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1. March 2006

Online at <https://mpra.ub.uni-muenchen.de/25587/>

MPRA Paper No. 25587, posted 5. October 2010 14:05 UTC

# **Agricultural Land Distribution in Vietnam: Emerging Issues and Policy Implications**

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## **Abstract**

This paper examines the current distribution of the agricultural land, the issues causing landlessness in Vietnam, assesses present governmental policies and methods and presents key options. The paper relies on the Vietnam Living Household Standard Survey (VHLSS) that were conducted by the General Statistics Office in 2002 and 2004, and qualitative evidence from other studies. It is found that land inequality is increasing. Poor households have small areas of agricultural land and aquacultural water surface, and their lands are also of low quality. Landless poor are dependent on low income and unstable income from labouring in agricultural production. Policies to assist the landless have had limited impact.

Keyword: Land distribution, landless, poverty, Vietnam, Asia.  
JEL Classification: Q15; I30; R52

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## **1. Introduction**

The landless and near-landless population in Vietnam is significant and increasing, and will have a major role in the socio-economic development of most regions, especially the Mekong Delta and Highland regions. In the provinces, the seriousness of the extent of the problem often depends on physical and climatic conditions. Rapid economic development combined with urbanization and industrialization has resulted in the contraction of the agricultural sector and the reduction of production land for agricultural households. Agricultural households, especially the poor, can fall into chronic poverty if they lose their production land or sell their land to survive. While policies are in place to respond to these issues, they have failed to bring about good results, especially in respect of sustainability.

There is evidence of an increased tendency towards a concentration of landownership, favouring male-headed, better-educated households, with stronger ties in the community (WB, 2003) and therefore stronger influence over local decision making and local allocation of resources. This developing class distinction threatens to undermine the egalitarian structure of poverty reduction that has characterized Vietnamese progress so far. It appears to be particularly prevalent in the rural areas of the Mekong Delta.

This brief paper examines the current distribution of the agricultural land, the issues causing landlessness in Vietnam, assesses present GoV policies and methods and presents key options. The paper makes use of the Vietnam Living Household Standard Survey (VHLSS) that were conducted by the General Statistical Office in 2002 and 2004, and qualitative evidence from other studies including fieldwork conducted by the consultants.

The paper has the following sections:

- Current distribution of agricultural land and landlessness issues in Vietnam.
- Causes of the landlessness and land shortage in agricultural households.
- Consequences of landlessness and land shortage to households, especially poor households.
- GoV policies and methods in response to these problems.
- Policies and methods in the National Targeted Programmes (NTP) on Poverty Reduction and SEDEMA
- Conclusions and recommendations are drawn in the final section.

## **2. Agricultural Land Distribution in Vietnam**

### ***2.1. Agricultural Land Distribution and Landlessness Issues***

This decade, there has been increased urbanization and industrialization in peri-urban areas. One outcome was many agricultural households have had to give up their land for the development of industrial and urban zones with a high number of these households falling into poverty. This issue received special attention from the GoV and the media.

In the North, agricultural land is increasingly being converted into industrial parks affecting the well-being of the local farmers. The central Farmer's Association

reported that in Hanoi in 2001 there were 733 ha of agricultural land used for 159 industrial projects; similarly 1003 ha agricultural land used for 194 projects in 2002; and 1424 ha agricultural land used for 260 projects in 2003; and 1980 ha used for 280 projects last year<sup>2</sup>. Even in mountainous provinces, such as Vinh Phuc and Lao Cai, the transfer of agricultural land to non-agricultural activities is a growth industry and causing social and economic problems for displaced farmers. In Vinh Phuc there were 18,000 agricultural households with nearly 48,000 people of working age who lost land because of the development of industrial zones and public plants to March 2005. The total area of agricultural land that was resumed was 2415 ha<sup>3</sup>. In Lao Cai, to 2007, the expected number of households who will lose their land for industrial and urbanization is 4,470<sup>4</sup>.

Table 1 estimates the percentage of agricultural households<sup>5</sup> who own or use agricultural land or aquacultural water surface for production over two years, 2002 and 2004, by expenditure quintiles. There are 11 columns in Table 1 (also in Table 2). Column 2 presents the percentage of agricultural households who have land or water surface. Columns 3 through to 6 present the percentage of agricultural household having agricultural land and water surface by types of land. Columns 7 to 11 are similar in meaning of columns 2-6 but for 2004.

Table 1 indicates the percentage of agricultural households without land/water surface is about 13%. Significantly, the percentage of households without annual crop land was 21% in 2004. Although the percentage of agricultural households having land was almost unchanged during 2002-2004, the percentage of households with perennial crop land reduced remarkably from 40.5% to 19.3%. Similarly, the percentage of agricultural households with water surface also went down from 17.9% to 9.5%. This reduction trend occurs for all the expenditure quintiles.

Table 1: Percentage of agricultural households who use different types of agricultural land and aquaculture surface by expenditure quintiles

| Quintile  | 2002          |                  |                  |             |               | 2004          |                  |                 |             |               |
|-----------|---------------|------------------|------------------|-------------|---------------|---------------|------------------|-----------------|-------------|---------------|
|           | Land or water | Annual crop land | Peren. crop land | Forest land | Water surface | Land or water | Annual crop land | Pere. crop land | Forest land | Water surface |
| (1)       | (2)           | (3)              | (4)              | (5)         | (6)           | (7)           | (8)              | (9)             | (10)        | (11)          |
| Poorest   | 90.1          | 85.4             | 39.1             | 14.9        | 15.8          | 90.7          | 87.0             | 16.2            | 13.1        | 8.0           |
| Near poor | 90.0          | 84.1             | 41.0             | 9.8         | 17.0          | 90.3          | 84.2             | 16.5            | 9.1         | 9.4           |
| Middle    | 90.1          | 82.0             | 41.5             | 7.6         | 20.2          | 89.4          | 80.6             | 21.0            | 6.8         | 9.5           |
| Near rich | 86.4          | 74.7             | 42.3             | 7.1         | 19.0          | 84.2          | 70.8             | 24.1            | 7.5         | 11.0          |
| Richest   | 71.4          | 51.7             | 36.8             | 5.2         | 17.5          | 69.8          | 55.2             | 22.9            | 9.3         | 12.0          |
| Total     | 87.4          | 78.7             | 40.5             | 9.5         | 17.9          | 87.4          | 79.4             | 19.3            | 9.4         | 9.5           |

Source: Authors' estimate from VHLSS 2002-2004

In Table 2 the percentage of agricultural households who manage agricultural land or aquacultural water surface is presented by regions. Similar to Table 1, the percentage of agricultural households with perennial crop land and aquacultural water surface was reduced significantly during the period 2002-2004 in all regions of the country.

<sup>2</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2005/07/3B9DFB49/>

<sup>3</sup> VietNamNet - <http://www.vnn.vn/kinhte/2005/05/421061/>

<sup>4</sup> Vnexpress <http://www.vnexpress.net/Vietnam/Xa-hoi/2004/07/3B9D425C/>

<sup>5</sup> In the study, a household is defined as an agricultural household if they have at least a person who is 15 years old and above and has her/his main job in the agricultural sector during the past 12 months before the time of interview.

Table 2: Percentage of agricultural households who use different types of agricultural land and aquaculture surface by regions

| Regions | 2002          |                  |                 |             |               | 2004          |                  |                 |             |               |
|---------|---------------|------------------|-----------------|-------------|---------------|---------------|------------------|-----------------|-------------|---------------|
|         | Land or water | Annual crop land | Pere. crop land | Forest land | Water surface | Land or water | Annual crop land | Pere. crop land | Forest land | Water surface |
| (1)     | (2)           | (3)              | (4)             | (5)         | (6)           | (7)           | (8)              | (9)             | (10)        | (11)          |
| 1-RRD   | 93.2          | 91.2             | 34.1            | 0.7         | 23.9          | 95.2          | 93.3             | 7.3             | 1.7         | 9.7           |
| 2-NE    | 96.2          | 93.5             | 59.8            | 33.2        | 23.3          | 94.5          | 92.1             | 20.7            | 27.5        | 9.4           |
| 3-NW    | 96.8          | 93.8             | 53.8            | 30.3        | 28.6          | 97.1          | 94.2             | 19.6            | 25.6        | 14.2          |
| 4-NCC   | 91.7          | 90.5             | 35.5            | 14.0        | 18.8          | 87.9          | 86.1             | 6.0             | 8.7         | 5.7           |
| 5-SCC   | 83.3          | 80.5             | 26.4            | 5.9         | 2.6           | 86.0          | 84.1             | 11.5            | 6.4         | 4.4           |
| 6-CH    | 95.2          | 71.0             | 67.2            | 3.3         | 9.9           | 88.9          | 63.6             | 56.5            | 3.2         | 3.9           |
| 7-NES   | 67.9          | 46.6             | 40.7            | 2.1         | 3.0           | 65.5          | 49.0             | 33.1            | 9.2         | 8.3           |
| 8-MD    | 79.0          | 60.5             | 35.3            | 4.6         | 20.3          | 82.3          | 64.3             | 28.8            | 7.3         | 15.5          |
| Total   | 87.4          | 78.7             | 40.5            | 9.5         | 17.9          | 87.4          | 79.4             | 19.3            | 9.4         | 9.5           |

*Note: Region name is given in the first column of Table 3 (They are not given in this table due to the limited space)*  
*Source: Authors' estimate from VHLSS 2002-2004*

A note from Table 1 is that the percentage of agricultural households with land/water surface is higher in the poor quintiles than in the rich quintiles. One reason for this might be that the proportion of household members who are working in the agricultural sector is higher in the poor quintiles. A household in which most of working members work in the agricultural sector needs access to use agricultural land. In other words, in rich households there are a higher proportion of non-agricultural members. Table 3 shows that the proportion of agricultural workers in the poor quintile is 15 percentage points higher than that to non-poor<sup>6</sup>.

