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Analysis of agricultural land acquisition, effect and compensation for damage by state in Vietnam

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Abstract

The late 20th century witnessed Vietnam's dramatic integration into the global market. This triggered a large-scale conversion of agricultural land for urban and industrial development, driving significant economic changes and social transformations. Examining the compensation theory within the context of Vietnamese agricultural land acquisition offers valuable insights into the socio-economic impacts of these land-use changes and the effectiveness of implemented compensation mechanisms. While existing literature highlights potential shortcomings in the provisions of the Land Law 2013, a critical emerging concern lies in the implementation gaps of this very policy. This paper aims to analyze the potential differences in compensation practices for state-acquired agricultural land before and after the introduction of the Land Law 2013. More importantly, it delves into a crucial question: should the focus be on amending the Land Law 2013 or streamlining the institutional structures responsible for implementing its current provisions?.

Keywords: Agricultural land acquisition, land compensation, land compensation, Urban and industrial development

1. Introduction

According to the 2013 Land law of Vietnam, land is national property. The state holds land on behalf of the people and has the power to enact and modify land-related laws. The state, therefore, can be viewed as an agent holding land on behalf of all the people of Vietnam. As a land holding agency, it has the power or right to make decisions on land use planning, the purpose of land use, land use quota, and term, land acquisition, land prices, granting land rights to users, making land financial policy and determine the obligations and rights of land users. In Vietnam, landowners are given only ownership and user rights while the state retains the rest of the rights, including allocating and acquiring land (Tuan, 2023, p.3)^[35].

Prior to Vietnam's reunification in 1975, the socialist land tenure system adhered to the principle of "land to the tiller" (To *et al.*, 2019)^[1, 31]. As To *et al.* (2019)^[1, 31] described, the Vietnamese government redistributed land previously owned by landlords to farmers, empowering them as cultivators. However, subsequent amendments to land policy, culminating in the Land Law 2013, marked a significant shift. The "land to the tiller" principle gave way to a focus on the concentration of land by larger agricultural entities, including private investors^[1]. According to To *et al.* (2019)^[1, 31], this new system was met with mixed reactions, with local communities referring to it as "pro-rich" or the emergence of "new landlords." While this shift aligned with Vietnam's pursuit of agricultural modernization and its anticipated future economic reforms in the late 20th century, it also raised concerns. The government aimed to address issues like low productivity, limited agricultural skills among smallholders, and resource shortages. It's important to acknowledge that all aspects of land management in Vietnam, including land conversion mechanisms, are guided by the government's ideology of "public ownership of land." Enshrined in the 2013 Vietnamese Constitution, this principle grants the State the ultimate authority to manage all land on behalf of the people.

Vietnam's rapid economic development often necessitates the acquisition of agricultural land for infrastructure projects, industrial zones, and urbanization. Even though compulsory land acquisition by the state has its share of benefits, when poorly executed, it could have repercussions. Land acquisition affects people's way of life due to its disruptive nature, as it affects all aspects of their socioeconomic activities. Hence, upon land acquisition, the affected people should be restored to equal or near equal conditions, with the society

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enjoying the intended benefits of the land acquisition (Phuc, 2023) ^[27]. If the land acquisition and compensation process is not handled to the satisfaction of the affected parties, it is prone to resistance and possible legal challenges by the affected parties. For example, Phuc (2023) ^[27], Han and Vu (2008) ^[12], note that poorly handled land acquisition and compensation resulted in the residents of Tho Da village, Hanoi staging mass protests and violence demanding for an increase of the compensation given; residents of Lua Village, West Hanoi rejected the state's attempt to appropriate their farmlands without proper consultation and even launched collective protests with higher authorities; demonstrators protested the loss of land in Van Giang District when they lost their land to the Eco-Park new urban project; and residents affected in Ho Chi Minh City's The Thiem Peninsula project rejected the compensation given because too little compared to the land's market price respectively.

In a Huong Thuy Town, Thua Thien Hue Province study, Pham *et al.* (2021) ^[2, 24] observed that agricultural land acquisition for urbanization (ALAFU) has strongly impacted agriculture in Vietnam. The same study examined the evolving land-use dynamics in Thua Thien Hue Province, Vietnam. While traditional practices like rice cultivation and animal breeding have declined significantly, potted flower plantations (PFPs) have remarkably risen, contributing up to 34% of income for many local households. This trend aligns with observations by Duong *et al.* (2023) ^[4, 10], who highlight tourism as a key driver of state land acquisition for agricultural purposes in Vietnam. While economic progress spurred by tourism is undeniable, concerns regarding fair compensation for displaced farmers remain (Sterling & Hurley, 2008) ^[30]. However, research by Duong *et al.* (2023) ^[4, 10] suggests a positive shift since the enactment of the Land Law 2013. Vietnamese citizens affected by land acquisition appear to have gained more negotiation leverage and secured better compensation deals. This paper aims to analyze the potential differences in compensation practices for state-acquired agricultural land before and after the introduction of the Land Law 2013. More importantly, it delves into a crucial question: should the focus be on amending the Land Law 2013 or on streamlining the institutional structures responsible for implementing its current provisions?

