

# The changes of land use plan and impacts to the poor in Vietnam rural areas

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**ABSTRACT:** The rapid pace and impact of industrialization over recent years is clearly visible in the developing countries and especially in Vietnamese rural landscape. Industrialization, together with processes of urban development and infrastructure construction, has transformed rural areas on the outskirts of large cities, along main trunk roads and even in smaller provincial towns. This visual impression is confirmed by the number and area of industrial zones currently in operation and the numbers of farmers from whom agricultural land has been recovered for conversion to industrial use.

Industrial growth has placed particular pressures on the land market. In Vietnam, limited land is available for industrial purposes and most of this is already occupied by state owned enterprises. Conversion of agricultural land for industrial purposes is viewed with sensitivity as agricultural land is scarce in highly populated delta areas. Rural communities and culture are seen to suffer severe disruption from this process. Concerns about local food security are raised to justify particular concerns for the preservation of rice paddy land.

Issues surrounding the industrial and commercial land markets are of critical importance to the debate on poverty alleviation in Vietnam. Issues that have arisen in all areas include: limited employment of displaced farming households in industrial zones, unstable future livelihoods for displaced farmers, use of compensation to pay for housing improvements rather than investment in new business, high anxiety at unstable living conditions.

The paper will highlight some issues and discuss some alternative methods of land use planning rather than the conventional way.

**Key words:** Land use planning, land market, the poor, agriculture, rural.

## 1. Introduction

The rapid pace and impact of industrialization over recent years is clearly visible in the developing countries and especially in Vietnamese rural landscape. Industrialization, together with processes of urban development and infrastructure construction, has transformed rural areas on the outskirts of large cities, along main trunk roads and even in smaller provincial towns. This visual impression is confirmed by the number and area of industrial zones currently in operation and the numbers of farmers from whom agricultural land has been recovered for conversion to industrial use.

Industrial growth has placed particular pressures on the land market. In Vietnam, limited land is available for industrial purposes and most of this is already occupied by state owned enterprises. Conversion of agricultural land for industrial purposes is viewed with sensitivity as agricultural land is scarce in highly populated delta areas. Rural communities and culture are seen to suffer severe disruption from this process. Concerns about local food security are raised to justify particular concerns for the preservation of rice paddy land.

Issues surrounding the industrial and commercial land markets are of critical importance to the debate on poverty alleviation in Vietnam. Two viewpoints that link industrial land markets and poverty alleviation are frequently articulated and research has been conducted on current

industrial and commercial land markets in Vietnam from both these perspectives:

i) The enterprise development view

Obstacles to private sector access to secure and affordable land use rights for industrial and commercial purposes are seen as critical constraints to economic growth, output and job creation. Such obstacles are considered to have clear adverse effects on poverty alleviation, particularly in the context of an oversupply of labour in agriculture.

Problems identified include lack of physical availability of land, high prices and costly procedures for leasing land from the state (Carlier and Tran, May 2004; Tenev, et al 2003). Some of the underlying factors causing these problems have been identified in recent literature on the subject:

- SOE occupation of a high proportion of available industrial land. For example, as of 2002, SOEs were reported to occupy 95.3% of land leased by the state to organisations within Hanoi (from Hanoi Department of Land and Housing report quoted in Carlier and Tran, May 2004). SOEs are not allowed to transfer or rent out their land without permission from the government.

- Site clearance difficulties for converted agricultural land. Significant costs and delays frequently result from difficulties in reaching agreement on the amount of compensation paid to farmers whose land is recovered. Two year delays were experienced in An Khanh Industrial

Zone in Ha Tay (CIEM, December 2003). In Trung Trac Industrial Zone, Hung Yen province, additional retrospective compensation demands were made on enterprises who had already received land use rights years previously (CIEM, December 2003). Other costs to businesses include conditions set by some provinces to re-employ certain quotas of displaced farmers within their enterprises.