Table 3: Percentage of agricultural workers in the labour market

| Regions                | 2002     |      |       | 2004     |      |       |
|------------------------|----------|------|-------|----------|------|-------|
|                        | Non-poor | Poor | Total | Non-poor | Poor | Total |
| 1. Red River Delta     | 66.7     | 77.8 | 69.8  | 64.6     | 81.3 | 66.8  |
| 2. North East          | 78.4     | 93.2 | 84.7  | 78.7     | 92.8 | 83.3  |
| 3. North West          | 82.8     | 96.9 | 93.1  | 82.8     | 95.5 | 90.3  |
| 4. North Central Coast | 77.5     | 85.3 | 81.3  | 75.3     | 88.1 | 79.7  |
| 5. South Central Coast | 64.4     | 81.4 | 69.5  | 65.8     | 83.7 | 70.6  |
| 6. Central Highlands   | 84.5     | 93.6 | 89.6  | 81.9     | 91.5 | 85.1  |
| 7. North East South    | 71.6     | 87.2 | 74.4  | 72.7     | 77.0 | 73.2  |
| 8. Mekong River Delta  | 77.9     | 85.5 | 79.9  | 77.4     | 88.6 | 79.2  |
| All Vietnam            | 73.7     | 86.9 | 78.4  | 73.0     | 88.4 | 76.7  |

*Source: Authors' estimates from VHLSS 2002-2004*

### Case Study – Mekong Delta<sup>7</sup>

The Mekong Delta has the second highest level of landlessness in the country. This region also displays a very rapid increase in landlessness among the rural poor. In 2001, 26 percent of the poorest quintile of the population was landless, compared to 39 percent nowadays (WB, 2003). Land is becoming scarcer and more valuable across the 12 Provinces of the Mekong Delta, for different reasons. These include high population density of some areas and the varying geographical makeup of others<sup>8</sup>.

<sup>6</sup> The overall expenditure poverty line is set up by GSO-WB at VND 1917 and 2077 thousand in 2002 and 2004, respectively.

<sup>7</sup> This section draws extensively from research conducted for the AusAID funded Mekong Delta Poverty Analysis

<sup>8</sup> For example, Tra Vinh has problems with saline pollution of the water nearly all year around, most of the land in the Ca Mau peninsular is salt affected and areas of Kien Giang are affected with alum, making all these Provinces more land scarce in terms of available agricultural land.

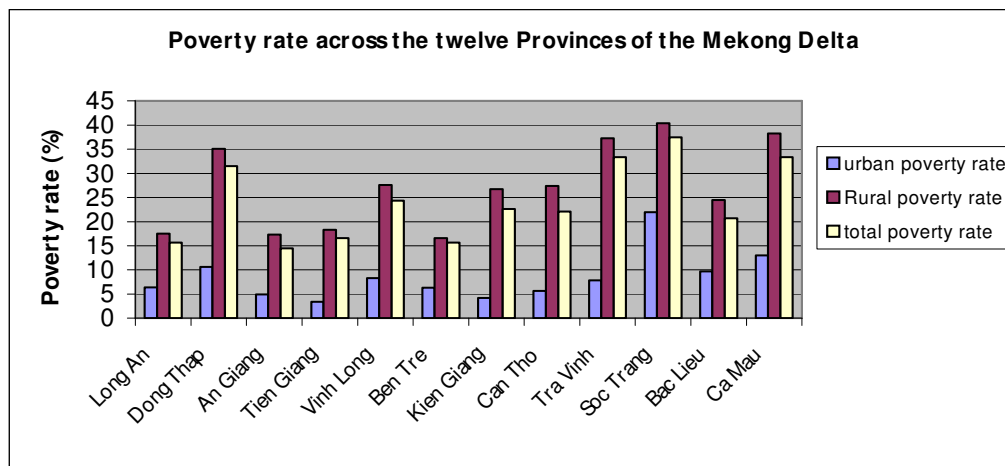
Land prices are increasing and therefore a central question is whether land loss was a transfer of capital into new higher earning uses, or whether it was the result of economic failure, so that a substantial part of the resource secured when land was sold went to paying off debts.

About half of the poor people in the Delta are either landless or very short of land. This trend is increasing, and is the most urgent issue in the rural areas. Whilst policies are in place to slow this process, the emergence of a large landless group in the Delta, dependent upon largely unskilled labour, now seems well entrenched. When faced with land loss there were a number of options: working as hired labour for other farming households; looking for off-farm employment and, or families with some but very limited land, there were options such as small-scale livestock raising, typically ducks, or niche lines such as mushrooms. There were few success stories here and farmers seemed often simply to be hanging-on, and likely to lose their remaining land soon.

Other studies of landlessness in the Mekong Delta depict a cycle of poverty which involves distress sales or mortgaging of land in response to episodes of ill health, business failure and indebtedness (WB, 2003, Oxfam, 1999). With the rise in cost of agricultural inputs together with a decrease in the price of outputs for many of the most common cash crops, farmers end up in debt and with no choice but to sell their land.

According to GSO statistics from the VHLSS, poverty in the Delta declined from 37% in 1998 to 23% in 2002, which is significant compared to the other seven regions of Vietnam and striking given the Delta's traditional reputation as an area of abundant land ready for settlement. With a total population of around 18 million this means that around 3.8 million people are classed as poor. Of these, GSO data showed that about 2 million are landless or short of land and around 1million are Khmer (half of the total Khmer population of about 2million which includes some of the landless). This gives a clear picture of who the majority of poor people in the Delta are – landless or with insufficient land, and/or Khmer.

Figure 1: Poverty rate across the twelve provinces in the Mekong Delta



With the 2002 data, we can see that poverty remains concentrated in rural areas: 7.8% of urban dwellers are in poverty while 26.5% of rural people are below the GSO

general poverty line. Only in Soc Trang, Dong Thap and Ca Mau provinces are the proportions of poor in urban areas above 10% of the population, in contrast to rural poverty which ranges from 16.5% in Ben Tre to 40.4% in Soc Trang. The highest incidence of poverty was in the provinces of Dong Thap, Tra Vinh, Soc Trang and Ca Mau. In Soc Trang the percentage of urban poor is very high at 22%, which reflects the recent separation from Can Tho province.

The proportion of poor households in rural areas is highest in Tra Vinh, Soc Trang, Ca Mau and Dong Thap (from 37% to 42%). Slow commercial growth in the urban areas of Tra Vinh and Soc Trang has affected the development of the non-agricultural sector. Both recorded high poverty rates in their non-agricultural sectors, 38% and 29% of households, respectively. A major factor was that both provinces were established in the 1990s and needed to build new economic and trade networks.

According to the 2002 VLSS, 31% of the poor in the Mekong Delta have no land, and 16% have less than 2,500 sq m, the level below which the Bank for the Poor classifies households as having 'little land'. Over half the poor in some provinces are currently working for hire in agriculture with the majority of these people having no land or land insufficient for agricultural production. It is also clear that the poor working for hire in agriculture have the lowest level of livelihoods in the Delta. Provinces with the highest proportion of poor in the labour force were Dong Thap (63.5%) where annual flooding has severe results, and Ca Mau (72.5%) and Soc Trang (74.6%) where salinity and soil acidity problems significantly affect land use.

This shows the entrenched nature of the problem of the poor landless and land scarce, who make up about half of the poor in the Mekong Delta.