2. Theoretical Framework

Vietnam's Land Law 2013 enshrines the concept of "compulsory land conversion," a process by which the State acquires land to support projects deemed in the national or public interest (Government of Vietnam, 2013). These projects encompass many initiatives, including those financed by Foreign Direct Investments (FDI), Official Development Assistance (ODA), and private ventures with demonstrably positive economic impacts. Consequently, a significant portion of Vietnam's major land-related developments operate under the framework of compulsory land conversion.

Vietnam's transformation from a predominantly rural nation to a developing industrial and urban powerhouse is a story that unfolded in the latter half of the 20th century and continues in the 21st century. As Nguyen and Tran (2021) ^[19] point out, this shift's precise pace and timing varied considerably across regions. Factors like prioritization for development, economic policies, and infrastructure

investments all played a role in shaping the trajectory of individual areas. A pivotal moment they arrived in 1986 with the launch of Đổi Mới, Vietnam's landmark economic reforms (Nguyen and Tran, 2021) ^[19]. This policy package aimed to shift the country from a centrally planned economy towards a socialist-oriented market system. Promoting private sector participation, foreign investment, and trade liberalization, Đổi Mới laid the groundwork for Vietnam's economic rise.

Vietnam witnessed rapid industrialization and urbanization throughout the late 20th and early 21st centuries as its economy modernized and expanded. Industrial zones and urban centers mushroomed to accommodate burgeoning manufacturing sectors, service industries, and growing urban populations. The development of key economic zones—the Southern Economic Zone (Đồng bằng sông Cửu Long), the Northern Economic Zone (Đồng bằng sông Hồng), and the Central Economic Zone (Đồng bằng sông Hương) – stands as a testament to this large-scale transformation. Additionally, establishing industrial parks and export processing zones further fueled this growth. However, Vietnam's industrialization and urbanization, while fostering economic prosperity in many regions, have not been without their drawbacks. Environmental degradation, social inequalities, and rural-urban migration have emerged as significant challenges. Addressing these issues and ensuring sustainable development remain pressing concerns for Vietnam's government and policymakers.

Sunlight bathes the emerald rice paddies that stretch out around a small Vietnamese village. Here, generations of farmers have lived in harmony with the land, their lives intricately woven with the rhythm of the seasons (Bich, 2022) ^[6]. But a storm of change is brewing. The government, driven to propel the nation towards economic prosperity, has set its sights on these fertile fields. Plans are underway to convert them into industrial zones, with gleaming factories replacing the swaying stalks of rice. This progress, however, comes shrouded in a hidden cost. For the farmers, losing their land isn't just a financial setback; it's a severance from their heritage, a severing of the roots that have nourished them for years (Bich, 2022) ^[6]. The familiar routine of planting and harvesting, the calloused hands that hold the wisdom of the soil – all of it faces the threat of being replaced by the sterile hum of machinery.

The government's compensation package might appear fair on paper. However, it can't replicate these farmers' deep connection with their land. It can't replace the knowledge passed down through generations, a knowledge etched into the wrinkles around their eyes. The transition to a new livelihood in the city, a world away from the earthy scent of the fields, is daunting and uncertain (Bich, 2022; Hanh *et al.*, 2017) ^[6, 13]. Disruptions in farming activities can lead to lost harvests and reduced income in the short term, further exacerbating the economic hardship (Hanh *et al.*, 2017) ^[13]. Moreover, farmers' specialized skills and location dependence can make finding alternative sources of income challenging (Bich, 2022) ^[6]. The story of this Vietnamese village is not unique. It's a narrative echoing across the developing world, where the relentless march of progress often leaves a trail of human displacement. While shiny new factories promise economic growth, the human cost of such advancement cannot be ignored. Can we find a way to balance development with preserving traditions and

communities? This question lingers, heavy with the weight of the villagers' uncertain future.

