

Land Policy for Foodless Cancellation and Poverty Reduction in Vietnam

Vo DANG HUNG, Vietnam; Trung TRAN NHU, Vietnam

Key words: Land policy, poverty.

SUMMARY

The article provides information and analysis on the process of land policy formulation in Vietnam, which has a very close link with its “foodless cancellation and poverty reduction” target. The Land Policy of Vietnam has become a top important instrument and created decisive inputs to the “foodless cancellation and poverty reduction” programme of the Government.

The land policy of Vietnam to solve the “foodless cancellation and poverty reduction” are: (1) policy to allocate residential land and agricultural land, which were before used by agricultural co-operatives, to household without land use cost following the model of equal area per agricultural labor; (2) policy to allocate production agricultural land, production forestry land and residential land for minority ethnic people; (3) policy of granting land use right certificate for all land parcels are in used; (4) to solve the poverty issue, which is arisen from the industrialization process of the country; (5) administrative reform in land management, receiving the complaints on the wrongs of officials and agencies from the people through hot line, and the admonishment of officials violating the law in action all formulate an open and transparent Land Administration System, for the rights of land users, especially making effectiveness in land use for poor households to overcome the poverty on their own.

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1. INTRODUCTION

The article provides information and analysis on the process of land policy formulation in Vietnam, which has a very close link with its “foodless cancellation and poverty reduction” target. The Land Policy of Vietnam has become a top important instrument and created decisive inputs to the “foodless cancellation and poverty reduction” program of the Government.

Before 1975, Vietnam was involved in many years of war, with slowly developed economy, and the national budget was based on international assistance. After reunification (in 1975), Vietnam applied a command control economic model, the land was deemed to be possessed by the whole population and distributed by the State according to the implementation of socio-economic development. At that stage, there was no land law and no professional land administration agency. Until 1985, Vietnam was considered as an agricultural nation, but with lack of food, most of the population were in starvation and poverty.

In 1986, Vietnam decided to perform “doi moi” process (known as “renovation” process), and the model of market driven economy was applied. The turning point of this process was land policy reform in the agricultural economy areas. The agricultural land, forestry land, aquaculture land, which had belonged to cooperatives before, now was allocated to households for their active use in production and organization of land exploitation. The Land Law was formulated (in 1988, 1993, 2003), and the land administration agencies were established from the Central to commune level. The land allocation to farmers was a driving force to make Vietnam become one of the highest rice exporting countries in 1989. The poor and foodless households were reduced quickly, and there only remained some areas, which lacked land for agriculture. In 2005, there were no foodless households in the country and the poor households were only 7%. The goal of the Government is to continue reducing the poor households, meanwhile preventing the poverty and hunger to happen again.

At the moment, the Vietnam’s poor households are only in rural areas, where the economy is less developed. The Land policy of Vietnam plays a very important role in performing the “foodless cancellation, poverty reduction” program, including:

- The State allocates agricultural land to households without land use charges, from 2000 the State eliminated taxes on agricultural land within a certain extent of land allocation.
- For the rural and mountainous areas, land is allocated without land use charges.
- For the mountainous areas, where the ethnic minority farmers transferred their land already because of poverty, the Government will consider each area to disburse its budget for the second time for allocation of residential and agricultural land without land use charges.

- The State will issue the Land Use Right Certificate (LURC) for the people, who are on going using land. If the residential land is used stably and in line with the land use planning before the date of which the 1993 Land Law came into effect, and the land users didn't pay land use fee, then those land user's fee will be exempted. The residential land users who have to pay land use fee but don't have money to pay, they will be credited on LURC until their land is transferred to another.
- Poor farmers are exempted all the fees and charges when being issued LURC; when performing the land consolidation in order to make larger land parcel, the fees and charges are also free.
- When the State acquires the land to carry out investment projects, the poor households, whose land for agriculture is acquired, will receive compensation to overcome that poor situation for 3 to 10 years; the farmers whose land for agriculture is acquired over 30% of land will be compensated by non-agricultural land to change their works; the farmers whose residential land is acquired will be resettled in residential areas where they can do services to change their works.
- When the land is acquired by the State, the land user will be compensated by the value according to the market value.
- Farmers can mortgages their land at economic and credit organizations to borrow money for investment and producing, with very easy procedures.