- Multiple procedures and payments for land leasing with a wide range of government agencies. Typically, enterprises have to deal with People's Committees and Departments of Finance, Planning and Investment, Construction, Natural Resources and the Environment. The Nam Tuong Limited Liability Company in Binh Chanh District, HCMC, for example, took two years to complete leasing procedures which required submission of 11 different documents and agreements with 8 different district and city organisations (Vietnam Competitiveness Initiative Report).

- Land use planning changes. Enterprises may lease land for a period of 50 years while land use plans are made to cover a ten year period. Enterprises may have land use rights recovered if changes in land use plans effect their plot. (Vietnam Competitiveness Initiative Report).

Land market issues appear to have a significant effect on business expansion. It was reported in one survey that 82% of enterprise chief executives interviewed said they would expand plant size if land access was cheaper and more convenient (Tenev et al, 2003). Elsewhere it has been concluded that: "Perhaps the highest impact opportunity for the government to stimulate private investment and employment through firm growth at this stage in Vietnam's development is precisely with policies and actions that would facilitate private sector access to affordable land." (Carlier and Tran, May 2004).

ii) The agricultural protection view

This view is more cautious on the benefits of agricultural land conversion. Rapid conversion for industrial purposes is believed to impoverish farmers from whom land is recovered due to:

- Low compensation prices for land recovery. According to official regulations, farmers are eligible for compensation based on prices set for agricultural land and therefore do not share in the benefits of land value increase that results from conversion.
- Corruption in the compensation process. An administrative process which results in significant and rapid increase in land values will inherently tend to foster corrupt practices.
- Dislocation of livelihoods. Farmer often finds it difficult to find new jobs or means of making a living after their agricultural land has been recovered. This problem is particularly severe for less well educated and older people. Alternative agricultural land is seldom available to local authorities who therefore compensate farmers in cash.

Rural communities and culture are seen to suffer severe disruption from this process. Issues that have arisen in

Binh Chanh District of Ho Chi Minh City include: limited employment of displaced farming households in industrial zones, unstable future livelihoods for displaced farmers, use of compensation to pay for housing improvements rather than investment in new business, high anxiety at unstable living conditions (Centre for Urban and Development Studies, 2002).

Both of these viewpoints are well substantiated and should not be considered inconsistent with each other. After all, the positive and negative effects of agricultural land conversion on poverty reduction are likely to be experienced by different groups of people. Younger, better educated people are more likely to benefit from new industrial employment opportunities than older relatives. Forced disruption of agricultural livelihood is more likely to affect poor people in industrialising, peri-urban areas rather than migrant workers.

With the passing of the 2003 Land Law of Vietnam and a series of implementing decrees and circulars on land use right valuation, land recovery and compensation, land use planning and the establishment of land development funds, major changes are currently taking place in procedures related to land conversion.

To understand the situations and problems of the whole country, the research was conducted in six provinces – two each in Northern, Central and Southern Vietnam. They are Ha Tay, Vinh Phuc (in the North), Quang Nam, Binh Dinh (in the Center), Long An and Can Tho (in the South).

## 2. Industrial and commercial land market overview

### Breakdown of land use categories

Over 50% of land area is categorised as agricultural land in all 6 provinces. Interestingly, highest proportions are used for agricultural purposes in the southern provinces (83-4% in 2005). However, categorisation methods between provinces may account for these differences. The central provinces of Quang Nam and Binh Dinh both report unusually large proportions of 'unused' land.

Table 1: Provincial land categories

	Agricultural	Non-agricultural			Unused
		Residential	Special use	Other	
Ha Tay (2003)	63%	6%	18%	0%	12%
Vinh Phuc (2005)	70%	6%	14%	7%	3%
Binh Dinh (2003)	53%	1%	5%	-	41%
Quang Nam (2005)	63%	2%	2%	3%	30%
Long An (2005)	84%	4%	11%	0%	1%
Can Tho (2005)	83%	4%	7%	6%	0%

### Industrial and commercial land use

Land for industrial and commercial use is included within the 'special use' category of non-agricultural land. Prior to the 2003 Land Law, no specific sub-category for industrial and commercial use existed. For this reason, it is often very difficult to see how actual industrial and commercial land usage has changed over time.

