order to drive the land market to their own benefits at the cost of sustainable means loss for livelihoods of the local farmers. Land acquisition in Vietnam, which has been facilitated by that intentional vague framework and decentralization system, therefore challenge local livelihoods of the local farmers. Thus, the urban development processes and the land acquisition maintain high risks to the social stability of Vietnam if major changes in land-related institution have not been considered and realized.

In this sense, the author would like to propose the following considerations for renewal of land-related institution and policies.

## **VII.2. Recommendations**

Throughout this study, issue of land right inadequacy in Vietnam land legislation is the key account for the claim of weak protection of land right of this country. Thus, the first



and foremost change should lie in the acknowledgement of land right privatization. Because individual land right are unacceptable in Vietnam, the Vietnam government has the topmost power and right to appropriate land for the state, collective, national defense and security purposes as stated in the Land law 2003, which originates from a rationale that land in Vietnam only belongs to the State. If the legitimacy of this form of land acquisition is not inherently changed, the conflicts over land as results of unfair compensation will be becoming worse (Hansen, 2013). In 2013, the Vietnam Government called for public engagement in revising the Constitution and the Land Law. The Vietnamese communities from local to overseas support and long for the major change in re-conceptualization of land right, particularly, admitting individual right over land. However, this highly expected hope was not realized. Both the Constitution and the Land Law still keep the entire-possession of land as basic for land governance.

While policy-makers do not admit the privatization of land right, strengthening and securing land use rights of users (individuals, households and businesses) should be at heart of land policy and land-relating legal framework. Following are some recommendations:

#### *VII.2.1. Extension of agricultural land tenure duration*

The 20-years duration of agricultural land tenure, which was first determined under the land law 1993. As for most of interviewed experts, that duration negatively impacts on making investment decisions of land users. This limitation was then pursued in the land law 2003 as an “expression of a commitment” to maintain equitable distribution of land (WB, 2012: 1). The terms of use was fitted at 20 years for annual crop agricultural land and 50 years for perennial crop agricultural and forest land. The 2003 Land Law also stipulates that land users who use land “effectively” and strictly comply with the predetermined land use purposes could be eligible for continuation of use when the term expires (WB, 2012: 1). It should be noted that the criteria to define these effectiveness and compliance were not

discussed in the land law. In the meantime, the state still maintain sole authority to acquire land for the above-mentioned purposes. This point again show the said intentional ambiguity in the legal framework relating to land in Vietnam.

The option to balance the above issues is to prolong the duration of land tenure in order to prevent users from uncertainty and to create a new driving force for agricultural production. This also can give farmer more confidence to extend their investment for long-term.

#### *VII.2.2. Volunteer conversion of land and the good practice of Danang, Central Vietnam*

As early mentioned, the Vietnamese Law on land allows two types of land conversions: volunteer and compulsory. The projects under study follow compulsory land conversion. It should be noted that all land-related disputes and conflicts as well as other social concerns originated from compulsory land conversion.

Volunteer land conversion is the change of land use purposes based on an approved land use planning. It is employed ground on the consensus between land-users and project developers. The land use will be transferred in forms of transferal, land rental or capital contribution by land use right. The acquired land will be open for auction. Fee for compensation and other supporting services will be taken from the state budget or loan and will be reimburse after bidding. On theory, this kind of land conversion should be preferable as it could mitigate corruption. During implementation stages, there have not yet land developers as in case of compulsory land conversion in which land developers have been nominated in advance. The compensation phase will be easier as the new purposes for the acquired agricultural land have not been defined. Thus, there will be no fluctuations in land value. However, because local authorities are concerned about the fact the acquired land will be wasteful if there will be no land developers interested in it. Another reason is that local governments could not afford expenses for compensation and other services upon

acquisition of land.

In fact, in Vietnam, there is only Danang, which has been applying this process for land conversion. When acquiring land, Danang's authorities do not use cash compensation but combine cash with other policies on housing and residential land. Danang does not combine all-in-one decision on land acquisition and compensation as do other provinces, including Thua Thien Hue. To working out the acquisition plans based on approved land use planning, Danang's authorities maintain distinctive performance. The local government announces planning information to the public and motivates local people to reach consensus. Upon reaching consensus, land clearance will be conducted by local relating agencies; the basis for calculation was grounded on the general price index of the city.

The creativeness of Danang in land acquisition for conversion lies in the approach of benefit sharing between the local state and communities. Via this approach, local people contribute by land to build public facilities. This will help reduce the state budget for urban clearance activities, concurrently increase land value for people upon acquisition. All projects were announced in public so that the local citizens will contribute ideas. The projects will then be exercised if 80% of households agree. In term of compensation, the local authorities are also flexible from cases to cases. For households losing the whole land area, compensation package will include house, land and other properties on land. For households losing part of land, compensation excludes land but house and other properties since the remaining land value will be much higher upon completion of the project. The compensation by land to resettlement households is detailed on exchange value, particularly; each household can receive from minimum 1 to maximum 5 land plots. During transition period, the local government will support the affected people at best to stabilize their lives after losing land.

Although the Land Law 2003 allows local government to practice two kinds of

land conversion, the relating institutions maintain unclear to encourage the practice of volunteer conversion of land. Land acquired will be open for auction for particular projects but not for the whole land acquired. There are also some obstacles for auction as there have been no documents that give detail instructions for implementation. In addition, there are also barriers for popular applications of volunteer land conversion as the law does not regulate the negotiations processes between land users and developers to prevent cases that land users propose very high prices for their land. The volunteer land conversion should be preferable in practice to the compulsory but in considerations of these shortcomings.