Apart from the above mentioned policy, the administrative reform in land management, receiving the complaints on the wrongs of officials and agencies from the people through hot line, and the admonishment of officials violating the law in action all formulate an open and transparent Land Administration System, for the rights of land users, especially making effectiveness in land use for poor households to overcome the poverty on their own.

2. VIETNAM LAND POLICIES IN THE PROCESS OF COUNTRY DEVELOPMENT

In the development process of Vietnam, land policy is an area with the most changes. Since the year 1954, when the 9-year French war was over, from 1946 to 1954, Vietnam has 5 key changes in land policy as below:

The first change: land reform program aiming at distributing equally land to the peasants, the State guaranteed the land private ownership (1954-1956) in the North. Meanwhile, the South Government also carried out a number of land reform programs, such as land for tenant, land allocation for "Thuong ethnic people", etc. These programs lasted until 1973. Some of those programs presented the politic objectives rather than a pure land reform program, (MacDonald, 1970).

The second change: The State formed State-run farm, State Forestry Enterprises, State-owned companies on production, industrial and services business. The State mobilized all farmers to participate on construction of agricultural co-operatives and formalized two main kinds of ownership form: State and Community ownership (from 1959 to 1962 in the North and from 1976 to 1979 in the South).

The third change: Following the 1980 Vietnam Constitution, which came into effect since 18/12/1980, all land of Vietnam are owned by entire people. There was no mechanism to process the economical interests when transferring all kind of ownership to the entire people ownership. It was starting time for the State subsidized “ask and give” mechanism for land. Land had no value and was not goods to buy and sell in the market. Land was used inefficiently and the whole country was on the situation of lacking foods (1980-1986).

The fourth change: In the year 1986, the State started renovation process "đổi mới", agricultural production land and forestry land from the agricultural co-operatives (considered as the co-operative economy model) were re-allocated to household and individual use (considered as the household economy model). The State stipulated the residential land is stable and permanent used with completed rights as asset. This change has led Vietnam from a foodless country to the third rank country in the world for rice exporting.

The fifth change: In the year 1996, the State started the industrialization process, a large agricultural land used by household has been transferred into non-agricultural land use purpose, to invest on the technical infrastructure and social infrastructure construction, to develop rural and urban residential area, building up industrial zones, commercial service zones, economic area and high technology area. A number of land issues relating to guarantee of the life and works for peasants were raised to overcome.

Although the State of Vietnam always targets to the objectives of “rich people, strong nation”, but some of the above changes showed success and some did not. Even though, some were successful for a period of time but becoming failure later on.

First example, the State has policy to transfer all land into the entire people ownership in the year 1980 to fit the central command economy model, with expectation of more efficient land use. However, the reality showed that the central command economy model lead Vietnam as a foodless country. Vietnam had to import about 447,300 ton, 534,000 ton, 485,400 ton and 395,900 ton of food for year 1986, 1987 and 1988 respectively, (Duong Trung Quoc, 2002). Figure 1 shows that the food imported lay under zero line until year 1989.

Second example, the policy to encourage the development of agricultural co-operatives (transfer private land ownership into the community ownership) in the year 1959 helped Vietnam achieve significant results in the year 1961. Nevertheless, disadvantages of this model have delayed the development process of Vietnamese economy. In 1989, the replacement of agricultural co-operatives by household economy model lead Vietnam into the group of three leading countries in exporting rice.