Table 4: Land Ownership in the Mekong Delta

| Type of agricultural household        | Year | Rate of poor households | Share of poor households in total population | Rate in total population |
|---------------------------------------|------|-------------------------|--|--------------------------|
| Landless                              | 1993 | 68.4                    | 12.4   | 8.9                      |
|                                       | 1998 | 38.6                    | 8.6  | 7.33                     |
|                                       | 2002 | 47.4                    | 31.2   | 18.1                     |
| Landholding less than 2500 m2         | 1993 | 70.6                    | 11.4   | 8.0                      |
|                                       | 1998 | 50.7                    | 10.2   | 6.38                     |
|                                       | 2002 | 36.1                    | 16.0   | 12.2                     |
| Landholding from 2500 to 5000 m2      | 1993 | 58.2                    | 22.5   | 19.1                     |
|                                       | 1998 | 39.0                    | 15.3   | 14.17                    |
|                                       | 2002 | 31.9                    | 18.0   | 15.4                     |
| Landholding from 5000 m2 to 7500 m2   | 1993 | 55.6                    | 19.1   | 16.9                     |
|                                       | 1998 | 40.2                    | 18.6   | 16.78                    |
|                                       | 2002 | 22.4                    | 10.7   | 13.0                     |
| Landholding from 7500 m2 to 10000 m2  | 1993 | 41.9                    | 11.4   | 13.4                     |
|                                       | 1998 | 35.4                    | 15.6   | 14.83                    |
|                                       | 2002 | 22.2                    | 6.4  | 8.0                      |
| Landholding from 10000 m2 to 12500 m2 | 1993 | 43.5                    | 8.6  | 9.7                      |
|                                       | 1998 | 36.0                    | 12.5   | 11.84                    |
|                                       | 2002 | 18.0                    | 5.3  | 8.1                      |

| Type of agricultural household        | Year | Rate of poor households | Share of poor households in total population | Rate in total population |
|---------------------------------------|------|-------------------------|--|--------------------------|
| Landholding from 12500 m2 to 15000 m2 | 1993 | 33.3                    | 3.8  | 5.6                      |
|                                       | 1998 | 29.1                    | 5.5  | 6.48                     |
|                                       | 2002 | 21.0                    | 3.5  | 4.6                      |
| Landholding above 15000 m2            | 1993 | 28.8                    | 10.8   | 18.4                     |
|                                       | 1998 | 20.1                    | 13.7   | 22.18                    |
|                                       | 2002 | 11.8                    | 8.9  | 20.6                     |
| <b>Total</b>                          | 1993 | 49.2                    | 100.0  | 97.9                     |
|                                       | 1998 | 35.9                    | 151.5  | 183.9                    |
|                                       | 2002 | 27.5                    | 100.0  | 100.0                    |

Note: landholdings are calculated for the following types of land: agricultural land, aquacultural land, forestry land, unexploited land

Due to low percentage of surveyed households reliability of presented data is not 100%

## 2.2. Inequality in Land Distribution

Table 5 indicates the percentage of agricultural households without land among the poor households is lower than among the rich, however, the inequality in land distribution is becoming a serious problem. Table 4 estimates the area of agricultural land per agricultural worker by the expenditure quintiles. While the area of annual crop land for the agricultural poorest households is also the same, at 1980 m<sup>2</sup>, the area of this land for the richest households rose from 4180 to 5360 m<sup>2</sup>. Except for the forest land, the difference in the area of perennial crop land and water surface also increased significantly during the period 2002-2004.

Table 5: Average agricultural area and aquaculture surface per agricultural workers by expenditure quintiles

| Quintile  | 2002             |                     |        |               | 2004             |                     |        |               |
|-----------|------------------|---------------------|--------|---------------|------------------|---------------------|--------|---------------|
|           | Annual crop land | Perennial crop land | Forest | Water surface | Annual crop land | Perennial crop land | Forest | Water surface |
| Poorest   | 1984.4           | 953.0               | 5032.0 | 525.5         | 1982.6           | 1596.0              | 6492.1 | 844.6         |
| Near poor | 1928.3           | 1043.9              | 4683.3 | 457.9         | 2142.8           | 3349.3              | 7453.4 | 2343.3        |
| Middle    | 2335.9           | 1331.2              | 5577.1 | 652.9         | 2536.5           | 2753.2              | 6361.6 | 2559.0        |
| Near rich | 3196.1           | 2325.8              | 6435.5 | 1232.5        | 3221.6           | 3333.6              | 7709.6 | 2767.0        |
| Richest   | 4180.8           | 3275.8              | 8702.8 | 2722.3        | 5359.5           | 9376.5              | 7750.0 | 4709.8        |
| Total     | 2362.9           | 1476.6              | 5360.8 | 848.3         | 2456.7           | 3138.9              | 6880.7 | 2268.0        |

Source: Authors' estimates from VHLSS 2002-2004

Table 6, 7 and 8 estimate the area of agricultural land and water surface by the poor and non-poor households for different regions. Table 5 indicates that inequality in land distribution tends to be higher in delta regions of low poverty rate such as Red River Delta, North East South, and Mekong Delta. In 2002, there were two regions North East and Central Highlands in which the average area of agricultural land of the poor households was higher than that of the non-poor households. In 2004 this situation changed and only in the North East region poor households had larger average area of land compared with the non-poor households.

For perennial crop land, the average area of poor households was lower than that of the non-poor households in all regions. In most regions, the area of aquacultural water



surface of poor households was also smaller. However, it is interesting that the average area of the water surface of the poor increased very fast for the Red River Delta, from 769 to 1629 m<sup>2</sup> over 2002-2004.

Table 6: Average annual crop area per agricultural workers by regions

| Regions             | 2002     |        |        | 2004     |        |        |
|---------------------|----------|--------|--------|----------|--------|--------|
|                     | Non-poor | Poor   | Total  | Non-poor | Poor   | Total  |
| Red River Delta     | 1373.6   | 1104.1 | 1286.5 | 1406.9   | 1088.8 | 1352.9 |
| North East          | 1459.1   | 1791.0 | 1618.4 | 1467.6   | 1759.0 | 1576.4 |
| North West          | 3582.0   | 3082.8 | 3194.7 | 4168.9   | 3471.3 | 3714.4 |
| North Central Coast | 1755.0   | 1556.2 | 1652.9 | 1810.5   | 1543.9 | 1703.2 |
| South Central Coast | 2214.1   | 1625.9 | 1990.8 | 2763.2   | 1865.2 | 2452.6 |
| Central Highlands   | 3079.4   | 3248.2 | 3186.8 | 3261.6   | 2681.5 | 3004.7 |
| North East South    | 4172.2   | 2504.0 | 3800.7 | 4916.3   | 2630.6 | 4565.0 |
| Mekong River Delta  | 4888.3   | 2348.3 | 4268.5 | 4708.5   | 2299.9 | 4354.7 |
| All Vietnam         | 2644.9   | 1958.7 | 2362.9 | 2659.3   | 1976.3 | 2456.7 |

Source: Authors' estimates from VHLSS 2002-2004

Table 7: Average perennial crop area per agricultural workers by regions

| Regions             | 2002     |        |        | 2004     |        |        |
|---------------------|----------|--------|--------|----------|--------|--------|
|                     | Non-poor | Poor   | Total  | Non-poor | Poor   | Total  |
| Red River Delta     | 336.9    | 248.3  | 309.4  | 775.6    | 457.7  | 745.4  |
| North East          | 1133.4   | 523.5  | 866.0  | 2267.8   | 1016.8 | 1856.5 |
| North West          | 1425.6   | 524.3  | 793.3  | 1519.2   | 1072.5 | 1232.8 |
| North Central Coast | 379.0    | 317.0  | 349.5  | 2700.1   | 604.7  | 1747.7 |
| South Central Coast | 1490.2   | 998.2  | 1302.9 | 7334.9   | 1374.5 | 6063.9 |
| Central Highlands   | 5494.0   | 2426.8 | 3816.0 | 5101.2   | 2187.2 | 4234.8 |
| North East South    | 4436.2   | 3239.4 | 4222.3 | 7558.1   | 7343.8 | 7545.2 |
| Mekong River Delta  | 1668.9   | 912.5  | 1506.1 | 2061.3   | 775.1  | 1940.6 |
| All Vietnam         | 1803.2   | 936.0  | 1476.6 | 3608.8   | 1464.5 | 3138.9 |

Source: Authors' estimates from VHLSS 2002-2004

Table 8: Average aquaculture water surface per agricultural workers by regions

| Regions             | 2002     |        |        | 2004     |        |        |
|---------------------|----------|--------|--------|----------|--------|--------|
|                     | Non-poor | Poor   | Total  | Non-poor | Poor   | Total  |
| Red River Delta     | 376.6    | 224.9  | 331.4  | 769.6    | 1629.3 | 889.8  |
| North East          | 592.3    | 117.3  | 420.2  | 514.6    | 133.5  | 431.3  |
| North West          | 153.2    | 80.4   | 97.4   | 330.6    | 106.2  | 186.6  |
| North Central Coast | 694.6    | 629.1  | 660.8  | 1625.9   | 133.9  | 1171.1 |
| South Central Coast | 2131.8   | 378.3  | 1876.7 | 2714.7   | -      | 2714.7 |
| Central Highlands   | 368.7    | 164.0  | 295.5  | 458.9    | 400.0  | 454.1  |
| North East South    | 995.7    | 586.1  | 937.5  | 1067.9   | -      | 1067.9 |
| Mekong River Delta  | 2094.6   | 1700.6 | 2019.5 | 5749.6   | 3568.4 | 5529.6 |
| All Vietnam         | 1041.7   | 486.5  | 848.3  | 2616.2   | 896.2  | 2268.0 |

Source: Authors' estimates from VHLSS 2002-2004

The inequality in land distribution is also expressed by the fact that the rich households have larger areas of high-quality land. Table 9 presents the agricultural area by quality types that range from 1 to 5 based on tax level<sup>9</sup>. Class 1 corresponds to the best quality land, and class 5 means the worst quality land. It is shown that the average area of the first class land of the richest households was 3265 m<sup>2</sup> in 2004, three times as much as the area of the poorest households.

<sup>9</sup> In Table 8, the agricultural land is defined to include the annual crop land, perennial crop land, and the aquaculture water surface.