#### *VII.2.3. Replacing one-off cash compensation by other kinds of land*

The land laws 2003 and even the newly promulgated Land Law 2013 encourage compensation for loss of agricultural land by land of the same purpose as the first priority. However, because the decentralization system gives local authorities rights to decide compensation items, in fact, cash compensation is the most common practice in Vietnam instead of compensation by another piece of agricultural land as encouraged by the two said law. This is because local governments want to reserve the remaining land in other places for urban expansion in future. In addition, the local government will have no more responsibilities to the affected people upon completion of cash payment. Cash compensation as in early analysis remains problematic and ineffective due to welfare loss and other social problems. Compensation by land for non-agricultural production or land for residence would be better as it could facilitate employment conversion and stabilize new life after losing land.

#### *VII.2.4. Land pricing in compulsory land acquisition: lessons learnt from Ho Chi Minh*

The National government promulgates the Decree no.17/2006/ND-CP dated January 27<sup>th</sup> 2006 and later the Decree no.69 (as fore-mentioned) that authorizes local governments to define land prices to be close to market prices. However, there has been no

concrete guidance on how to implement this policy, resulting in the increasing discrepancy between compensation and market prevailing prices. The government also encourages the operations of the land pricing services by independent agencies. However, the decision to use their consultation of prices belongs to the local government, leaving a barrier in efforts to reducing the discrepancy between compensation and market prices.

Ho Chi Minh is exceptional in dealing with compensation rates to getting closer to market prices. As for interviewed experts, the local government of Ho Chi Minh hires independent land appraisal services to determine compensation packages for every municipal investment projects, which involve land acquisition. The approach in use in Ho Chi Minh case performs advantages for all relevant stakeholders. The practice of Ho Chi Minh brings about more timely agreement with the affected community; consequently fasten the compensation and other steps. It also gives the people open opportunities to choose new resettlement place in cases of resettlement. This open policy could facilitate them in quickly stabilize their new lives. More importantly, the approach by all means helps mitigate land-relating complaints.

In this regard, land-pricing services should be institutionalized in legal framework. Land pricing council should be established at different levels, with well-educated members coming from independent organizations. The authority to decide final prices should be allocated to these councils, instead of the local PCs.

#### *VII.2.5. Benefit-sharing mechanism*

The primary principles in benefit-sharing mechanism include sharing benefits by cash and by non-cash. Cash-based benefit-sharing in a wider sense implies not only cash compensation for land and other properties but also the share of long-term benefits resulted from projects to the losers, including both the communities and the directly-impacted land-users. Non-cash-based sharing is understood as the contribution of the projects in dealing

with social concerns as consequences of the project implementation such as employment and infrastructure development in the local.

In term of cash-based benefit sharing, it is recommended to reduce electric and water supply services charges to the local people, transfer part of revenue to the state budget in the local which will be re-distributed to the local people as supporting money to the land losers, develop a fund from the interest of the project so that the local government can use for socio-economic activities or deal with other social and environmental concerns as consequences of the projects. More importantly, the state grants permits to local state to receive revenue from real estate business.

In term of non-cash-based alternative, the land developers should contribute to improve living standards of the local people by creating more employment opportunities and recruiting employers from the local communities. In addition, land investors should develop local socio-economic and technical infrastructures and support the local in terms of environmental protection. The benefit-sharing mechanism must be mainstreamed in legal framework in order to get strong commitment from investors and prevent interest allies in acquisition processes. This is critical to prevent local land grabbing.

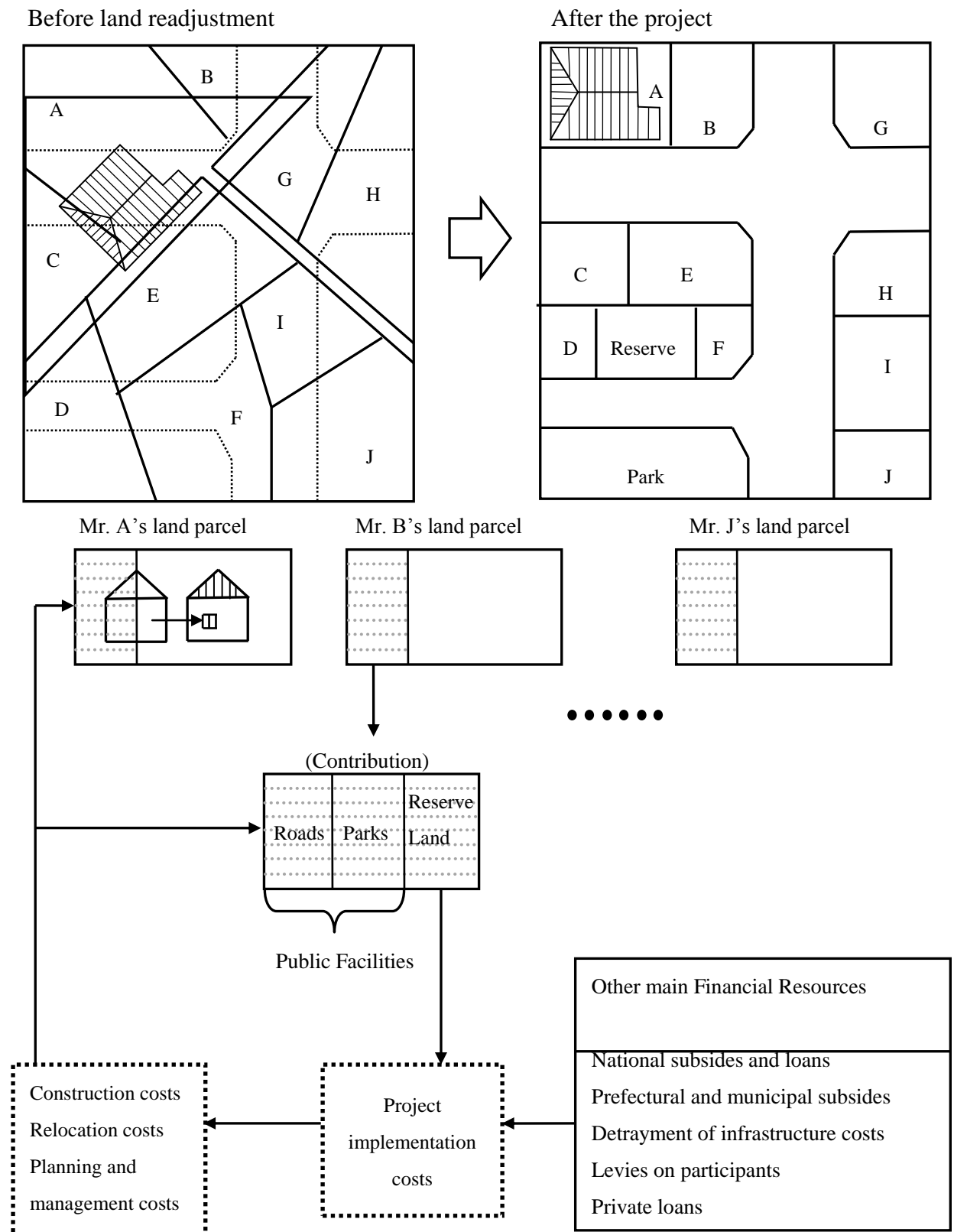
#### *VII.2.6. Rational use of land: learning from Japan*