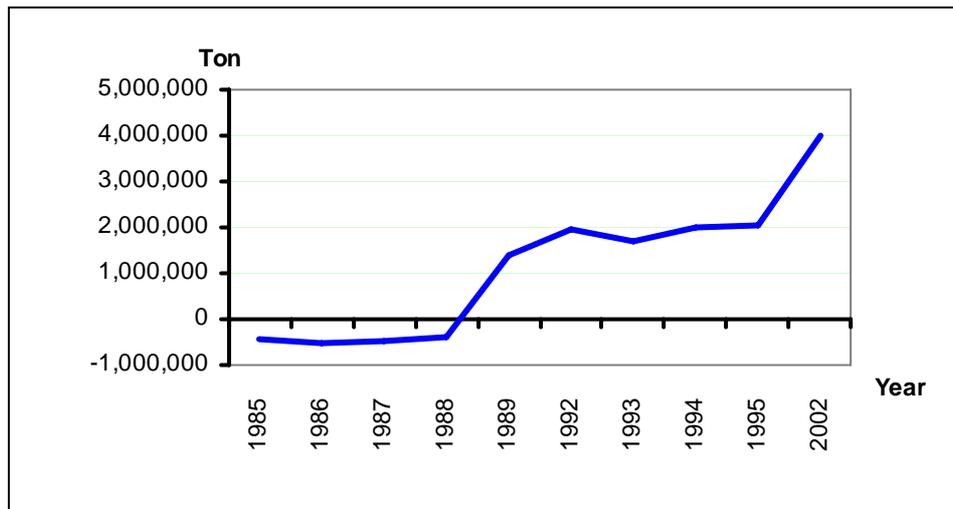


Figure 1. Vietnam food import and export situation from 1985 to 2002, (sources GSO).

3. LAND POLICIES WITH THE TARGET OF “FOODLESS CANCELLATION AND POVERTY REDUCTION”

3.1 Objectives of land policy renovation

Since the beginning of the *Đổi mới* process (known as renovation process) of Vietnam in 1986, innovation in land policy was considered as the first breakthrough point that the State had selected. The land policy has been innovated continuously since 1986 up to now. The first Land Law was passed in 1988, the second one in 1993, two times of modification and admendment of the Land Law 1993 in the years 1998 and 2001. The third Land Law was passed in 2003 and as plan the Land Code will be released in between 2010 and 2015. The innovation of Vietnam land legislation system has following objectives:

Firstly, to meet the requirement of national socio-economic development, efficient land use, encourage the equal development of economic sectors.

Secondly, the land policy directly serves the industrialization process of the country toward the target of "rich people and strong nation", but trying to avoid the cases of foodless, poverty, and dealing well with the issues of “foodless cancellation, poverty reduction” in the country context.

Thirdly, land has its value, is allowed to participate in the real estate market, is asset of land user, to be protected by the State and is resources for development investment.

Fourthly, administrative reform, guarantee the interests of land users and the management bodies become as agencies serving land users.

Fifthly, the State invests from State budget to establish the cadastral records, cadastral maps, and issuing LURC for each land parcel.

Finally, to meet the demands of integrating into the global economy, especially to completely solve the conditions of Vietnam to enter the WTO.

3.2 Solutions to implement the land policy for “foodless cancellation and poverty reduction”

At the beginning of the Đổi mới process (1986), the first Vietnamese land law was formed under the context that land policy is determined to handle the issue of “foodless cancellation and poverty reduction”. Vietnam land policy approaches this issue as following:

Firstly, to ensure the equality of land for agricultural labors when the State allocates land belonged to agricultural co-operatives to households and individuals.

Secondly, for the rural area, the State shall allocate free of land use cost to households.

Thirdly, agricultural labors can shift directly to other works in industrial and service fields within the rural area, to increase the income for them.

Fourthly, to solve satisfactorily the economic interests of land user when the State recovered their land for socio-economic development investment.

Finally, guarantee the equality and the right to access to land among any kinds of enterprises, no preferential treatment to the State-owned enterprises.

3.3 Land policies serve as tools for “foodless cancellation and poverty reduction”

3.3.1 Policy to allocate residential land and agricultural land, which were before used by agricultural co-operatives, to household without land use cost following the model of equal area per agricultural labor

From 1988 to 1999, the State allocated 5.5 million ha of agricultural land and to households, so that household can organize production by themselves by household economy model. Since 1988 to now, the State continued allocate 2.9 million ha of production forestry land to household. The allocation is carried out following the model that each household shall receive production agricultural land and production forestry land, which were calculated by dividing equally all these land of commune (smallest administrative unit) to the total agricultural labors (more advance) and workless (less advance) in each household. Therefore, at rural area, all agricultural labors have equal rights to access to land, which was commonly used by the agricultural co-operatives.

Since 2000, the State eliminated the agricultural land tax for household, who received land allocation from the State. Besides, the previous agricultural co-operatives have shifted their business to services for agricultural production such as seeds, stock, and irrigation, fertilized to household.

Regarding to the residential land, the State allocated land with stable and permanent land use with the area norm stipulated by the Provincial People's Committee. In mountainous rural area, the State allocates residential land without land use cost for household. In plain rural area, the State allocates residential land allocated by the State with land use cost but allowing to debt recorded and only request to pay off when getting income by transferring the land use to others.