Table 2: Industrial and commercial use land

Province/district	Industrial and commercial use land (ha. 2005)	Planned industrial and commercial use land (ha 2010)	Total land area of province (ha)	Current industrial and commercial use land as % of total area
Vinh Phuc	1712	5299	137,228	1.25%
Ha Tay		3471	219,208	
Quang Nam	778	3228	1,040,878	
Binh Dinh			602,506	
Long An	3472		449,558	0.77%
Duc Hoa	2269		42,770	5.31%
Can Giuoc	45	2640	21,000	0.21%
Can Tho	1305		140,096	0.93%

#### Notes:

1. Ha Tay figure – from Land Use Plan approved in 2001.
2. Figure for Vinh Phuc is from 2005 Land Use Plan amendment.
3. Figure for Quang Nam is combined IZ and IC area by end December 2004. The planned figure is from the revised land use plan 2005-2010.

### Industrial zone and cluster development

#### NATIONAL SITUATION

Establishment of the first 'export processing' zone was approved in 1991 (Tan Thuan Export Processing Zone, Nha Be district, Ho Chi Minh City). Following the piloting of the industrial zone model by Dong Nai province, the first regulations regarding the establishment of industrial zones were issued in 1994. Six zones had been established nationwide by the end of 1995<sup>1</sup>. The Comprehensive industrial zone and infrastructure master-plan was approved in August 1996, covering the establishment of 33 industrial zones by 2000, with plans for an estimated 100 zones by 2010. These plans have now been amended.

<sup>1</sup> Industrial Zones – 15 years of development. Part 1 – a life or death choice. Tuoi Tre. 20.4.2005. and Part 2 – Industrial Zones – the secret of success. Tuoi Tre. 21.4.2005.

According to MONRE figures, 162 industrial zones had been approved by the government by the end of 2004, of which 68 were already in operation and 44 were in the process of establishment. Industrial clusters (ICs) are similar developments approved by Provincial People's Committees. Figures from two different sources on Industrial Zone development to date are compared below. The figures show that a high proportion of industrial zone land is converted from agricultural use (76%) and large numbers of rural households have been effected (an average of 2129 people per zone or cluster). Both sets of figures indicate that just less than half the area available was leased at the reporting dates.

Table 3: Industrial zone development nationwide

	MONRE report on 132 IZs and 60 ICs. End December 2004.	MPI report on 121 IZs. End April 2005.
Planned area (ha)	34,616	24,900
Area recovered (ha)	29,214 (84% planned area)	
- Of which, residential land (ha)	264 (1% recovered area)	
- Of which, agricultural land (ha)	22,218 (76% recovered area)	
- Of which, paddy land (ha)	8251 (28% recovered area)	
Households from whom land was recovered	100,256	
Total household members	408,698	
Total labourers	232,873	
Total area for lease	19,842 (68% recovered area)	16,663
Leased area (ha)	9056 (46% total area for lease)	7433 (45% total area for lease)

#### Land tenure types

A wide range of different land tenure types are available to industrial and commercial enterprises under the 2003 Land Law. Generally, there are 5 types of it.

- Allocation or leasing by the state to enterprises of land within industrial zones or clusters.
- Allocation or leasing by the state to enterprises of land outside industrial zones.
- Purchase of agricultural land use rights from households and conversion of land use purpose from agricultural to industrial purpose.
- Leasing, sub-leasing or receiving land as a capital contribution from households or other enterprises.
- Household businesses can use their own household residential land for commercial or industrial purposes.

Based on a survey of 746 enterprises nationwide, Tenev et al presented the following figures on enterprise land tenure (Tenev et al, 2003):

Table 4: Prevalence of land tenure types (Tenev et al, 2003)

Land tenure type	% of surveyed enterprises
Leasing land in industrial zones	8%
Renting residential land from households	13%
Renting land from SOEs	14%
Using owners' residential land	50% (of these 87% have LURC)
Other	15%

All of these indications seem to show that leasing land within industrial zones remains an option for only a small proportion of enterprises. Purchasing agricultural land from households appears to be common only really in the southern provinces. Small businesses tend to use their owners' residential land.