##### *VII.2.6.1. Land pooling and readjustment*

Both the declaration of intent to provide and the actual provision of infrastructure and services can lead to significant increase in the value of land, which is likely to be higher in rapidly urbanizing regions with a strong demand for land (Mathur 2013: 200). The local authorities can employ various means to capture this land value increase (Archer 1992; Mathur 2013). However, this increase in land value will easily result in conflicts and other consequent land-related complaints among local authorities and communities if the benefits of land-users do not tie with the acquisition processes. This is also the very common idea of

the majority of interviewed experts. As for these respondents, benefit sharing therefore is key to deal with land acquisition for economic development projects. For this importance, there should be some measures to combine acquisition with the benefits of the affected people. Among which, land pooling and readjustment has been considered an effective technique which has been applying for managing the planned development of peri-urban lands, “whereby a government agency consolidates a selected group of land parcels and then designs, services and subdivides them into a layout of streets, open spaces and serviced building plots, with the sale of some of the plots for cost recovery and the distribution of the remaining plots back to the landowners to develop or to sell for development” (Archer, 1992: 155-156).

Originated in the Arable Land Consolidation Act of 1899 based on German legislation (OECD Group on Urban Affairs, 1986), LP/R has been widely used in Japan, South Korea and Taiwan, Indonesia, Nepal and Malaysia (Archer, 1992). The following figure illustrates some basic ideas of land readjustment, which has been applicable in Japan after the Kanto earthquake in 1923.



Source: OECD group on Urban Affairs, 1986: 57.

Figure 10. Land readjustment in Japan.



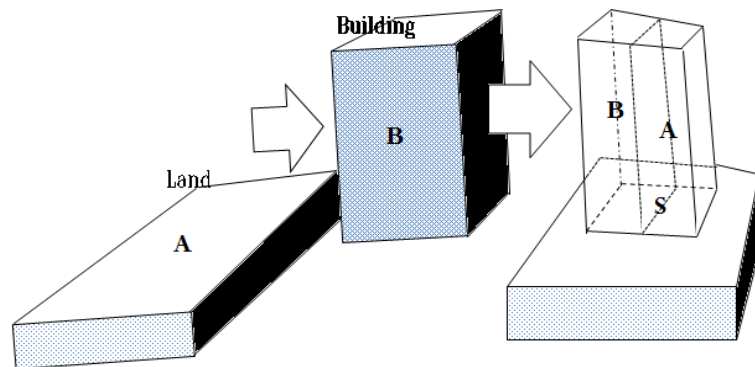
LP/R is a measure based on consensus among land users and local authorities to convert the whole underdeveloped areas to infrastructure-developed ones (Turk 2008). LP/R and its variants are known by various names, such as ‘Land Readjustment, Land Pooling, and Land Reconstitution’. Simply put, in LPR, a public agency (often a municipality or a development authority) pools multiple privately held land parcels together (Mathur 2013, 200). The following step included the agency that takes a part of the pooled land to provide infrastructure and public facilities and returns the rest of the land to the original landowners in proportion to the sizes of their original land holdings (Archer, 1992). By all means, the public agency sets aside a part of the pooled land for sale (or auction for land use rights in case of Vietnam) in future.