3.3.2 Policy to allocate production agricultural land, production forestry land and residential land for minority ethnic people

Vietnam land policy concentrates on solving many issues relating to agricultural production land, forestry production land, residential land and clean water for ethnic minority group. In the second half of the 90 decades of the previous century, the ethnic minority people got a lot of pressure from open market mechanism when the investors from outside came in to buy land to set up large-size production farm. Due to economic difficulties, ethnic minority peasants have sold out all agricultural production land, forestry production land and residential land and accepted to move to another more difficult place without land for production.

The Land Law 2003 set up the policy that the State shall allocate second time residential land, agricultural production land without land use cost for households belonging to the ethnic minority, which has no land because of selling out all land due to poverty issue. Up to now, the Government of Vietnam has released about 150 Million USD from the State budget to secondly allocate agricultural production land, forestry production land and residential land to ethnic minority households, who are living in the poverty situation. At the moment, this program is implementing well at many provinces and contributes significantly to the program of "foodless cancellation and poverty reduction".

3.3.3 Policy of granting land use right certificate for all land parcels are in used

Since 1994, the State has focused on the establishment of cadastral maps, cadastral records and issuing LURC for all land parcels used. All expenditures for this work are State budget. LURC receiver only has to pay a little amount of fees for administrative formalities. The most difficulty in the LURC issuance process is collecting financial obligations, of which the land user has not yet fulfilled in the time of land use (use land but not yet pay land use cost or tax for transfer land use). Normally, debtors are poor people lacking of money to pay off. If the residential land is used stably and in line with the land use planning before the date of which the Land Law 1993 came into effect, and the land users didn't pay land use cost, then those land user's cost will be free. The residential land users who have to pay land use cost but don't have money to pay and they will be debt recorded on LURC until their land is transferred to another. This regulation has crated advance for poor people and increased significantly the speed of LURC issuance.

After the date the Land Law 2003 came into effect, the Government of Vietnam has set up a program to speed up LURC issuance progress with target to completed issuance at the end of year 2005. However, due to big amount of works, the Government allows to last the deadline until the end of June of year 2007. Up to now the progress of LURC issuance is illustrated in figure 2 to 6. More explanation of progress of LURC issuance can find out in (Trung, et al 2006).