Generations of Vietnamese farmers have tilled the land, their lives intertwined with the fertile soil passed down from ancestors. However, the winds of change threaten this deep-rooted connection. The government, driven by economic ambitions, sets its sights on these emerald fields, planning to convert them into industrial zones (inspired by the case studies in Bich, 2022) ^[6]. While progress beckons, its price tag isn't solely measured in currency. Land acquisition disrupts not just livelihoods but also the very fabric of farming communities. Bich (2022) ^[6] suggests that forced relocation severs long-standing ties with neighbors, dismantling the social support systems that have sustained these communities for generations. This disorientation is further compounded by the loss of ancestral land, a potent symbol of identity and heritage. The emotional toll is undeniable. Studies by Tuyen and Van (2014) ^[37] highlight the significant psychological distress caused by land acquisition. The uncertainty, stress, and financial strain can leave lasting scars on affected individuals and families.

Adding to the hardship is the perceived inadequacy of compensation offered by the State. Household surveys conducted by Phuc *et al.* (2014) ^[26] and Pham *et al.* (2021) ^[24] reveal a common complaint: the compensation often fails to reflect the true market value of the land, let alone acknowledge its social and cultural significance to the farmers. Furthermore, the evidence of a lack of transparency throughout the acquisition process exacerbates feelings of frustration and injustice. The government's silence regarding rights and options leaves affected individuals in the dark, compounding the emotional and social hardships.

In ideal terms, the theory of compensation is a widely used concept to foster fair and adequate compensation for a loss or damage of property. Therefore, to have a standardized approach to promote fairness, the protocols or standards outlined in achieving the theory of compensation are anchored in the law (Bich, 2022) ^[6]. Three major principles are universally accepted to inform the theory of compensation in a given country. These principles entail just compensation, efficiency, and equity. The principle of just compensation is enshrined in international and Vietnamese land law (2013). The law compels the Vietnamese government to provide fair and adequate compensation to landowners whose land is acquired. Upon acquisition of land by the state, the landowners suffer more than the loss of their land. The loss suffered is both direct and indirect. Vietnam's land law stipulates that land acquisition would lead to "*harm to the land, damage to property, and harm to a business*" (Tuan & Hegedús, 2020) ^[36].

Consequently, specific protocols are followed, as provided by Vietnamese land law (2013). These protocols entail the confirmation of the legal ownership of the land, the determination of market value, the quantification of the lost income due to the foregone agricultural activities, and the determination of the relocation costs. In addition, the law has recognized losses arising from land acquisition may occur before, during, and after the acquisition process. As such, there is a framework for ascertaining that full compensation is done for all state land acquisitions (Tuan & Hegedús, 2020) ^[36]. However, Tuan and Hegedús (2020) ^[36] reported in their paper that their research had established that the process of land acquisition favours the state at the expense of the individuals whose land is acquired. Also, the

acquisition process took care of those whose land was acquired but did not deal with the ones who were indirectly affected the land acquisition process

The principle of efficiency directs that compensation schemes ought to aim for optimal resource allocation to buffer the affected farmers from the shock arising from the displacement. As a result, fair compensation allows farmers to invest in alternative livelihoods. It minimizes disruption to agricultural production, which optimizes their quest to secure formidable livelihoods for their families amidst displacement. Finally, the principle of equity directs that compensation ought to be equitable, ensuring displaced farmers are not worse off and vulnerable populations are adequately protected. The principles protect the most vulnerable households, ensuring adequate buffer is provided to foster their development after being displaced. In addition, this principle provides that the relevant government agencies spearheading the land acquisition process should ensure that the farmers know their respective rights whenever their land properties are being acquired.

3. Methods

The current research is based on library-based research to review the 2013 Land Law of Vietnam to understand the effectiveness of the provisions on the theory of compensation for damage upon state agricultural land acquisition. The literature review approaches used for this article include impact assessment, comparative analysis, performance evaluation, and compliance monitoring. The above methodologies have been previously used to successfully review diverse policies across disciplines and countries (Lawless *et al.*, 2010) ^[17].

3.1 Impact assessment

The author assessed the impact of the 2013 Land Law on Vietnamese society, the economy, the environment, and individual rights and freedoms. This entailed collecting both qualitative and quantitative data and analyzing trends to evaluate the outcomes and consequences of the law, including its effectiveness in achieving its objectives and addressing societal needs in Vietnam.

3.2 Comparative analysis

This method entailed the comparison of the 2013 Land Law in Vietnam with similar laws or legal frameworks in other jurisdictions. The prime purpose of the comparison was to identify best practices, lessons learned, and areas for improvement regarding the law. This involved examining how similar issues were and are addressed in different legal systems and assessing the strengths and weaknesses of various approaches in Vietnam and other parts of the world.