Primarily based on idea of benefit-sharing, LP/R offers three main benefits. Firstly, the public agencies do not incur the land acquisition expenses. Secondly, these agencies are able to provide financial supports for urban development through ‘betterment charges and the sale of land’ (Krabben and Needham, 2008: 652). Thirdly, the landowners gain benefits from the appreciation in the land value due to the provision of infrastructure (Krabben and Needham, 2008). In rapidly growing urban areas, the land value obtained on the remaining land parcel often “far exceeds the sum of the betterment charges paid by the landowner and the monetary value of the un-serviced land transferred by the land-owner to the public agency” (Mathur, 2013: 200). This approach has proved to be very efficient and successful in leveraging the values of land in an ‘inclusive, efficient and transparent’ manner (WB, 2012: 7). In Japan, about one third of newly urbanized land in urbanization promotion areas was covered by land adjustment projects (OECD group on Urban Affairs, 1986).

During interviewing with a number of urban planning experts, LP/R is suggested as one effective measure to handle many problems of acquisition practice. In some localities in Vietnam, local people are willing to contribute their land for enlargement of small lanes

in residential areas because they see the increase of land value upon completion of the enlargement. However, this approach has not been employed in Vietnam so far, as for some respondents. LP/R can be used flexibly by combining land acquisition for road enlargement with re-planning of land on the two sides of roads in form of re-adjustment. This is feasible because expenses for implementing will be taken from value-added increase of the land of the enlarged roads. The compensation will be calculated based on the re-planned land. As for interviewed experts, this model could help mitigate disadvantages of many urban developments projects, particularly, reducing costs for compensation, supporting and resettlement that have occupied a large portion of the whole budget of a project. Also in LP/R practice, planners should ground on number of agricultural or residential land users to allocate another piece of land of equivalent value comparing with the acquired land. During planning process of readjustment, there should be certain land areas for auction of land use rights for redemption of projects' implementation fees. The land-equivalent compensation alternative should be conducted based on consensus of the relating people. This approach, therefore, will be time-consuming. However, the positive impacts of it have been evident in many countries. In present condition of Vietnam as mentioned throughout the study, this LP/R should be the most suitable and effective methods to prevent interest allies, corruption, increase of transparency thanks to community consensus during planning stages and benefit-sharing principle. Land acquisition and compensation practice will be able to keep its goodwill nature but not turn out to be local land grabbing if the practice will be based on LP/R.

#### VII.2.6.2. Equivalent exchange system



Source: OECD group on urban affairs 1986: 60.

Figure 11. Equivalent exchange system.

Equivalent exchange system is also another technique for consideration. This system is an experience of Japan, applicable for entitling each owner or title holder to co-ownership of the reallocated land and after demolition and higher density rebuilding, to a pro rata share of floor space in the new building (OECD group on Urban Affairs 1986). The system is preferable because it can promote community stability by allowing residents to remain in the same area.

This model can be applied in a flexible manner in case of residential projects in Vietnam also based on the principles of:

$$\text{Land owner's share} = S \times A/(A/B)$$

$$\text{Developer's share} = S \times B/(A/B)$$

A: total price of land    B: total construction cost

S: total floor space of multi-story apartment.

In this case, farmers should have options to choose compensation of a unit in the residential projects or cash compensation. This kind of technique will deal with problem of resettlement of the affected people in new areas. However, because their means for

livelihoods has lost, there should be strong commitment from land developers to deal with issue of employment conversion of these groups before acquiring their agricultural land.

#### *VII.2.7. Mainstreaming community participation in land governance: learning from Machizukuri ordinances of Japan*

Similarly as Japan, the revelations of corruption, incompetence and bureaucratic indifference have intensively undermined public trust in the government at all levels (Sorensen 2002). Machizukuri in this regard is seen as the “main hope for the development of an effective city planning practice” (Sorensen 2002: 309). Machizukuri has been translated differently as community building, community development or town planning. However, the term “citizen participation-based machizukuri” is a useful distinction to distinguish traditional city planning from more recent participatory efforts (Wanatabe 1999; Sorensen 2002). Machizukuri in this context is a term applying to a wide variety of activities, for example a government-sponsored road construction to even a karaoke party held by communities. Machizukuri term was adopted in 1960s and implied a kind of reform movements at the local level in the postwar democracy. It could be defined broadly as the approach whereby entities engaged in activities or movements in a local community (Wanatabe 1999).

##### *VII.2.7.1 Development of Machizukuri in Japan*

In 1949, the Ministry of Welfare created the Council of Social Welfare movement in order to importing methods of community organization from the United States of America. Local branches were then formulated in all municipalities and prefectures under the national headquarters and have been in operation until today. Machizukuri at that time was a private voluntary group involving in the CSW movement. It included people in the community in order to promote welfare in its own community. The CSW in the meantime functioned as a quasi-governmental agency, or a private means for providing government welfare services

at the local level. Machizukuri in this case could be seen as a citizen's movement at municipal level. However, it lacked autonomous decision-making by the people.

In urban planning practice, there were two attitudes towards Machizukuri. On one hand, the majority put Machizukuri as the same level as traditional statutory urban planning. The term of Machizukuri was used to include land-readjustment projects of postwar reconstruction program as well as any road construction. From this perspective, Machizukuri was simply a label without any innovation. On the other hand, smaller number of planners who approached urban design at local district level held another view to Machizukuri. They – one resident merchant and various voluntary professionals - developed a redevelopment plan for a district in Nagoya. This was seen the first example in Japanese urban planning history of a full-scale, well-developed plan created by a citizen group. This, however, failed mainly because there was no substantial organized segment of local community involving in the plan-making process.

As a result of rapid economic growth in the 1960s with high concentration on construction of large building areas, emerging problems such as housing shortage, traffic congestion and environmental pollution aroused. Local community organized opposition movements to protect their decreasing quality of life and property. They called these movements Machizukuri.