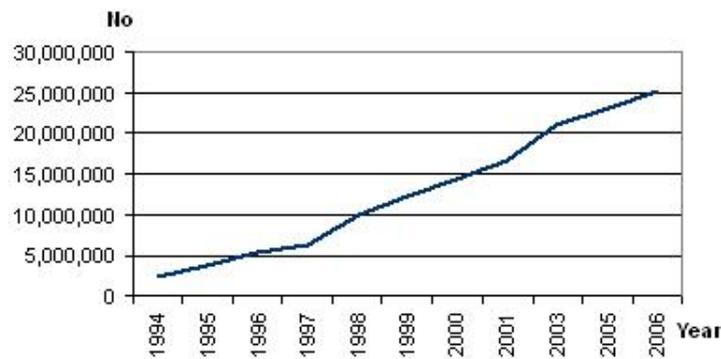


Figure 2. Number of LURC issued in the whole country until March 2006

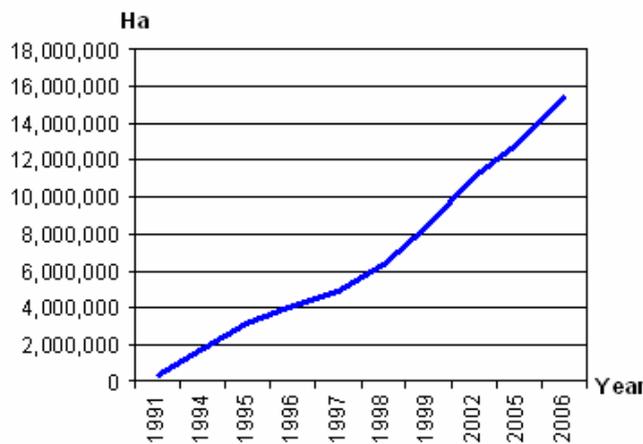


Figure 3. Total are of land with LURC from 1991 to March 2006

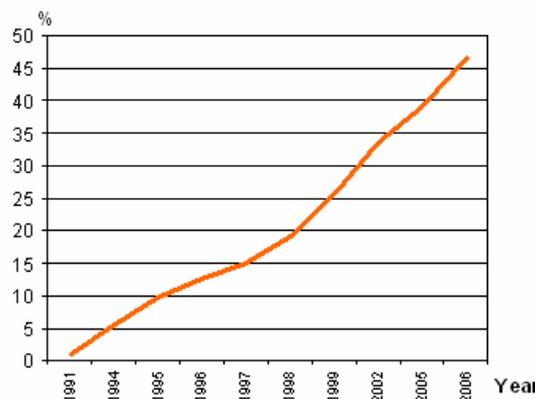


Figure 4. Percentages of land with LURC

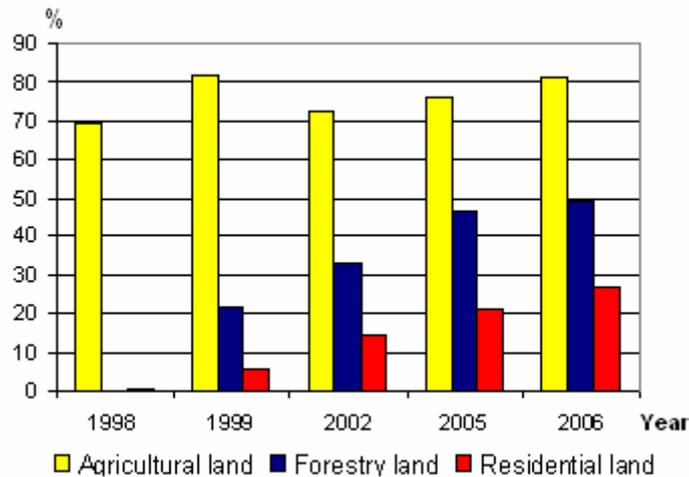


Figure 5. Percentages of land with LURC for three main kinds of land use

As a result, one can find the strong linkages between LURC issuance and the poverty reduction for each socio-economic region in Vietnam as the figure below.

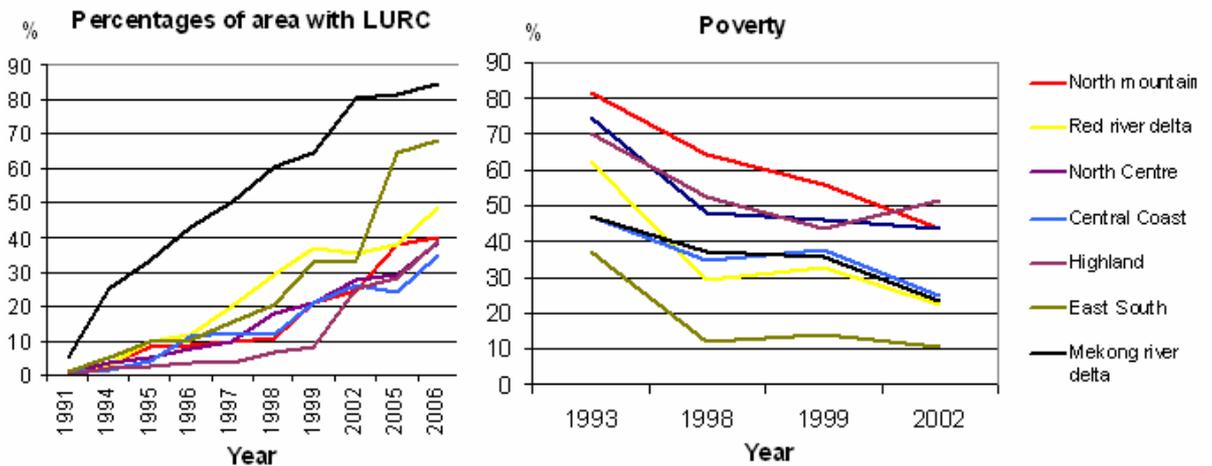


Figure 6. Percentages of area with LURC and percentages of population living under poverty line in each socio-economic region

LURC helps land users to affirm their asset, which is protected by law and able to mortgage at the bank to extend production development. At the moment, most of plain peasants borrow capital from the Agricultural Bank to extend production size, to change kinds of planting and stock, to build up agricultural services bases. LURC is a mean brought high efficiently results in the roadmap of “food cancellation and poverty reduction” in Vietnam.