3.3 Comparative analysis

The author evaluated the performance of the 2013 Land Law of Vietnam in achieving its intended outcomes and objectives. This involved setting benchmarks, indicators, and targets to measure progress and assess the law's efficiency, effectiveness, and impact over time.

3.4 Compliance monitoring

This method entailed monitoring the implementation and enforcement of the 2013 Land Law of Vietnam to assess compliance with its provisions and identify any gaps, inconsistencies, or areas of non-compliance. This involved

reviewing legal cases, enforcement actions, administrative decisions, and regulatory practices to ensure adherence to the law.

4. Findings

Various factors influence the Vietnamese government's acquisition of agricultural land, each serving different objectives. This section explores the significant drivers behind such acquisitions and their implications on compensation practices. Examining these factors can uncover potential policy gaps, paving the way for informed recommendations and future research directions.

4.1 Infrastructural development

The State has previously acquired agricultural land to construct infrastructure projects such as highways, airports, and industrial zones. According to Phuc *et al.* (2014)^[26], while there could be no significant difference in the land conversion process in different Vietnamese cities, the State controls all the decisions regarding the agricultural land conversion process.

Research conducted by Bich (2022)^[6] elucidated that the Land Law of 2013 in Vietnam is underpinned by principles of equity and transparency, with the overarching objective of ensuring that affected individuals receive compensation commensurate with the market value of the agricultural land acquired. Compensation packages typically encompass several components, including land valuation, livelihood support, and resettlement assistance. The primary compensation component revolves around land valuation, which hinges upon factors such as the classification of land (e.g., paddy fields or residential plots) and its geographic location. Additionally, individuals displaced by land acquisition may receive support to revitalize their livelihoods or enhance their skills through vocational training programs.

Furthermore, to alleviate the adverse impacts of displacement, affected individuals may be entitled to periodic payments or a lump-sum resettlement allowance. These financial provisions are intended to mitigate the hardships incurred during the agricultural land acquisition process and facilitate the transition to new living arrangements. In essence, the compensation framework outlined within the Land Law of 2013 reflects a concerted effort by the Vietnamese government to uphold principles of social justice and mitigate the socio-economic disruptions associated with land acquisition for public projects. By adhering to principles of fairness and transparency, the compensation mechanisms strive to safeguard the well-being and livelihoods of affected individuals, thereby fostering a more equitable and inclusive development trajectory for Vietnam's burgeoning economy.

The transport sector has played a pivotal role in driving major infrastructural advancements in Vietnam, with significant implications for agricultural communities near key development sites. Notably, the expansion and future growth prospects of major airports such as Tan Son Nhat International Airport (SGN), Noi Bai International Airport (HAN), and Da Nang International Airport (DAD) have necessitated the acquisition of substantial tracts of agricultural land, thereby precipitating involuntary resettlement for local Vietnamese farmers. A study underscored the recurrent delays and resistance encountered in airport expansion endeavors, primarily stemming from

the heightened demand for land parcels and the resultant displacement of affected communities.

Furthermore, Vietnam's concerted efforts in highway construction, exemplified by the ambitious North-South Expressway project (Đường cao tốc Bắc-Nam), have engendered similar socio-economic ramifications. Spanning the entire length of the country, from Lao Cai in the north to Can Tho in the Mekong Delta, this high-speed highway initiative has already displaced farmers in the Mekong Delta region and poses imminent threats of further displacement. Similarly, the Da Nang – Quang Ngai Expressway (Cao tốc Đà Nẵng – Quảng Ngãi), conceived to bolster tourism development by linking Da Nang to Quang Ngai province, has prompted concerns regarding its impact on local farming communities. Drawing on empirical evidence from a household survey conducted in Hoai Duc district and Thanh Oai district, Nguyen *et al.* (2016)^[5, 22] illuminated the unequal distribution of benefits stemming from infrastructural projects in Vietnam. Notably, the research elucidated a pronounced disparity in compensation packages, particularly about diverse farming communities dispersed across different regions of a district or province.

Consequently, the findings by Nguyen *et al.* (2016)^[5, 22] underscore the pervasive challenge of inequitable compensation frameworks within the realm of transport infrastructure development, particularly in involuntary resettlement. The empirical evidence presented by Nguyen *et al.* (2016)^[5, 22] elucidates the inherent deficiencies in compensation mechanisms associated with constructing transport infrastructure in Vietnam. Central to this discourse is the imperative of ensuring fair and equitable compensation packages, particularly for vulnerable farming communities facing displacement, thus underlining the critical imperative of addressing the socio-economic ramifications of infrastructural development initiatives.