With the successes of the cases of Mishima (that contested the government's plan to build an industrial complex on landfill) and Tsujido (that fought to overturn the city's land readjustment project for residential development), Machizukuri became 'a common cry' that represented the anti-thesis of statutory urban planning. However, these opposition movements were dissolved when they obtained the goals. The main stream for Machizukuri belonged to other movements, namely, the Maruyama and Maho districts of Kobe. The Maruyama was an opposition movement against the banner of Machizukuri to protect their life quality from dense urban development. This movement, known as the Fighting

Machizukuri, resembled a community version of a labor union movement. As a result, there was a great change in the relationship between local community and municipality, from opposition to partnership in the second half of the 1960s. Though the Fighting Machizukuri had quite a long-lasting lifespan, it was dissolved in the end of the 1970s. The other case of Maho gradually enlarged its purview to cover the protection of overall local residential environment. In late 1970s, the group began environmental improvement projects in cooperation with the Kobe city. The movement continues to have positive outcomes until today.

An important point is the research findings of the two said cases that indicated the process through which local residents improved both their physical living environment and quality of life through their own organization of activities. Through the study, the physical living environment was gradually improved in accordance with current local needs rather than submitting to a preconceived plan for complete clearance and redevelopment. These changes were practiced by a public-private partnership with intensive involvement of local residents. The basic principles of these movements became the foundation for the majority of Machizukuri activities later on.

In the 1970s, there was another outstanding case, the Shonai district - Toyonaka city, adjacent to Osaka. The city created Machizukuri plans to improve residential environment that incorporated wide participation from the community upon completion of detailed survey. In this movement, the idea of complete clearance and development was rejected. Instead, they adopted rehabilitation. The Shohai case was a milestone that began to draw attention to gradual improvement of residential environment as a whole. As a result, in 1978, the Residential Environment program was added to the national agenda.

The above discussion points out that, Machizukuri brought about positive results in claiming power to the community although it was still a young movement at the time of discussion. Despite the fact that these movements did not have the backing of national

legislation, they did influence the direction of statutory urban planning.

#### *VII.2.7.2. 1980s – 1990s – participatory Machizukuri blooming*

Whereas Machizukuri movements began influencing the direction of statutory urban planning in the 1960s, the period of 1980s to 1990s witnessed the remarkable results of the said influence. Various statutory measures such as ordinances begun to be developed in order to promote Machizukuri activities. In 1981, Kobe was the first city to pass the Machizukuri ordinance and then developed an innovative system that facilitated participatory Machizukuri. After that, the Setagaya ward in Tokyo formulated the Machizukuri ordinance in 1982. After 1990, many innovative municipalities created this type of ordinance to supplement the City Planning Law 1968 and conducted various trials to support Machizukuri activities, wider than the statutory urban planning allowed. In 1984, the Naka Machizukuri Center was first opened, followed by series of Machizukuri centers throughout Japan. Many of them included non-profit organizations (NPOs). From this time onwards, all major Machizukuri organizations involved those of municipalities, citizen groups and NPOs.

In reference to the Japanese history of decentralization development, in the article 2, in 1992, we know that the City Planning Law was amended, stressed on the mandatory inclusion of citizen participation in municipal master plans. The 1992 amendment marked the genuine citizen participation and master planning in Japan. After that, there are births of three types of machizukuri ordinances: district plan machizukuri ordinance, land use control machizukuri ordinance and historic preservation machizukuri ordinance. Participation in participatory Machizukuri ordinances is the involvement of citizens at the municipal level and that opinions of the citizen should be reflected in the making of public policies. Public policies in general must go through three stages before validity: proposal, officialization and practice.

### *VII.2.7.3. Existing barriers to participatory Machizukuri in Vietnam*

First was the lack of a legal system that provided procedures to ensure participation right of community. In reality, except for a very few innovative municipalities, there were no established system that allowed true citizen participation.