Table 9: Quality types of land and water surface by expenditure quintiles in 2004

| Quintiles | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 |
|-----------|---------|---------|---------|---------|---------|
| Poorest   | 924.8   | 927.9   | 1032.1  | 1355.2  | 1315.6  |
| Near poor | 1202.9  | 1240.0  | 1055.4  | 1991.0  | 1783.7  |
| Middle    | 1322.4  | 1482.4  | 1410.1  | 1964.5  | 2239.5  |
| Near rich | 1246.2  | 2383.1  | 1956.5  | 3199.7  | 3082.3  |
| Richest   | 3265.4  | 3544.8  | 5095.5  | 7127.6  | 5684.1  |
| Vietnam   | 1296.8  | 1494.1  | 1406.5  | 2152.8  | 1978.3  |

Source: Authors' estimates from VHLSS 2004

Table 10 estimates the distribution of annual crop land across quality classes for expenditure quintiles of households. It is shown that the percentage of the high-quality land account for a small proportion of 14.3% in the total land for the poorest, while this number is 26.8% for the richest. In contrast, the proportions of the land of classes 4 and 5 are higher in the poor households than in the rich households.

Table 10: Distribution of the annual crop land across quality classes by expenditure quintiles in 2004 (percent)

| Quintiles | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Total |
|-----------|---------|---------|---------|---------|---------|-------|
| Poorest   | 14.3    | 20.2    | 19.2    | 29.0    | 17.3    | 100   |
| Near poor | 16.7    | 25.2    | 19.8    | 25.2    | 13.1    | 100   |
| Middle    | 18.8    | 29.8    | 18.8    | 21.2    | 11.5    | 100   |
| Near rich | 21.1    | 27.5    | 19.2    | 22.7    | 9.6     | 100   |
| Richest   | 26.8    | 22.9    | 16.7    | 22.3    | 11.2    | 100   |
| Vietnam   | 17.7    | 25.0    | 19.1    | 24.8    | 13.3    | 100   |

Source: Authors' estimates from VHLSS 2004

Whereas there are agricultural households without any land, there are households who do not work in the agricultural sector or get involved in agriculture as a second job, but manage agricultural land or aquacultural water surface. The percentage of households who are not agricultural households but manage agricultural land increased remarkably from 23.5% to 36.36% during two years 2002-2004 (Table 12). The growth rate tends to be higher in the rich households. However the percentage of non-agricultural households having agricultural land is higher among the poorest households. For example, in 2004 the percentage of non-agricultural poorest households with land was 69.4%.

Table 11: Percentage of non-agricultural households who use different types of agricultural land and aquaculture surface by expenditure quintiles

| Quintile  | 2002          |                  |                     |        |               | 2004          |                  |                     |        |               |
|-----------|---------------|------------------|---------------------|--------|---------------|---------------|------------------|---------------------|--------|---------------|
|           | Land or water | Annual crop land | Perennial crop land | Forest | Water surface | Land or water | Annual crop land | Perennial crop land | Forest | Water surface |
| (1)       | (2)           | (3)              | (4)                 | (5)    | (6)           | (7)           | (8)              | (9)                 | (10)   | (11)          |
| Poorest   | 53.9          | 48.6             | 11.6                | 2.8    | 4.5           | 69.4          | 65.2             | 12.1                | 11.7   | 12.5          |
| Near poor | 51.6          | 46.5             | 14.7                | 1.5    | 7.6           | 57.6          | 52.8             | 10.9                | 6.6    | 8.6           |
| Middle    | 40.7          | 36.9             | 11.0                | 1.8    | 3.9           | 49.0          | 46.1             | 14.5                | 11.4   | 12.8          |
| Near rich | 27.9          | 22.5             | 10.2                | 0.6    | 3.0           | 35.2          | 31.8             | 13.3                | 10.0   | 10.5          |
| Richest   | 10.5          | 6.7              | 4.5                 | 0.4    | 1.7           | 24.6          | 21.0             | 17.4                | 14.4   | 14.5          |
| Total     | 23.5          | 19.1             | 7.8                 | 0.8    | 2.9           | 36.6          | 33.0             | 15.0                | 11.9   | 12.5          |

Source: Authors' estimate from VHLSS 2002-2004

Table 12 estimates the average area of agricultural land of the non-agricultural households. The rich households have the average area higher than the poor households. The average area of agricultural land and water surface is relatively large

compared with the average area managed by the agricultural households (presented in Table 4), given that Table 12 estimates the area per household member including children and dependent people, while Table 4 estimates the average area per agricultural worker.

Table 4: Average agricultural area and aquacultural water surface per agricultural worker by expenditure quintiles

| Quintile     | 2002             |                     |        |               | 2004             |                     |        |               |
|--------------|------------------|---------------------|--------|---------------|------------------|---------------------|--------|---------------|
|              | Annual crop land | Perennial crop land | Forest | Water surface | Annual crop land | Perennial crop land | Forest | Water surface |
| Poorest      | 395.7            | 399.9               | 1075.1 | 223.8         | 403.7            | 289.1               | 405.1  | 448.9         |
| Near poor    | 484.6            | 383.5               | 2578.3 | 168.1         | 484.2            | 419.0               | 1947.6 | 180.6         |
| Middle       | 522.8            | 355.5               | 2972.7 | 190.3         | 539.3            | 602.0               | 2427.6 | 184.0         |
| Near rich    | 526.5            | 601.4               | 1124.9 | 171.6         | 855.7            | 1256.5              | 3002.8 | 1755.2        |
| Richest      | 1163.9           | 1306.1              | 2309.7 | 1129.3        | 1243.8           | 1457.3              | 1827.0 | 931.6         |
| <b>Total</b> | 604.9            | 695.7               | 2212.6 | 445.1         | 686.7            | 1066.4              | 1991.7 | 795.0         |

Source: Authors' estimates from VHLSS 2002-2004

A question raised is whether these households lend their land. The percentage of households who lend their land is analyzed Table 13. Rich households have higher lending percentages than poor households. Although the percentage of lending households increased from 4.4% to 18.6% during 2002-2004, this rate was still rather low. This raises the issue of the effective usage of agricultural land by non-agricultural households and impact on poor households.

Table 13: Percentage of non-agricultural households who lend their land

| Regions     | 2002    |             |       | 2004    |             |       |
|-------------|---------|-------------|-------|---------|-------------|-------|
|             | Lending | Not lending | Total | Lending | Not lending | Total |
| Poorest     | 6.6     | 93.4        | 100   | 14.6    | 85.4        | 100   |
| Near poor   | 5.1     | 94.9        | 100   | 10.9    | 89.1        | 100   |
| Middle      | 6.7     | 93.3        | 100   | 14.5    | 85.5        | 100   |
| Near rich   | 6.0     | 94.0        | 100   | 23.3    | 76.7        | 100   |
| Richest     | 2.7     | 97.3        | 100   | 27.7    | 72.3        | 100   |
| All Vietnam | 4.4     | 95.6        | 100   | 18.6    | 81.5        | 100   |

Source: Authors' estimates from VHLSS 2002-2004

Results from the VHLSS present some evidence that an increased area of agricultural land is being controlled by non-agricultural households. Explanations for this phenomenon include an unreasonable mechanism for land distribution in some areas, and the speculation of land for non-agricultural profit.

#### Box 1: Agricultural land is distributed to non-agricultural people

In 2003, 36 organizations and private people were allocated agricultural land in Bac Lieu. Of these, 21 rented the allocated land to agricultural households for profit. More seriously, one company sold their allocated land. The Vinh Hau sea-food company was allocated 1130 ha, which was rented annually to small traders for several billion VND. Even people who live outside the province are being allocated agricultural land.

Source: Newspaper "The Youth" (<http://www.vnn.vn/xahoi/2003/10/30982/>)

Speculation in the land market is a popular means of investment in Vietnam. People speculate not only on residential land but also agricultural land. Speculation can increase the price and rent of land, and push agricultural households into poverty.

### Box 2: Speculation of agricultural land

Tan Phuoc is a new district in Tien Giang province. According to data from the People Committee, there were 1437 ha unused land until March 2003. However, in reality the land had been distributed. Among the list of 827 owners, there were more than 500 people who were officials from the commune to province level.

In My Phuoc commune, the situation is more stunning: at the beginning 2003, the unused area of land was 400 ha, but now all of this area is owned by 27 people who are all State officials.

Source: Newspaper "The Youth" (<http://www.vnn.vn/xahoi/2003/10/30982/>)

## 3. Consequences of Landlessness and Land Shortage in Agricultural Households

### 3.1. Unemployment and Semi-unemployment

A direct result of the landlessness and land limitations is the shortage of employment opportunities and increased unemployment. According to Ministry of Labor, Invalid and Social Affairs (MOLISA), for each agricultural household who lost land, on average, there were 1.5 people losing employment<sup>10</sup>. In the North, there were 63,760 farmers who became unemployed due to agricultural land loss in 2003<sup>11</sup>. Although agricultural households were compensated for lost land, most of them did not use the funds to reinvest in production, and the funds were often consumed after a short period<sup>12</sup>.

According to the central level of the Farmer's Association, the unemployment problem caused by land loss is critical. Annually, in Hanoi, there are 13,000-15,000 people from agricultural households made unemployed because of urbanization and industrial zone construction. Most of these farmers did not take any vocational training. The Farmer's Association estimates that during the period 2001-2004, there were nearly 80,000 people who lost their job due to landlessness and land shortage<sup>13</sup>.