In a study conducted among respondents who lost their land through acquisition for the construction of Hoa Lac Hi-Tech Park project in Hanoi, Tuan (2023)^[35] established that land owners felt that acquisition was disruptive to their way of life. For example, they were wary of how the transition from agriculture to non-agricultural jobs would be challenging. This was mainly because many non-agricultural jobs required skilled labour, yet they did not possess the requisite skills to work in the new industrial dispensation. The affected families would end up doing non-skilled casual jobs, and many heads of families would be rendered jobless because of their age. In addition, the research further established that landowners were extremely under-compensated. According to the People's Committee of Thach, that district at the time land was being acquired for the project, the value of land ranged between 650,000-900,000 VND/m² (28-39 USD/m²). However, the landowners were compensated 100,000 VND/m² (4.3 USD/m²) for their agricultural land. Therefore, the resultant compensation is 6-8 times lower than the actual market value of land (Tuan, 2023)^[35].

Tuan (2023)^[35] argues that the study established that in 95% of the households involved in the study, the participants had to look for a new way of making a living after losing their agricultural land. Yet, they were only skilled in making living out their land. The government had created a fund to support the affected persons and cover the costs incurred during the search for jobs. Unfortunately, the money received was too little and way below the prevailing market

rates (6-8 times lower). Also, the respondents said the government had not discussed or negotiated the amount of compensation to be obtained with them. Also, many land users did not know the minimum payable compensation for their land as well as the assistance they were entitled to after land acquisition.

Another glaring problem is that the state often overlooked the people who were indirectly affected by the land acquisition. A case in point is when the state did not consider how the new project would impact the surrounding farmlands that were not acquired. The change in environment would affect agricultural productivity and by extension household incomes (Tuan, 2023) ^[35].

Vietnam has emerged as a key manufacturing powerhouse within Southeast Asia, partly propelled by the strategic development of industrial zones (IZs) strategically positioned across the country. These zones serve as designated areas for industrial activities, providing businesses with streamlined procedures, tax incentives, and robust infrastructure to facilitate their operations. Notably, the Saigon Hi-Tech Park (SHTP), recognized as the largest hi-tech park in Vietnam, stands as a prominent testament to substantial industrial investments, particularly in developed urban centers. Drawing insights from a successful case study on Daedeok Innopolis in Korea, Trinh (2010) ^[33] elucidates the potential for establishing major industrial zones with minimal socio-economic disruptions through synergistic collaboration between governmental entities and affected stakeholders, prioritizing mitigating involuntary resettlement challenges. However, Trinh's research also underscores the significance of governmental budget allocations, highlighting that delays in the construction of SHTP stemmed partly from budgetary constraints. Consequently, logistical complexities compounded dissatisfaction with compensation arrangements, exacerbating social unrest and project delays.

In essence, the experiences surrounding the establishment of industrial zones in Vietnam underscore the critical imperative of fostering collaborative partnerships between governmental authorities and affected communities to navigate the socio-economic ramifications of industrial development initiatives. By prioritizing the interests of involuntary settlers and ensuring adequate budgetary allocations, policymakers can effectively mitigate challenges and foster sustainable industrial growth within the region.

4.2 Large-scale agricultural development projects

The Vietnamese government has previously acquired agricultural land for large-scale agricultural development ventures, encompassing agro-industrial complexes and export-oriented agriculture. According to Dang *et al.* (2020) ^[7], rice cultivation holds profound historical and cultural significance for the Vietnamese populace, embodying a livelihood and a cherished cultural tradition. Vietnam has remained among the world's top producers and exporters of rice. It was ranked the world's fifth largest producer and third largest exporter of rice as of 2022, behind the number one and India and Thailand, respectively (Sakata, 2023) ^[29]. Sakata (2023) ^[29] further notes there were sweeping agricultural policies adopted in the 2000s decade. The policies shifted focus from the subsistence of rice farmers and encouraged them to change from rice production with a promise of higher returns. Government Decree No. 9

[9/2000/NQ-CP pushed for the conversion of rice fields into commercial crop fields. Only 4,000,000 million hectares of the former rice fields were retained for rice production.

Further, the government also focused on the creation of single-crop large scale farms and recognized these farms as legal entities (Sakata, 2023, p.399) ^[29]. In a separate study, Pham *et al.* (2021) ^[24] shed light on the sweeping transformation observed in Huong Thuy Town, Thua Thien Hue Province, wherein a substantial departure from rice cultivation has evoked concerns regarding the erosion of both livelihoods and cultural heritage. While the burgeoning urbanization trend has catalyzed the rise of potted flower plantations, offering local farmers a temporary economic lifeline, it has concurrently jeopardized food security facets, underscoring the intricate trade-offs associated with agricultural land use transitions.