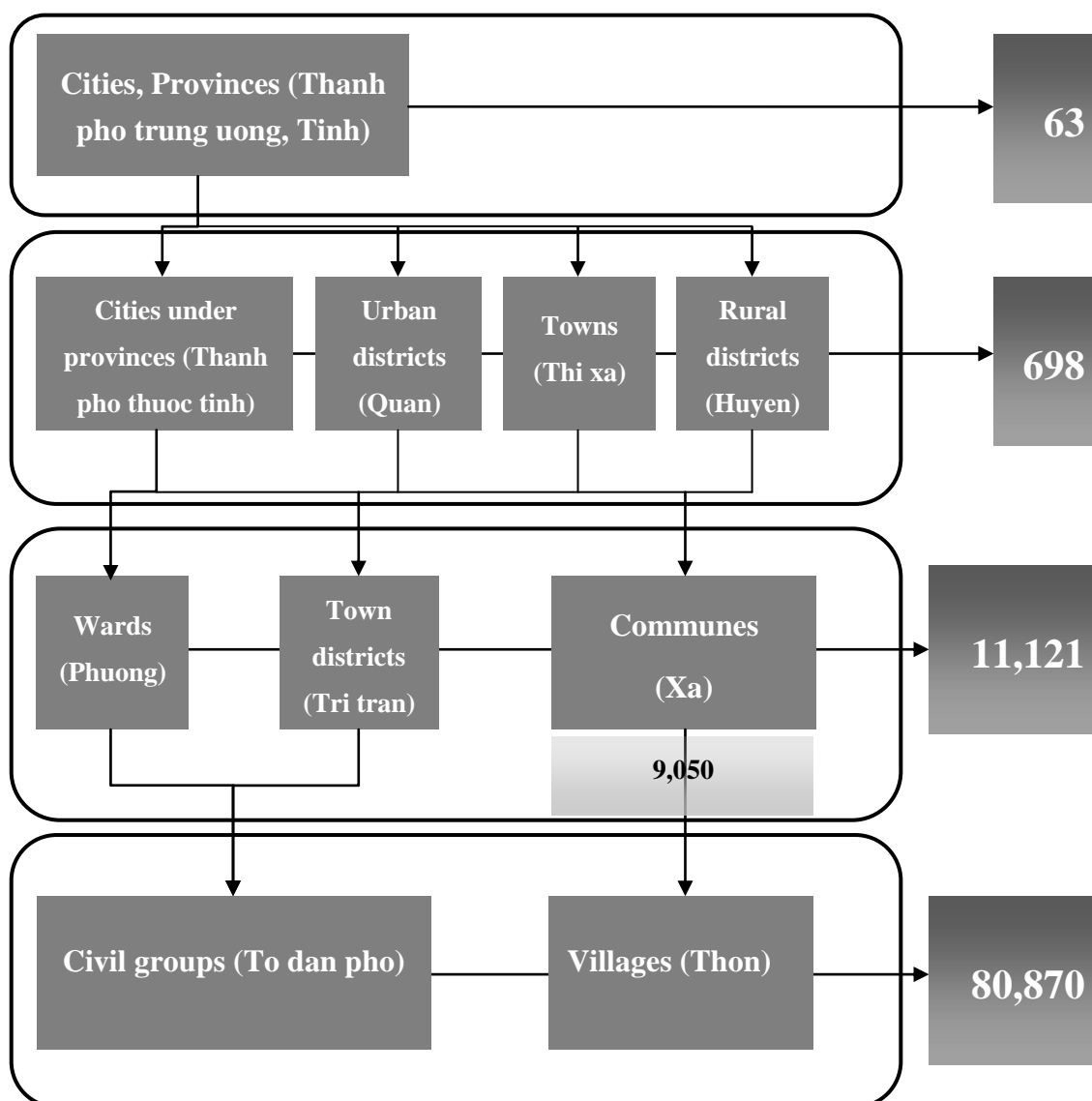
Second was that local citizen lack professional skills to be involved in all stages of planning processes. As I discussed earlier, civil societies in Vietnam do not have a truly strong standpoint in the local politics. In this condition, who could be enough competent to state their opinions in all three above-mentioned stages, especially in the field of urban planning – an interdisciplinary discourse that cover wide ranges of technical and social aspects?

In order to overcome these challenges, I suggested establishing some concrete measures and a basic guiding principle that could help facilitate public participation. In particular, any citizen's group had the right to initiate, create and publicize a policy proposal and the right to receive technical support to make such a proposal and then submit it to the municipalities at anytime. The municipalities should have obligations to carefully examine it and to decide whether to accept or deny it. This principle, as in the writer's justification, should go along with capacity building for communities. The second suggestion, or the second principle was that it was the municipality who had responsibility to well-advise the individuals or corporate agents, as long as they were interested in obtaining a certain skill. In other word, the municipality was the one who would provide human resource building to the community in the forms of logistics (or public space), technical information, financial support and/or sharing professional expertise.



## Appendices

**Appendix 1.** Vietnam administrative system according to the 2013 Constitution (not different from the 1992 Constitution).



**Appendix 2.** Lists of respondents and respective data collection methods

Stakeholders	Quality	Data collection methods	Note
Local farmers in Thua thien Hue (Questionnaire)			
Local affected farmers	170	Questionnaire	62
		Qualitative interviewing	65
		8 FGDs	43
Local experts in Thua Thien Hue (Semi-structured interview schedule 1)			
Thua Thien Hue Province People’s Committee	1	Informal talk	Urban planners
Hue City People’s Committee	2	Semi-structured interview	Urban planners
Thua Thien Hue Management Board of Construction	1	Informal talk	Civil engineer
Department of Planning and Investment	2	Semi-structured interviews	1 urban planners 1 civil engineer
Department of Natural Resources and Environment - DONRE (Province, City)	None		Cancelled
Department of Construction	1	Semi-structured interview	Civil engineer
Hue Urban Affairs Bureau	2	Informal talk	Urban planner
Hue Women’s Union	1	Semi-structured interview	Social expert
Vocational Training Center of Hue City	1	Informal talk	Social expert
Hue City Center for Health Care	1	Semi-structured interview	Social expert
Local agricultural co-operatives	4	Informal talk	Social/agricultural

			expert
Center for Social Sciences and Humanities – CSSH at Hue College of Sciences	2	Semi-structured interview	Social planners
International organizations in Hue (SNV, JICA)	3	Semi-structured interview	Social and urban planners
<b>Local businesses in Hue (Prefer no identification of company names) (semi-structured interview schedule 1)</b>			
Real estate companies	9	Semi-structured interviews	
Civil construction companies	5	Semi-structured interviews	
Others	7	Semi-structured interviews	
<b>Hanoi, Hung Yen and Danang (semi-structured interview schedule 2)</b>			
PhD candidates in urban planning	8	Internet-based interview	5 from Hanoi and 3 from Danang
Retired urban planners	3	Semi-structured interviews	2 from Hanoi and 1 from Hung Yen
WB officers	1	Cancelled	Hanoi
Private lawful consultation services	6	Informal talks	Hanoi and Hung Yen

**Appendix 3.** Short-listing questionnaire.

Subjects: affected farmers in research sites (randomly).