Similarly, in Vinh Phuc province, most farmers who lost their land become unemployed. Until March 2005, 2415 ha agricultural land was resumed. Although Vinh Phuc PC has issued policies to support economic change for farmers, the percentage of farmers who took vocational training is very low. Thus, the farmers found it very difficult to find other work after they lost their land. For example, in Quang Minh commune in Me Linh district, 650 ha agricultural land was resumed for non-agricultural purposes, which was 73% of agricultural area. However, only 900 farmers were employed by local enterprises established on the land. Currently, there are still more than 7000 unemployed people<sup>14</sup>.

In Hai Duong, although the process of urbanization is not rapid, there is increasing pressure of unemployment due to land loss. Four industrial zones in the province

<sup>10</sup> Newspaper "Vietnam Economy"

<http://www.vneconomy.com.vn/vie/index.php?param=article&catid=01&id=050517145851>

<sup>11</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2004/07/3B9D425C/>

<sup>12</sup> Newspaper "Sai Gon Economic Times" -

<http://www.nhandan.com.vn/tinbai/?top=38&sub=57&article=36135>

<sup>13</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2005/07/3B9DFB49/>

<sup>14</sup> VietNamNet - <http://www.vnn.vn/kinhte/2005/05/421061>

resumed 1000 ha of agricultural land, and as a result 8500 farmers lost their employment<sup>15</sup>. Agricultural people with limited knowledge and education find it difficult find employment in non-agricultural sectors.

Analyses from VHLSS also indicate that the percentage of people who work in the agricultural sector but for other households is higher for poor households. Table 13 indicates that this rate for the poorest was 23.8% in 2002, and went up to 26.8% in 2004. In addition, the percentage of people who worked for their own agricultural activities decreased from 55.7% to 51.6% during 2002-2004 for the whole country. This rate reduced from 82.2% to 77.1% for the poorest during this period.

Table 14: Percentage of agricultural workers for wage/salary and for their own household

| Regions     | 2002                                 |   | 2004                                 |   |
|-------------|--------------------------------------|---|--------------------------------------|---|
|             | Percentage of agri. workers for wage | Percentage of agri. workers for their own | Percentage of agri. workers for wage | Percentage of agri. workers for their own |
| Poorest     | 23.8                                 | 82.2                                      | 26.8                                 | 77.1                                      |
| Near poor   | 20.7                                 | 69.2                                      | 19.7                                 | 63.3                                      |
| Middle      | 15.4                                 | 61.5                                      | 13.7                                 | 53.9                                      |
| Near rich   | 9.3                                  | 46.3                                      | 6.7                                  | 41.0                                      |
| Richest     | 3.4                                  | 20.5                                      | 2.6                                  | 16.4                                      |
| All Vietnam | 14.4                                 | 55.7                                      | 14.4                                 | 51.6                                      |

*Source: Authors' estimates from VHLSS 2002-2004*

Table 15 estimates the percentage of people who are working for wages in the agricultural sector by 8 regions and poverty status. The rate is very high in the South, especially in the Mekong Delta. In this region, the rate increased from 46.9% to 49.5% during the period 2002-2004.

Table 5: Percentage of agricultural workers for wage/salary

| Regions             | 2002     |      |       | 2004     |      |       |
|---------------------|----------|------|-------|----------|------|-------|
|                     | Non-poor | Poor | Total | Non-poor | Poor | Total |
| Red River Delta     | 6.2      | 13.6 | 7.8   | 7.8      | 18.6 | 9.0   |
| North East          | 8.6      | 15.0 | 11.0  | 11.6     | 17.3 | 13.2  |
| North West          | 7.8      | 12.5 | 11.0  | 12.3     | 18.2 | 15.5  |
| North Central Coast | 7.1      | 9.5  | 8.1   | 9.5      | 19.2 | 12.4  |
| South Central Coast | 10.0     | 18.2 | 11.9  | 9.6      | 32.2 | 13.9  |
| Central Highlands   | 19.6     | 42.5 | 31.1  | 19.5     | 38.3 | 25.0  |
| North East South    | 11.7     | 41.7 | 14.7  | 10.4     | 34.0 | 11.6  |
| Mekong River Delta  | 17.7     | 46.9 | 24.1  | 17.5     | 49.5 | 22.0  |
| All Vietnam         | 11.1     | 23.3 | 14.4  | 11.7     | 26.9 | 14.4  |

*Source: Authors' estimates from VHLSS 2002-2004*

In localities with developed trade and industry, the non-farm work opportunities are also diversified. The poor household members can work as peddlers, porters or lottery sellers, etc. However, this employment is low-income and unstable, and not all poor households can access these non-agricultural work opportunities.

### 3.2. Poverty and Debt

Long unemployment often results in chronic poverty. Many qualitative studies, such as MDPA (2004), PPA Lao Cai (1999), indicated that many poor households reported

<sup>15</sup> Vnexpress – <http://vnexpress.net/Vietnam/Xa-hoi/2003/05/3B9C7FD2/>

that shortage of agricultural land, especially fertile land, is one of the main causes of poverty.

Table 3 shows that the proportion of agricultural workers among poor households was very high, at 88% in 2004. Thus, if a poor agricultural household loses its land, almost all the household workers will lose their job, and income will be reduced substantially. As a result there is a high risk of the household falling into chronic poverty.

Off-farm employment is not easy to find for poor households. One solution for landless households is the renting of land from other households. Table 15 presents the percentage of agricultural household who rent or leased land by expenditure quintiles. The land renting rate increased quickly during 2002-2004. In 2004 the percentage of the households who rent or leased land was 21%. The rate in the poorest and near poorest groups is 18% and 24%, respectively.

Table 66: Percentage of agricultural households who hire, borrow, or tender land

| Regions            | 2002                          |                           |            | 2004                          |                           |            |
|--------------------|-------------------------------|---------------------------|------------|-------------------------------|---------------------------|------------|
|                    | Not Hiring, borrowing, tender | Hiring, borrowing, tender | Total      | Not Hiring, borrowing, tender | Hiring, borrowing, tender | Total      |
| Poorest            | 90.8                          | 9.2                       | 100        | 82.0                          | 18.0                      | 100        |
| Near poor          | 86.2                          | 13.8                      | 100        | 75.9                          | 24.1                      | 100        |
| Middle             | 86.6                          | 13.4                      | 100        | 77.5                          | 22.5                      | 100        |
| Near rich          | 88.4                          | 11.6                      | 100        | 79.1                          | 20.9                      | 100        |
| Richest            | 93.2                          | 6.8                       | 100        | 84.4                          | 15.6                      | 100        |
| <b>All Vietnam</b> | <b>88.5</b>                   | <b>11.5</b>               | <b>100</b> | <b>79.1</b>                   | <b>20.9</b>               | <b>100</b> |

Source: Authors' estimates from VHLSS 2002-2004

As the poor households are confronted with risks or failures in production, the hiring of land can lead them to debt. Box 3 provides an example that land rent might result in a debt burden for the poor.

#### Box 3: Accumulative debt due to land hiring

Mr. Muoi H., 76 years old, complained: "I was allocated an area of 10 cong, but due to crop failures, I was deeply indebted, and had to return the land. My son tried to help me by borrowing VND 36 million for the hiring of land and equipment. However he earned only VND 20 million, and now is still indebted VND 16 million."<sup>16</sup> Thus, both father and son are in debt.  
 Source: Newspaper "The Youth" (<http://www.vnn.vn/xahoi/2003/10/30914/>)

Poor households need access to land; however, they need capital to buy it. As a result they rent land, often for the long term. Box 4 gives an example of persistent debt.

#### Box 4: Persistent debt due to landlessness

A couple, Mrs. Nguyễn Thị Quyên, and Mr. Vũ Gia Lập said: "We have been in this region since 1986. At that time, we saved money to reclaim 3 acres of land near a river that belongs to a State farm. In 1990, my child drowned, and we were too sad and moved to land next to the farm. We bought the lease of 4 acres from an official on the farm at the price of 19.6 taels of gold. We are still indebted to him, and the land is still owned by the farm..."  
 Source: Newspaper "The Youth" (<http://www.vnn.vn/xahoi/2003/10/30914/>)

<sup>16</sup> 1 "cong" equals 1000 m<sup>2</sup>

An increase in the demand for agricultural land, results in increases in price and rent. Higher rents increase the burden on the poor. Box 5 shows how poor households need to pay high rent for agricultural land.

**Box 5: Heavy rent for the poor households**

A popular method of land rental is state farms rent land to staff or their relatives. These people then rent the land to agricultural households at a higher rate for profit. Thus the land is distributed to the agricultural household through two or three middle people. In U Minh, Mr. Tran Van Thoi said: “The correct rental is about VND 1 million/ha/year, but because it goes through the hands of 2 or 3 middle people, the rent rises to VND 1.5-2 million/ha/year, and the farmers cannot cope”.