3.3.4 To solve the poverty issue, which is arisen from the industrialization process of the country

Since 1996, the program of industrialization of Vietnam has been started. The implementation of this program is indispensable to develop the country. However, this program leads many changes in land use. A large extent of agricultural land has been shifted into the land use purpose of technical and social infrastructure construction, commercial services and industrial zones, economic and high-tech areas. The Government of Vietnam has set up targets of which guarantee the industrialization process of the country but will not arise the hunger, poverty issue for peasants, whose land was recovery. The particular related stipulations of land policy are:

- The State only recovers land to implement the large investment projects, which are defined already in the socio-economic development plan. The State will compensate land user by land or in cash, which are calculated by land price equal to the market price.
- For projects, which the State shall not recover land and allocate to investor, then project owner has to negotiate with land user to have land by land transfer, land lease or contribution by land as a capital of this investment project.
- In case the State recovers land, poor households whose agricultural land recovered then these poor households will be supported by the State to overcome the poor situation for a period of time from 3 to 10 years.
- Households, who have more than 30% agricultural land recovered, will get compensation by non-agricultural land so that they can change their works to industrial or services works.
- Households, whose residential land recovered, will be re-settled to the residential place where they can run commercial service works instead of agricultural works.

3.3.5 Other policies supporting “foodless cancellation and poverty reduction”

Beside the above policies, some other policies have supported significantly the work of “foodless cancellation and poverty reduction”:

- Administrative procedure reform in land management helped poor people not spend a lot time and resources to implement their rights of land use.
- People and enterprises could easily find the violation of land legislation from land management bodies and land officers to the authority through out the "hot line". The "hot line" free is a good mean for poor people to speak up their problems and expectations.
- The way of dealing with land officers violating land legislation when implement official works has created an open and transparent land management system, which is always for land user interests.

4. CONCLUSIONS

The land policy became an efficient tool for “foodless cancellation and poverty reduction”, and an efficient way in land use, which helps poor household to overcome the poor on their hand and by themselves.

The number of poor households has reduced speedily and only exist in place lacking of agricultural production land. Until 2005, Vietnam has cancelled the hungry household, and remained only 7% of total household living under the poverty line. Objectives of Vietnamese Government are to continue reduce number of poor households and do not allow backing to the situation of hungry and poverty.

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BIOGRAPHICAL NOTES

Prf. Dr. Sc. Dang Hung Vo plays two roles 1) as chairman at Land Administration Faculty in University of Natural Science – Hanoi National University and 2) Vice Minister of Ministry of Natural resources & Environment, where he is in charged of Land Administration area. Prf. Vo has contributed a lot for Vietnam land administration, Survey and Mapping at both science and practical works. Recently, one of his academic works on the National Coordinate System has got a Ho Chi Minh Award (the highest level of academic work in Vietnam). Prf. Vo is acknowledged as the pioneer for Vietnamese land administration reform.

Tran Nhu Trung is a BA degree holder on Survey & Mapping in 1993 in Hanoi and M.Sc. with distinction in Geo-Informatics for Cadastral applications in 2000 in ITC/The Netherlands. Trung started to work for the government (GDLA) since 1993. Then he moved

to private sector since year 2002. Now, he is working for two consultant companies dealing with land and environment: TECOS and VNGEO. He has followed a number of consultant projects in fields of land administration, survey & mapping, NSDI, remote sensing, integrated coastal zone management, and environment protection in Vietnam and Lao PDR. At the moment, Trung is National Consultant of Land Administration and ELIS for SEMLA program. Trung considers himself as an independent researcher in field of land administration. He publishes regularly a number of research papers in both Vietnamese and English regarding to land administration.

CONTACT

Prof. Dr. Sc. Dang Hung Vo. Ministry of Natural resource & Environment
83 Nguyen Chi Thanh, Hanoi, Vietnam
Email: vo.monre@hn.vnn.vn

Mr. Tran Nhu Trung
Consultancy Service & Technology Development Company for Natural resource & Environment (TECOS). 106 Chua Lang Street, Dong Da district, Hanoi, VIETNAM
Tel. + 844 77 52 506
Email: TrungGeomatics@pmail.vnn.vn
Web site: www.tecos.com.vn