Moreover, the proliferation of potted flower plantations has precipitated a notable shift in agricultural land ownership dynamics, with ownership vested either in private entities or the Vietnamese government. While direct government ownership of such plantations may be limited, governmental entities nonetheless wield considerable influence in fostering an enabling regulatory environment conducive to expanding these ventures, exacerbating the displacement of local farmers from their traditional agricultural holdings. Furthermore, Pham *et al.* (2021) ^[24] articulate concerns regarding the long-term sustainability of potted flower plantations, apprehending the specter of farmland abandonment in the future. These apprehensions underscore the imperative of adopting holistic and forward-thinking approaches to land use planning and agricultural policy formulation to reconcile competing demands for land resources while safeguarding rural communities' socio-economic and cultural fabric.

4.3 Urbanization and Residential Developments

In recent years, Vietnam has experienced rapid urbanization, marked by a proliferation of significant urban and residential projects. According to Phan and Pham (2024) ^[25], Economic integration and globalization have spurred urbanization in Vietnam since 1986 (The beginning of the Doi Moi period). The impact of rapid urbanization and population growth has sparked a demand for land for housing, business, and infrastructure. These components mean that land that had previously been used for agriculture is transformed for non-agricultural use. Phan and Pham (2024) ^[25] noted that 220,900 hectares of agricultural land were acquired between 2006 -2010. Out of this acquired land, 22,500 hectares (10.19%) were used for urban development; further, citing, 89,400 hectares of rice paddies were acquired for urbanization in the Mekong Delta, and the Southeast and the Red River. Rapid urbanization has continued in Vietnam over the years. As cited in Phan and Pham (2024) ^[25], reported that the urban population growth rate of Bac Ninh was 9.3% in the 2005-2015 decade. As a result, 80% (4,900 hectares) of agricultural land (mostly concentrated in Bac Ninh City, Tu Son Town, and the Tien Du, Yen Phong, and Quevo districts) was acquired and converted to non-agricultural land. This conversion of land resulted in unemployment because many of the affected people lacked the skills to work in non-agricultural employment. Further, as cited in Phan and Pham (2024) ^[25], state that urbanization in peri-urban areas has led to large tracts of farmland being acquired for urbanization purposes.

The effect is that the families that depended on the land for agricultural activities lost their source of livelihood and had to look for other ways of making a living.

Phuc *et al.* (2014) ^[26] observed a notable shift in urbanization patterns, focusing on medium-sized cities like Hue in central Vietnam, complementing the established urban hubs of Hanoi and Ho Chi Minh City. The trajectory of urban development in Vietnam has seen the emergence of entire new neighborhoods and satellite cities, particularly in the environs of major urban centers. These endeavors often repurpose underutilized land, such as former paddy fields or marshlands, to accommodate the burgeoning urban population. Major infrastructural undertakings accompanying these developments encompass the construction of expansive shopping complexes, towering apartment complexes, and modern office towers. Concurrently, satellite cities have gained traction as a strategic response to population growth and urban congestion. These self-contained urban enclaves are meticulously designed to offer a comprehensive array of residential, commercial, and essential services, fostering a harmonious living environment for residents while alleviating pressure on the central city core. In essence, the evolving urban landscape of Vietnam epitomizes a multifaceted endeavor aimed at accommodating the dynamic needs of a rapidly urbanizing society while concurrently fostering sustainable urban growth and development.

In Hanoi, significant strides in urban development have materialized through the construction of prominent projects such as Vinhomes Smart City, Hinode Royal Park, and Cau Giay Urban Area. According to Tran *et al.* (2022) ^[32], the establishment of expansive ventures like Vinhomes Smart City has been underpinned by models of public-private partnership, primarily driven by imperatives of economic advancement. However, this trajectory has been fraught with concerns regarding potential social and environmental sustainability trade-offs. Tran *et al.* (2022) ^[32] shed light on the strategic land acquisition practices employed by VinHomes – Vingroup, which have involved scouting economically advantageous land parcels in both Hanoi and Ho Chi Minh City. Moreover, the study highlights the magnitude of land ownership amassed by VinHomes – Vingroup, totaling over 168 million square meters, necessitating rigorous adherence to legal protocols and procedural formalities. While the regulatory framework provided by the Land Law of 2013 governs land utilization in Vietnam, there remains a dearth of information pertaining to the compensation status of Vietnamese farmers potentially displaced by such expansive investments in emerging medium-sized cities. This knowledge gap underscores the need for comprehensive assessments of the socio-economic ramifications of large-scale urban development initiatives, with particular emphasis on ensuring equitable compensation mechanisms for affected agricultural communities.