*Source: Newspaper “The Youth” (<http://www.vnn.vn/xahoi/2003/10/30982/>)*

**4. Causes of Landlessness and Land Shortage in Agricultural Households**

As presented in Section 2, the situation of landlessness and land shortage occurs in many regions, especially the Highlands, North East South and Mekong Delta. The evidence indicates that there is a clear linkage with economic development. This section examines several causes of landlessness and land shortage in agricultural households.

**4.1. Urbanization and Industrialization of Rural Areas**

During the process of economic development, the urbanization and industrialization of the rural areas is an inevitable consequence. Modern development requires agricultural land for industrial zones, urban areas, and infrastructure and public plants. According to Ministry of Natural Resources and Environment (MoNRE), land for development purposes increased by 10,442 ha during years 2000-2003, and continues to increase each year<sup>17</sup>.

Table 17 estimates the percentages of agricultural households who sold land, or had land tender-expired or acquisitioned or transferred user rights from inherited land, or exchanged land. It also presents the average areas of land reduction during the past 10 years. The land area of agricultural households decreased by 6.8%. This ratio is 4% and 11% for the poorest and the richest, respectively. The average area of transferred land is 3796.1 m<sup>2</sup>. This figure for the poorest is 2559.8 m<sup>2</sup>.

Table 17: Percentage of agricultural households whose land was transferred during the past ten years, and the area of land reductions

| Regions     | Percentage | Area (m <sup>2</sup> ) |
|-------------|------------|------------------------|
| Poorest     | 4.0        | 2559.8                 |
| Near poor   | 6.9        | 3368.7                 |
| Middle      | 7.2        | 3558.1                 |
| Near rich   | 8.7        | 2733.6                 |
| Richest     | 11.0       | 8070.7                 |
| All Vietnam | 6.8        | 3796.1                 |

*Source: Authors' estimates from VHLSS 2004*

<sup>17</sup> <http://www.vneconomy.com.vn/vie/index.php?param=article&catid=01&id=050517145851>

To examine the reasons for land reductions, Table 18 estimates the percentage of households who had land reductions for reasons including sale, tender-expired, inheritance, state acquisition, and other reasons.

Table 7: Percentage of agricultural households whose land was transferred during the past ten years, and the areas of transferred land

| Regions           | Non-poor                  |                          | Poor                      |                          | All                       |                          |
|-------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
|                   | % of hh. transferred land | Area of transferred land | % of hh. transferred land | Area of transferred land | % of hh. transferred land | Area of transferred land |
| Selling           | 3.9                       | 5496.8                   | 1.6                       | 3086.2                   | 3.4                       | 5227.4                   |
| Inheritance       | 2.0                       | 2708.6                   | 1.0                       | 3331.4                   | 1.8                       | 2781.4                   |
| Exchange          | 0.1                       | 971.0                    | 0.0                       | -                        | 0.1                       | 971.0                    |
| Tender expired    | 1.1                       | 1612.9                   | 0.1                       | -                        | 0.8                       | 1612.9                   |
| Taken by the Gov. | 1.6                       | 2937.0                   | 1.1                       | 1517.5                   | 1.5                       | 2679.3                   |
| Other             | 1.4                       | 2843.7                   | 0.8                       | 1767.1                   | 1.3                       | 2669.3                   |

*Source: Authors' estimates from VHLSS 2004*

From the table, among poor households, the percentage of agricultural households who sold their land was 1.6%, and the percentage of agricultural households who had land acquired by the State was 1.1%<sup>18</sup>.

#### **4.2. Poverty and Production Failures Lead to Land Sale**

Poor households are characterized by lack of modern production skills and agricultural knowledge on new crops and animal breeding. The risks are high in agricultural production and livestock- raising, a lost harvest or death of animals can push them into poverty.

According to MOLISA (2005), in ethnic minority households, the percentage of households who lack knowledge on modern agricultural production is 70%; the percentage of households without knowledge on specialized crops and animal husbandry is 96.6%; and the percentage of illiterate household heads is 15.2%. MOLISA maintains this is a main reason why ethnic minority households have difficulty accessing economic opportunities and have a higher percentage of production failures causing poverty.

Results from Lai Vung district in Dong Thap province show that 8 out of 10 people who sell their land (usually small 'garden' land) to buy larger farm land in Dong Thap Muoi have to return to smaller plots. The reasons are lack of market experience and information (most of them rely only on the introduction of landowners or acquaintances). They often buy land which has poor soil or in poor locations leading to crop failures (Dong Thap Landless survey, 2003).

Some farmers planned to, "Sell their high-quality land and buy low-quality land to be rich due to the profit from land sale." However the low-quality land results in poor harvest, thereby low income. The profit from the land sale is also consumed. They fall into poverty, and finally have to sell the poor-quality land for immediate consumption.

<sup>18</sup> The VHLSS 2004 is designed for estimation of expenditure, income, and other living standard indicators. The number of the households who were recorded as having lost land in the survey is not high, thus the representativeness might not be correct. Thus Table 16 should be interpreted with caution of sample representativeness.



Box 6 gives a typical example of a household which is confronted with production failures and needs to sell their land.

**Box 6: A household took risks but lost production**

One household had 7 “cong” of land from their parents’ inheritance. In 1995, the household borrowed VND 3 million from the State to repair their house. In 1996, the household borrowed VND 17 million to convert a garden into agricultural land. Their crop was lost due to insects and low price of agricultural products. As a result, they could not afford the debt payment. In 1997, they had to sell 3 “cong” area of land to pay the debt. Then they raised pigs, but did not succeed.

In 1999, they sold the remaining land, and used the funds to rent 23 “cong” in Đông Thap to grow rice. However the productivity of production was very low.

After 4 seasons of low harvests, they became landless with debt. In 2001, they were provided with a poor household certificate, and allowed to borrow VND 2 million under Programme 120. They raised 200 ducks, but they died after six months due to disease.

*Source: Nguyễn Thị Song An et. al. (2003)*

Agricultural production failure can result from objective reasons such as climate, insect, calamities, or market. An example, of impacts on poor from market shocks is the coffee growing industry in the Central Highlands. In the late 1990s, the price of coffee was very high in the world market, and many households in the Central Highlands entered the market. (Table 19). However, when the coffee price suddenly dropped, many households were afflicted, 80% of the poor households were growing coffee. WB (2004) shows that the farmers often bought the production inputs using delayed payments schemes, and as the coffee price fell, they became indebted, and had to sell their land to pay the debts.

In addition to production failures, agricultural households, especially the poor, are vulnerable to shocks such as health, diseases, labour loss, asset loss due to calamities, and diseases. According to VHLSS 2004, 15% of households said that their living standard in 2004 was equal to or lower than in 1999, and the main reason why their lives had not improved was health shock (35%) and calamities (9%)<sup>19</sup>.

**Table 89: Coffee growing in Tay Nguyen in the year 2002**

| Indicators  | Expenditure quintiles |           |        |           |         | Tây Nguyên |
|---|-----------------------|-----------|--------|-----------|---------|------------|
|   | Poorest               | Near poor | Middle | Near rich | Richest |            |
| Proportion of households growing coffee (in %)                  | 38                    | 43        | 40     | 44        | 24      | 39         |
| The number of trees per household                               | 6539                  | 9499      | 9184   | 12820     | 11487   | 8881       |
| Net income from coffee growing (as % in total household income) | 73                    | 87        | 73     | 90        | 54      | 78         |

*Source: WB (2004)*

<sup>19</sup> Authors’ estimate from VHLSS.

Typically, poor households often have a large number of dependants, but a low level of labour<sup>20</sup>. Thus, health shocks and labour loss often result in the immediate sale of assets to survive, including their land.

## **5. GoV Policies and Methods Related to the Landlessness and Land Shortage in Agricultural Households**

### ***5.1. Legal Documents on Agricultural Landlessness and Land Shortage***

The GoV has developed a comprehensive range of policies to respond to the problem of landlessness and land shortage among poor agricultural households. The landless problem has been mentioned in legal documents from the Law on Land, Decisions of GoV and the Prime Minister, and Circulars of Ministries. In 1988, the GoV issued Decree 10 on the distribution of agricultural land to farmers for stable and long-term production. More specifically, Decision No. 64-CP dated on 27/9/1993, then revised in Decision No. 85 in 1999, outlines land provision for agricultural households; 20 years for land for aquaculture, rice crops and salt production, and 50 years for perennial crop land.

The Land Law ratified by the National Assembly on 26/11/2003 also regulates the development and preservation of agricultural land, e.g. Article 72 requires provinces not to use more than 5% of the agricultural land for public purposes, and Article 74 limits the conversion of land for rice growing into non-agricultural land.

The GoV is also concerned about the landlessness in specific regions such as the Mekong Delta. On 6/11/2001, the Prime Minister issued Decision No. 173 on socio-economic development including a focus on landless or limited land households. The decision includes guidelines to create favourable conditions for farmers to reclaim new agricultural lands, open new economic zones with large areas of unused land, and agricultural tax exemption for poor households. The Prime Minister issued Decision No. 132 dated 8/10/2002 on the provision of production land and living areas for ethnic minorities. Article 2 stipulates, “The minimum area of agricultural and living land for a household is: 1 ha for crop land, 0.5 ha for rice-growing land which produces 2 crops annually, and 0.3 ha for rice-growing land of one crop annually, and 400 m<sup>2</sup> for living land...”