Your residential place: .....

Q1. Can you specify the total of acquired agricultural land of your household?

Q2. Percentage of agricultural land loss?

- a. Under 30% of the whole area.
- b. 30% - 50% of the whole area.
- c. From 50% upwards

Q3. Does the acquisition of such area of agricultural land negatively impact your livelihoods?

- a. Yes, definitely.
- b. To some extend, yes, but not remarkable.
- c. Not really.

Thank you for your cooperation!

#### **Appendix 4. Questionnaire**

Subjects: farmers whose agricultural land was acquired from 50% upwards in An Hoa, Xuan Phu and Phu Thuong, Thua Thien Hue.

Purpose: to get ideas from the affected households that could not participate in interviews and FGDs. This questionnaire is also used for qualitative interviewing and FGDs in an open and flexible way. Due to the limited education background of farmer respondents, open-ended questions were designed with suggestions of answers for their easy brainstorming. These suggestions of answers are applied case-by-case.

Time of investigation: Oct. 2012.

#### ***General information***

Full name: .....

Address: .....

Age: ..... Gender: ..... Job: .....

Education background (graduation from either university/college/high school/secondary school/primary school/vocational training/etc., please specify the highest):

.....

Being granted agricultural land use rights based on which policy (for ex. The decree no.64, etc..... and when? .....

Marital status:

a. Married. How many children do you have? What are their occupations now?

.....

.....

b. Never married.

c. Divorced. How many children are you living with? What are their occupations now?

#### **Part I. Practice of agricultural land acquisition and compensation – views from the**

## local community

1. Your household's total agricultural land (according to Land Use Right Certificate)
2. How many times and when was your land being acquired for the project? Please also specify the legal document on which acquisition and compensation grounded on?
  - 1<sup>st</sup> time: Month/year. Total acquired area: ...../agricultural land area: ...../Decision no. ....QD/UBND dated.....
  - 2<sup>nd</sup> time: Month/year. Total acquired area: ...../agricultural land area: ...../Decision no. ....QD/UBND dated.....
  - 3<sup>rd</sup> time: Month/year. Total acquired area: ...../agricultural land area: ...../Decision no. ....QD/UBND dated.....
3. By the time of acquisition, wet-rice yield per year:  
Other vegetable crops (if any), please specify income per year:
4. After deduction of all expenses, income from wet-rice and vegetable crops (if any) could afford your household's livelihoods?
  - a. ☐ No. Such a hard life.
  - b. ☐ Sufficient but no more money for sending children to school.
  - c. ☐ Yes, enough for living and a bit saving for children's schooling
  - d. ☐ Yes. We also set aside rice (and other crops) for business.

If you select d, how much you save per year? What do you use the money for?
5. How did you come to know about the acquisition?
  - a. ☐ Receiving an official notice from PC.
  - b. ☐ Your neighbors/cousins/friends.
  - c. ☐ Public announcement pasted at local PC.
  - d. ☐ Community meetings and public announcement from local authorities.
  - e. ☐ You know nothing until the acquisition was implemented.
  - f. ☐ Others.

6. What were your first thoughts about the news of acquisition?
  - a. ☐ Worried, please state your reasons.
  - b. ☐ Happy, please state your reasons.
  - c. ☐ Nothing, just accept it.
  - d. ☐ Others
7. Compensation: How did you and local authorities agree on the compensation? Any negotiation for consensus of compensation?
  - a. ☐ Yes, negotiation. Please explain in details.
  - b. ☐ No. The local authorities announced and you just followed.
  - c. Others.

Please specify your compensation package, including land price for one square meter.

8. Have you ever heard about the Decree no. 69/ND-CP?
  - a. ☐ Yes. Please tell me your understanding on it.
  - b. ☐ No. I have never heard about it.
9. In addition to compensation for land, were there any kind of supporting services such as vocational training, job conversion, etc. ?
  - a. ☐ Yes. They are:  
  
Additional questions: What are your comments on these services? What should the local authorities do to improve?
  - b. ☐ Nothing. If this is the case, what suggestions would you make to the local government so that the local people can resettle their lives after acquisition?
  - c. Local authorities/land investors promised to provide some supports but no practice since then. Please explain in details.

10. In general, what do you think about the practice of acquisition and compensation for your household?
  - a. ☐ Oppose against (even perform some resistance). Please specify your reasons.

- b. ☐ Disagree. Please specify your reasons.
- c. ☐ Accept but dissatisfy. Please specify your reasons.
- d. ☐ Satisfy but still concern of discrepancy between compensation and market prices. Please specify your reasons in more details.
- e. ☐ Support and satisfy. Please specify your reasons.

(Question 10 aims to identify farmers for further investigation by qualitative interviewing for understanding local community's reactions to land acquisition).

11. Are you aware of the common situation in Vietnam in which the local state acquired your land and then allocate it to land developers, who, after infrastructure development, will sell in form of land use rights transfers with prices much higher than the compensation? What do you think about this situation?

## **Part II. Local response upon land acquisition**

12. What have you done for livelihoods after acquisition? – *(You might choose more than one answer).*

- a. ☐ Continue agricultural production on the remaining land.
- b. ☐ Changing job. Please specify.
- c. ☐ Continue agricultural production and also work in another sector.
- d. ☐ Retire because of out of working age. In this case, how did you manage your life?
- e. ☐ Using compensation money to build apartment for rent.
- f. ☐ Others. Please specify.