In Huong So, a district nestled in the picturesque North Central Coast of Vietnam, a substantial land conversion initiative for resettlement purposes, spanning an expanse of 8.35 hectares, was jointly undertaken by the central and provincial authorities of Vietnam. Commencing in 2009, the project commanded a total investment outlay of US\$ 4.6 million, with the central government extending support amounting to 59%. However, as elucidated by Phuc *et al.*

(2014) ^[26], notwithstanding the government's stewardship of the project, residents affected by displacement voiced grievances regarding the adequacy of compensation prices stipulated during the initiative. In a separate scholarly inquiry, Denyer-Green (2018) ^[9] delved into the intricate interplay between property rights literature and governmental prerogatives in land acquisition. While extant discourse within property rights literature underscores the centrality of privatization as a safeguard for private property rights, governments often invoke legal mechanisms to assert control over property for public utility purposes. Han and Vu, in their analysis, observed that this strategic deployment of legal frameworks empowers governments to compensate affected parties, thereby forestalling potential dissent arising from property acquisition endeavors. The case study in Huong So epitomizes the complex dynamics inherent to land conversion initiatives in Vietnam, underscoring the imperative of reconciling governmental imperatives with the socio-economic interests of affected communities. Against the backdrop of evolving property rights discourse, it becomes imperative to navigate the delicate balance between governmental authority and private property rights, ensuring that compensation mechanisms remain equitable and reflective of the needs and concerns of all stakeholders involved.

Rapid industrialization and urbanization in Long Thanh District, Dong Nai Province, led to extensive land acquisition for infrastructure projects and industrial development. Khoi (2017) ^[15] mentioned that economic reforms and open door policies caused rapid industrialization and urbanization, especially in Hanoi. In a study done by Nguyen *et al.* (2018) ^[20], which compared land policies between China and Vietnam, it was evident that the land policies in both nations presented ambiguous boundaries. As a result, these boundaries allowed the socialist states to legitimize their politico-administrative power in land management and retain strong intervention capacity in the land market. As a result, social unrest whenever land acquisition by the Vietnamese government has been the norm. In a separate study, To *et al.* (2019) ^[1, 31] described the open policy as a government-supported land concentration policy that encouraged the creation of “new landlords” in Vietnam.

Duong *et al.* (2023) ^[4, 10] highlight the influence of tourism on Vietnam's urbanization. Their research examines the impact of the Land Law 2013, which aimed to empower individuals affected by land acquisition. However, the study suggests that the living conditions of these communities haven't significantly improved since the law's introduction. These findings by Duong *et al.* (2023) ^[4, 10] point to potential shortcomings in implementing the Land Law 2013. While calls for revising various aspects of the Land Law 2013 are ongoing, it's equally important to strengthen the government's enforcement mechanisms. Effective implementation structures are crucial for ensuring the law protects the needs of those affected by land acquisition during the process.

The uniqueness of agricultural land acquisition for urbanization is in the fact that other than causing social damage in terms of displacing people from their agricultural activities and disrupting socio-economic lifestyle with regards to affordability, infrastructure strain is experienced. The Vietnamese government has shifted priorities from high-rise apartments to a mixed-use development design to

limit major agricultural land acquisition. This approach combines residential areas with commercial spaces, office buildings, and recreational facilities. As a result, the damage imposed on farmers is significantly reduced at a community level since they are not completely separated from the place but integrated. In other projects, green technologies are embraced to foster sustainable practices for the local communities within or close to the developed spaces. In addition, models fostering inclusive growth, especially for the local communities displaced from urbanization, have been put in place to buffer the damage caused by the agricultural land acquisition process by the State.

4.4 Mining and Natural Resource Extraction Developments

The State of Vietnam has acquired agricultural land to facilitate various mining and natural resource extraction ventures. Among these, the Nui Phao polymetallic mine is a prominent undertaking spearheaded by the Masan Group. The minerals extracted from this mine, including tungsten, copper, fluorspar, gold, and bismuth, serve as vital inputs for diverse industries such as construction, electronics, and manufacturing. Similar to other development initiatives posing threats to agricultural land in Vietnam, mining projects evoke mixed sentiments among local farmers (Kenny-Lazzer, 2015) ^[14]. However, as highlighted by Richards *et al.* (2003) ^[3, 28], the planning and execution of the Nui Phao polymetallic mine project in Vietnam offer a noteworthy case study illustrating how private sector involvement can address resettlement challenges encountered by the government during the land acquisition process.