The Prime Minister issued Decision No. 190 in 2003 on migration issues within Vietnam during the period 2003-2010. This includes regulations on the creation of favourable conditions for the landless households to stabilize production and livelihoods, and access support policies on the provision of agricultural land or support in cash or reclaim new land.

Compensation for households who lose land for industrial zones or public plants is regulated in Decision No. 22 of the GoV, issued in 1998. It stipulates that the State has the responsibility to compensate households who lose land by replacement with new land that is equal to and of the same quality to the lost land. If there is no land for

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<sup>20</sup> Causes of poverty have been studied in many researches, e.g. the reports from researches on Poverty Assessment with People Participatory that are funded by international agencies such as WB, DFID, UNDP.

compensation, the households will be compensated in cash according to the current regulations on the land price.

Landlessness and land shortage issues are also responded to in the circulars of ministries, e.g. Circular of Committee of Ethnic Minority and Mountainous Areas (CEM) and Ministry of Finance (MoF), Ministry of Planning and Investment (MPI) issued Circular No. 912 in 2001 which provides guidelines on the implementation of support to ethnic minority households who have no land or limited land; Circular 56 of the Ministry of Agriculture and Rural Development (MARD) issued in 2003 outlines the implementation of the projects on poverty reduction and employment generation. MARD has the responsibility for, “Stabilizing the production and improving the living standards of the ethnic minority households who belong to the project of agricultural settlement, solving the problem of landlessness and land limitation”.

## ***5.2. Methods and Policies for the Landless and Limited-Land Households – Lessons Learnt, 2001-2005***

The GoV response has been to provide loans to the poor so that they can repurchase or un-mortgage their land, but this has had limited success. Many of the poor have re-sold their land because they lack the knowledge to take advantage of the new opportunity, or because they suffered from a sudden economic shock that necessitated the sale.

### **5.2.1. Support of Production Capital**

Poor households often lack production capital. They can sell their land to generate capital but often if they sell it that cannot buy it back again. To support the poor, the GoV launched the programme of credit provision for the poor through the Vietnam Bank for Social Policies (VBSP). Until September 2005, the Bank processed more than 3.6 million loans with the total value of VND 13,428 billion. About 75% of poor households have received credit from the programme (VBSP, 2005). Many lenders have used loans to purchase production tools, and livestock and escape from poverty (MOLISA, 2005). However, there have been criticisms that the very poor have not been able to access the micro-credit programme, and the maximum amount of the credit that can be lent to the poor households remains low, and not sufficient to help some households escape poverty, especially the very poor. (MOLISA – UNDP, 2004).

The Prime Minister has approved a support fund of VND 60,000 to 62,000 billion for poverty reduction in the period 2006-2010, and announced the objective that there will be no landless households in 2010, or agricultural households with limited land will be trained and shifted into off-farm activities<sup>21</sup>. From 2006, poor households, invalid households and households of ethnic minorities will be provided with favourable credit to redeem their land and start production. Provinces which have available land will provide ethnic minority households with 0.5 ha crop land or 0.25 ha rice-growing land per household. Provinces without land will provide credit or vocational training for poor households to redeem their land or find off-farm employment.

Some provinces already provide support for poor households to redeem their land. For example, in An Giang and Tra Vinh, 1350 households were provided with VND 1.4

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<sup>21</sup> <http://vietnamnet.vn/chinhtri/doinoi/2005/09/488676/>

billion to redeem 513 ha of land<sup>22</sup>. However not many provinces have budget for this type of support, especially the poor provinces in the central and northern highlands.

### **5.2.2. Provision of Education, Vocational Training, Agricultural Production Knowledge for the Poor Households**

The GoV has issued policies to encourage education at all levels from primary to post-secondary levels. Vocational training and agricultural production skills have been transferred to many poor households. Farmers receive support from the GoV when attending training courses. This support is outlined in Circular 65 of MoLISA and MoF dated 2/7/2004. Some provinces even provide additional support to the trainees. For example, to stimulate farmers to follow training courses Lang Son provided each trainee VND 10,000 per day (in addition to the amount of VND 200,000 provided from the State budget for each trainee per course). For people in Zones 2 and 3 (remote areas), a farmer received an additional cash amount of VND 5,000 per day. The total amount spent for a trainee, therefore, is about VND 500,000/course<sup>23</sup>.

This is an important solution for sustainable reduction of poverty by creating the positive conditions to avoid the forced sale of agricultural land due to production failures. Box 7 gives an example of poverty reduction due to production knowledge and education.

#### **Box 7: Escape from poverty because of knowledge flow**

Mr. Dang Van L. is 42 years old, Dao ethnic minority, and lives in Ha Giang. In the past his household was hungry for about two months each year. Three years ago this changed. They no longer have periods of hunger, and own a motorbike and a rice-grinding machine. The main reason for this progress was the State constructed an irrigation channel, and his household invested time and money in finding information and knowledge about high productivity rice and the application of new technology for tea growing. The result was higher income. He said “Children should go to school so that they can help their parents by learning skills about how to operate trading and understanding markets, so that they won’t be cheated, and they will know how to do business in the future...”

*Source: PPA Ha Giang, 2003*

Until the beginning of 2005, the GoV arranged more than 50,000 training courses on technology transfer and 6,000 courses on methods to grow high-productivity crops to more than 2 million people. (MOLISA, 2005)

### **5.2.3. Employment Generation for Landless and Limited Land Farmers**

As mentioned above, a direct consequence of landlessness is the unemployment and semi-unemployment for the farmers who lose land. In response, employment generation for landless farmers is given special focus by the GoV and provinces. Many policies such as vocational training, production diversification, development of economic households, handicraft works have been implemented in rural areas.

<sup>22</sup> <http://www.vnn.vn/xahoi/2003/10/31116/>

<sup>23</sup> <http://www.vnexpress.net/Vietnam/Xa-hoi/2004/06/3B9D36A1/>

The NTP-PR and employment was approved by the Prime Minister in 2001. Support from the programme helps the poor by developing job creation opportunities by providing vocational training and funding for small projects to create jobs for poor households. The target was 1.4-1.5 million jobs annually during the period 2001-2005.

The programme has been criticized for providing low quality training and training that is not suitable for market conditions and requirements. However, there have been some successes. Training courses that aim to help farmers to find off-farm employment have been conducted in many provinces. For example, province Binh Duong set up 25 centres for vocational training and employment agencies for rural people. During 2001-2004, 57,820 farmers were trained, and 80% of these trained people were employed in industrial zones<sup>24</sup>. Lao Cai and Lang Son established a Fund to Support Vocational Training, which provides a subsidy amount of VND 1.5 million for each farmer who lost land<sup>25</sup>.

A practical solution used in some provinces is a requirement that enterprises which are allocated agricultural land are obligated to employ the local farmers whose land was resumed. The GoV has policies to support enterprises that employ farmers or the poor. However, enterprises were reluctant to hire farmers or the poor because of their limited knowledge and education.

Labour export also generates employment. This was extensively carried out in many provinces such as Hanoi, Hai Duong, Phu Tho, Nghe An, Binh Duong and Can Tho. These provinces have used different strategies to develop the sector. Hai Duong provided 50% of the training fees for farmers and the poor who were trained to work abroad. Although Can Tho did not export labour directly, it cooperated with 4 labour export companies in Ho Chi Minh City to promote the export of its labour abroad.

In 2004, there were 14,500 and 37,140 workers sent to Malaysia and Taiwan to work, respectively<sup>26</sup>. However, many workers in the large cities such as Hanoi and Binh Duong do not want to work in these countries because they believe the salary and working conditions are not good. Instead, they prefer developed countries such as Japan or South Korea, but the skills and knowledge of many are insufficient to qualify for these countries.

In some provinces, such as Hanoi, Binh Duong, Nam Dinh, Lao Cai, farmers who are too old to work abroad were encouraged to develop non-farm activities, handicraft works, etc. by providing favourable credit and constructing markets. A central issue is that decisions about what non-farm activities to develop is following a top-down process rather than a process that is demand driven and market research based.

However, according to the Farmer's Association and MOLISA, the number of agricultural households who lost land and find good employment is still very small<sup>27</sup>. The number of landless and limited-land farmers will still increase since the urbanization and industrialization is increasing rapidly in many provinces.

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<sup>24</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2005/07/3B9DFB49/>

<sup>25</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2004/06/3B9D36A1/>

<sup>26</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2005/07/3B9DFB49/>

<sup>27</sup> Vnexpress - <http://www.vnexpress.net/Vietnam/Xa-hoi/2005/07/3B9DFB49/>

## 5.2.4. Support for Land Development

GoV's main policy response for the landless and limited-land households is to provide them agricultural land, and create favorable conditions for them to reclaim unused lands for production. Examples of how this policy was implemented in the provinces are Kien Giang which reclaimed 19.1 ha and allocated it to 667 households. An Giang established an agricultural land register of more than 2000 ha and allocated it to thousands of landless households. In Binh Duong, each farmer who lost land due to the construction of a trade centre was allocated 300 m<sup>2</sup> instead of compensation in cash<sup>28</sup>.