13. How is your family condition after acquisition? - *(You might choose more than one answer).*

- a. ☐ Hunger most of the time.
- b. ☐ Sometimes in hunger
- c. ☐ Enough for daily's life but life getting more difficult.



d. ☐ Employment. Please specify how many family members become unemployed?

d. ☐ More family members must join income-generating activities for living. Who?

And what kinds of job?

e. ☐ Unhappy family because of domestic violence.

f. ☐ Money spending on gambling, drinking, etc.

g. ☐ Others.

14. How did you use your compensation cash? - (*You might choose more than one answer*).

a. ☐ Repairing house. How much did you spend?

b. ☐ Buying motorbike(s). How much did you spend?

c. ☐ Investing in agricultural machines. How much did you spend?

d. ☐ Doing small business. How much did you spend?

e. ☐ Building apartments for rent. How much did you spend?

f. ☐ Depositing all money in bank for interest. .

g. ☐ After spending on some activities as specified, the remaining money being deposited in bank for interest. How much did you spend?

h. ☐ Paying debts. How much did you spend?

i. ☐ Others. Please specify.

15. Your opinions on urbanization at urban fringes and acquisition of your land.

a. ☐ Positive. Please specify reasons.

b. ☐ Negative, unfair, lack of transparency. Your suggestions.

16. Before, working in agricultural production could not help you earn much money.

Now, you receive good amount of money for compensation, what do you think?

17. If you can choose, which one you prefer, life before acquisition or after?

Thank you for your cooperation./.

## **Appendix 5. Semi-structured interview schedule 1**

Subjects: local experts and businesses in Thua Thien Hue.

Expected length: ~ 60 minutes.

*Participants agree to sign the consent form and accept being recorded. If being refused, paper-based recording will be used.*

### ***Opening questions***

Did you find this place without any trouble?

And say thanks to participants for spending time to attend the interview.

Brief introduction of interviewing purposes and issues covered

Interviewee's name:                      Gender:                      Age:                      Job:

Organization:

Educational background:

### ***Main interviewing questions***

1. What are your general comments on urbanization in Thua Thien Hue in recent years?
2. How have the processes of agricultural land acquisition and compensation practiced in Thua Thien Hue in 2007 and in the peak time of urbanization of 2011 and 2012?
3. How has compensation been defined?
4. During land pricing for compensation, I am wondering whether the local authorities consider the decrees 17 and 69 to make compensation price close to market price?
5. There is always a discrepancy between compensation price and market prevailing price. This is a very common situation in all over Vietnam in recent years. The farmers all the time the losers in the development game. Agricultural

land to farmers is inevitable. And they lost their land, or lost their means for sustainable livelihoods. Do you agree with me?

6. During the planning stage of urban development projects involving land acquisition for economic development, do the local authorities consult with local communities before working out? How do you keep them informed that their land will be acquired?
7. How and to what extend do you think the practice of acquisition and compensation project will negatively affect the rural community in peri-urban areas?
8. Land-related disputes have been increasing quickly in recent years, especially complaints relating to unfair compensation after acquisition. Do you think this will hinder social stability of Vietnam now and future?
9. Many people in Hue dissatisfied about land acquisition and compensation. Some of them brought their cases to trial. However, the majority prefer accept although they are disappointed. This is very different from cases of Van Giang in Hung Yen or in peri-urban areas of Hanoi. What do you think about this difference?
10. In your opinion, what should be done to improve the practice of acquisition and compensation in order to mitigate land-related disputes and complaints?

*Thanks for sharing your valuable time with me!*

## **Appendix 6. Semi-structured interview schedule 2**

Subjects: relevant experts in Vietnam.

Expected length: ~ 60 minutes.

*Participants agree to sign the consent form and accept being recorded. If being refused, paper-based recording will be used.*

### ***Opening questions***

How is your work? Do you find this conversation convenient?

And say thanks to participants for spending time to attend the interview.

Brief introduction of interviewing purposes and issues covered

Interviewee's name:                      Gender:                      Age:                      Job:

Organization:

Educational background:

### ***Main interviewing questions***

1. What are your general comments on urbanization in Vietnam in recent years? How about in your city/province of present residence?
2. How have the processes of agricultural land acquisition and compensation practiced in Vietnam so far?
3. How has compensation been defined?
4. As far as I know, the decrees 17 and 69 are the National Government's efforts to make land prices close to market prices? During land pricing for compensation, local authorities disregard these decrees? How can they do so? And why?
5. There is always a discrepancy between compensation price and market prevailing price. This is a very common situation in all over Vietnam in recent years. The farmers all the time the losers in the development game. Agricultural land to farmers is inevitable. And they lost their land, or lost

their means for sustainable livelihoods. Do you agree with me? What are your comments on this?

6. During the planning stage of urban development projects involving land acquisition for economic development, do the local authorities consult with local communities before working out? How do they keep local people informed that their land will be acquired?
7. How and to what extent do you think the practice of acquisition and compensation project will negatively affect the rural community in peri-urban areas?
8. Land-related disputes have been increasing quickly in recent years, especially complaints relating to unfair compensation after acquisition. Do you think this will hinder social stability of Vietnam now and future?
9. Many people in Hue dissatisfied about land acquisition and compensation. Some of them brought their cases to trial. However, the majority prefer accept although they are disappointed. This is very different from cases of Van Giang in Hung Yen or in peri-urban areas of Hanoi. What do you think about this difference?
10. In your opinion, what should be done to improve the practice of acquisition and compensation in order to mitigate land-related disputes and complaints?

*Thanks for sharing your valuable time with me!*

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