Despite being situated in one of the most impoverished and remote regions in northern Vietnam, the leaders of the Nui Phao project, Masan Group, exhibited a commendable commitment to cooperation and adherence to national guidelines. Their collaboration with the World Bank underscores a concerted effort to navigate the complexities of land acquisition and resettlement in alignment with established protocols and best practices. The Nui Phao polymetallic mine project is a compelling illustration of the potential for private sector engagement to mitigate resettlement dilemmas associated with large-scale development initiatives ^[3]. By adhering to regulatory frameworks and fostering collaboration with international stakeholders, private entities can play a pivotal role in promoting socio-economic development while respecting the rights and welfare of affected communities.

5. Discussions

5.1 Challenges in Practice

The challenges in practice inform the major reforms needed to resolve disputes related to the lack of compensation for the damage caused by State agricultural land acquisition in Vietnam. According to Phuc *et al.* (2014) ^[26], there was evidence of a lack of participation of the affected Vietnamese farmers in the decision-making process after episodes of agricultural land acquisition by the State in central Vietnam. Furthermore, the same study noticed that while the State employed extensive powers to influence the decision-making process whenever the conversion of agricultural land to urban development projects, the same government became passive and weak when it came to creating an enabling environment for the participation of the

affected persons in the agricultural land acquisition process. In a separate recent study, Duong *et al.* (2023) ^[4, 10] seem to agree with Phuc *et al.* (2014) ^[26] that participation and compensation are the two factors that lead to socio-economic and environmental effects concerning land price, local safety, and pollution in the land acquisition process.

However, concerns about the dynamics of rural locations during the land acquisition process have been cited as the major causes of inaccuracies in the market valuation of the affected agricultural land due to limited transaction data. Affected people incurring the damage of lost agricultural income and livelihoods have argued that the associated compensations put forth by the Land Law 2013 and implemented by the respective government agencies have not adequately reflected the long-term earning potential of the land or the skills and knowledge farmers have accumulated. As a result, Nguyen *et al.* (2016) ^[5, 22] demonstrated that most farmers who lost land to the State for development projects remained stunted growth-wise due to the shock of income loss in a separate study. Bich (2022) ^[6] noted that relocation compensation does not seem to cover the full costs of finding and establishing new livelihoods, particularly for those with limited resources. Using Hanoi as a case study, Nguyen *et al.* (2016) ^[5, 22] discovered that although the farmers can transform their agricultural livelihood into a non-agricultural one with probably a higher income, they are faced with many difficulties in maintaining non-agricultural activities in finding stable alternative livelihood activities, and in using the compensation for investments.

In Vietnam, compensating farmers affected by land acquisition involves multiple stakeholders collaborating within a complex institutional framework. The Ministry of Natural Resources and Environment (MONRE) plays a pivotal role at the central level, setting guidelines for compensation despite not directly managing its disbursement. People's Committees have significant authority at the provincial and district levels, overseeing land acquisition processes and compensation supervision. This decentralized governance structure, outlined in the Land Law 2013, highlights the intricate nature of land management and compensation mechanisms. However, deficiencies in transparency and stakeholder participation, as highlighted by Duong *et al.* (2023) ^[4, 10], and unresolved issues in compensation procedures, noted by Nguyen and Gábor (2022) ^[23], reveal challenges, including failure to acknowledge emotional ties to land and perceived undervaluation, potentially leading to social unrest and economic hardships. This emphasizes the need to revisit compensation policies to reflect better socio-economic realities and farmers' emotional connections with their land compensation cases.

6. Conclusion

This paper delves into the Vietnamese government's comprehensive strategy for addressing the complex social and economic challenges stemming from agricultural land acquisition for state projects. Through a two-pronged approach of legal reform and implementation improvement, the government seeks to ensure fair compensation for affected farmers and minimize negative impacts. By analyzing the Land Law 2013 and evaluating existing practices, the government aims to rectify policy gaps and enhance compliance with compensation principles.

Multifaceted pathways outlined in the Land Law 2013 aim to mitigate harm to farmers, including transparent valuation methods, livelihood support, and enhanced transparency. In conclusion, a robust framework for compensating damages caused by state land acquisition is crucial for sustainable development in Vietnam. Prioritizing fair compensation, minimizing negative impacts, and promoting sustainable practices are paramount. However, challenges remain, including concerns about the Land Law 2013's compulsory land conversion ideology and potential political motivations behind land acquisition. To address these challenges and foster social harmony, the Vietnamese government must ensure land acquisition is driven solely by the national or public interest.

7. References

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