In the NTP-PR, provinces in the North West region have provided ethnic minority households and poor households with capital to reclaim land for production (MOLISA, 2005). In the Central Highlands, according to the Lam Dong Department of Sedentarisation and Settlement, reclamation resulted in an increase of 33,105 ha land in the province, most of which was agricultural land for production<sup>29</sup>. However, it is not certain for what purpose this land was used.

Via policies on sedentarisation, settlement, and development of new economic zones, provinces have created agricultural land for farmers. There have been more than 200 projects with the total investment of VND 480 billion, which are implemented to provide sedentarisation and settlement for 90,000 households (MOLISA, 2005). Box 8 gives an example of the effectiveness of the reclaimed land for agricultural households.

### Box 8: Escape from poverty because of reclaimed land

Mr. Kieu Cong Tru, chairman of Farmer's Association of Chau Thanh district in An Giang said "For the farmers, let's give them land and production tools, they can become rich." 2000 landless households reclaimed unused land in the new economic regions of Vinh Nhuan, Vinh Hanh, and Tan Phuc. They have turned an unused area into a fertile region for rice growing. The productivity of rice production in 2002 was 10 times as much as that in 1984. Nowadays, the income per capita is 3.3 tons of rice per year."

*Source: Newspaper "Youth" - <http://www.vnn.vn/xahoi/2003/10/31116/>*

In addition, there are methods to increase the efficiency of land usage. For example, in Vinh Long, the Farmer's Association carried out a "Land exchange" scheme. Mr. Vo Kien Nhan said "Some households who have large land holdings but use their land only during the main and spring seasons lend the land to the poor households in other seasons. The programme has been carried out in an area of 31.5 ha, and a poor household can earn around VND 1.2-1.5 million per year from the cultivation on this land. We are planning to extent this programme to other areas in the district"<sup>30</sup>.

## 6. Programmes Related to the Landlessness and Land Shortage under NTP-PR and SEDEMA, 2006-2010

<sup>28</sup> Newspaper "Hanoi New" -

<http://www.vneconomy.com.vn/vie/index.php?param=article&catid=01&id=050517145851>

<sup>29</sup> Newspaper "Labor", <http://www.laodong.com.vn/>

<sup>30</sup> Newspaper "The Youth" - <http://www.vnn.vn/xahoi/2003/10/31116/>

## **6.1. NTP-PR on Poverty Reduction, 2006-2010**

The NTP-PR was submitted to the GoV and National Assembly by MOLISA in September 2005. The purpose of the programme is to provide support and services to the poor. The target is to reduce the poverty rate from 22% in 2005 to 11% in 2010 (MOLISA, 2005). Of the 12 sub-programmes, there are several sub-programmes that deal with the land support and employment creation for poor households, and ethnic minority households.

### **6.1.1. Land Support for the Poor and Ethnic Minority Households**

The objective of this sub-programme is to provide land for cultivation for poor ethnic minority households who have no land or insufficient land for production development so that they have a stable income in sustainable means of employment. The sub-programme will be managed by MARD. Main policies include, in provinces that still have state land that can be allocated for cultivation, each poor ethnic minority household will be provided a minimum area of 0.5 ha of terrace field or 0.25 ha of land for wet rice production with one harvest annually, or 0.15 ha of land for wet rice production with 2 harvests annually. In provinces that don't have this state land, credit assistance will be provided to the poor and ethnic minority households, to settle their mortgage and redeem their land for cultivation. Moreover, an important part of the sub-programme is vocational training and job placement to support farmers with no land to find employment and stable income. Agriculture-forestry-fishery extension and credit assistance will be provided to help the poor effectively utilize the land. It is expected that by the end of 2010, poor households would have been provided with land or received credit support or moved into non-agricultural occupations.

### **6.1.2. Project on Agriculture-Forestry-Fishery Extension**

The objective of the sub-programme is to provide assistance for the poor to improve knowledge, planning, and efficient production, apply advanced technology in production and business, and improve marketing. The aim is to increase income in a sustainable way. The main target groups of the sub-programme are poor households with working capacity, land for cultivation and conditions to apply advanced technology into production, but who lack knowledge and experience in doing business. Poor women and ethnic minority people are a priority in the sub-programme. The sub-programme is implemented by the MARD. It is expected that by the end of 2010, about 5 million people would have been trained and attended field meetings on agriculture-forestry-fishery extension, information and technology transfer (an average of 1 million people per year), and 50% of communes would have trained local extension staff.

### **6.1.3. Project on Vocational Training for the Poor**

The objective of the project is to provide training courses for the poor so that they have the necessary skills for stable employment, income generation, and have the opportunity to find employment in enterprises, especially small and medium scale. This also creates the conditions for the poor to work abroad or self-employment. The main target of the project are the poor, especially poor youth, the poor in densely populated areas, the poor who lack land for cultivation or are affected by shifts from agricultural production to industrialization and urbanization. The project is managed

by MoLISA. It is expected that by the year 2010, about 1.5 million of the poor would have been provided with vocational training and on-the-spot employment, employment in enterprises, cooperatives, farms, plantations, new economic zones and foreign labour markets.

## ***6.2. Socio-Economic Development Programme for Extremely Difficult Communes in Ethnic Minority and Mountainous Areas, 2006-2010 (SEDEMA)***

The socio-economic development programme for extremely difficult communes in ethnic minority and mountainous areas for the period 2006-2010 was submitted to the GoV and the National Assembly by the CEM in September 2005. The main objectives of the programme are sustainable improvement in access to information and knowledge about production, improve the livelihoods of people in extremely difficult communes and villages in order to help them escape poverty and underdevelopment, and reduce inequalities in specific regions and among different regions. There are 4 main sub-programmes:

One of the purposes of the programme is to provide farmers with production knowledge and skills in agriculture and breeding, development of economic farm models, and vocational training, especially for young people. The programme emphasizes the vocational training for the poor households who have no land or limited land to find off-farm employment or develop economic households in the non-agricultural sectors. It is expected that at least one member of working age in each household will be provided training time of 45 days.

## **7. Conclusions and Recommendations**

The main conclusions are:

- Most of the poor in the Mekong Delta and North East are either landless or have very limited holdings.
- The poor in the Northern and Central Highlands are more dependent on agriculture than any other region. Their situation is very vulnerable.
- Land inequality is increasing. Poor households have small areas of agricultural land and aquacultural water surface, and their lands are also of low quality.
- Most sell their land because of agricultural and aquaculture production failure, and sudden economic shocks, such as sickness;
- Women are particularly vulnerable if the household sells its land.
- Other landless poor have sold their land because of natural calamities and unfavourable market movements that increase production costs or decrease income
- Landless poor lack access to employment opportunities because of low human capital.
- The private and public sectors have been slow in developing enterprises in rural areas.
- Increasing landlessness is the most urgent issue in rural areas.
- Policies to assist the landless have had a limited impact.



- Landless poor are dependent on low income and unstable income from labouring in agricultural production.
- The level of non-agricultural households controlling agricultural land and using it inefficiently is increasing.

Key recommendations are:

Short Term:

- Improve the labour regime through better regulation and union representation and monitoring the implementation of the Labour Law at all levels.
- Develop the legal, financial and technical environment for the development of small businesses and a microenterprise framework that could then be supported by local private enterprise, GoV or bilateral funding.
- Utilising the extension system provide information to farming households with limited land holdings.
- Develop regulations that address the issues of employment and income in poor household resettlement programmes;
- Develop favourable conditions for the poor to trade with particular attention to improvement of road and water transport
- Increase the participation of the landless poor in local decision-making especially in socio-economic activities
- Assess the needs of the landless poor to ensure minimum delay in responding to their needs as they emerge.

Long-term solutions:

- Develop a monitoring and evaluation system to supervise land transfer from poor households to other households. The aim is to prevent the sale of land by poor households due to poverty and hunger by providing timely supports for them to cope with socio-economic shocks.
- Regulate, monitor and enforce policy that prevents non-agricultural households buying agricultural land for speculation or non-agricultural activities that do not create employment for the displaced farmers or the poor.
- Prepare and deliver vocational training for non-agricultural employment. The training must be provided for farmers well before their land is taken so that they can find employment before or as soon as possible after losing land.
- Regulate to ensure that compensation for agricultural households, who lose land, is provided as land of equivalent value and quality, instead of cash. If the households are compensated in cash, local authorities need to provide them guidelines and support so that they can use the cash in an effective way.
- Promote national agricultural extension programmes by strengthening the training and information transfer capacity of local official and mass organisations at district, commune and village levels. This will enable small farmers to make better choices about crops, available technology and potential markets.
- Strengthen credit and loan systems including better regulation of mortgage arrangements to protect farmers from foreclosure by providing training for lenders and borrowers in financial planning and risk management
- Study employer and enterprise needs followed by support to training and educational facilities to meet those needs. This may involve development of

GoV accreditation in order to improve training and educational systems towards employment opportunities

- Through the local commune system, increase the awareness of the landless poor of the importance of schooling for their children through education and communication activities.
- Introduce the opportunity for work-from-home jobs for women in landless households.
- Integrate vocational training with the general education in schools.
- With the development of private and public enterprises in the communes, change policies to encourage and support poor children that have the opportunity to an apprenticeship.
- Develop policies and programmes to strengthen the capacity of local officials, the leadership of hamlets and social associations to provide the long-term access to technical, financial and market support

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