### 3. Land market processes

#### a. Land use planning for industrial and commercial use

Land cannot be formally acquired for industrial or commercial use unless it is categorised as 'land used as ground for construction of production or business premises' under local land use plans. The process of land use planning therefore has a fundamental impact on industrial and commercial land markets, restricting the supply and location of land available. The 2003 Land Law and subsequent legal documents<sup>2</sup> stipulate the bases on which land use plans should be made and the drafting processes. A total of 15 steps are outlined for the initial drafting of provincial and district 10 year plans and 14 steps for commune level plans.

Land use plans stipulate the area and location of agricultural land to be recovered from farmers for purposes of industrial conversion. Indeed, it is striking that in most cases plans for industrial and commercial land use are equated with plans for industrial zone development through land recovery by the state.

An exception was found in Long An province where districts and communes delineate areas for industrial use to be developed by enterprises through negotiated purchase of land from households. This type of zoning is somewhat ironically labelled 'spontaneous planning' (quy hoach tu phat). These areas have subsequently been recognised as 'industrial clusters'. In practice, of course, much industrial development takes place informally outside of planned areas. Of 777.9 ha of new industrial

land developed in Quang Nam province between 1999 and 2004, only 423 ha (54%) lay within planned areas. Research in the six provinces revealed a number of difficulties in the land use planning process:

- Outsourcing.
- Funding.
- Co-ordination.
- Forecasting demand.
- Complex amendment procedures.
- Land types selected for conversion.
- Limited participation in land use planning.

#### b. Recovery of land use rights

Land use rights may be recovered by the state for a variety of reasons, including national defence or security, company bankruptcy, wrongful use, illegal allocation, extended periods of unuse etc. The process of land recovery under consideration here, however, is recovery of land 'for the purpose of economic development'. Values used to calculate compensation for land use right recovery are set by Provincial People's Committees. These should be "close to the actual market price of land use right transfers in normal conditions".

The main issues relating to land use right recovery were highlighted as follows:

- State land prices not reflecting market value.
- Inconsistency of compensation levels across administrative boundaries.
- Inconsistency of compensation levels across time.
- Individual negotiation of compensation offers.
- Plot measurement disputes.
- Misinterpretation of the law..
- Inadequate resettlement provision
- Investors lack of funds.
- Non-economic means of persuasion.

The following conclusions may be drawn on the process of compulsory land recovery:

- It is efficient in terms of providing access to large, concentrated areas of land for industrial and commercial development, particularly in conditions where land is distributed widely in small parcels between many users, as is particularly the case in northern and central Vietnam.
- However, the pricing of land for compensation purposes by Provincial People's Committees on an annual basis is not an efficient means of assessing the value of such transactions. It is not a transparent process and results in inconsistency across time and administrative boundaries. It does not reflect the inherent increase in land value that results from changed land use. In some cases, both buyers and sellers have tried to avoid state fixed prices through various types of direct negotiation.
- The valuation problem has resulted in local authorities using non-economic forms of persuasion to accelerate recovery cases. However, difficulties

<sup>2</sup> Circular 30/2004/TT-BTNMT (1<sup>st</sup> November 2004) on the drafting, amendment and appraisal of ten and five year land use plans.

with recovery have often resulted in hostility and, in some cases, violence on the part of displaced farmers.

- Support policies, particularly provision of facilities for resettlement of households displaced from residential land, have not been implemented consistently.

*c. Purchase of land use rights and conversion of land use purpose.*

Enterprises are entitled to purchase or lease land from organisations, households or individuals. They can also accept land use rights as a capital contribution to their company.

Evidence concerning such transactions is limited.

LAND USE RIGHT PURCHASE – PROCEDURES.

Enterprises that negotiate the purchase of land from households for use as industrial or commercial premises must fulfil the following procedures:

- Negotiation and payment to original land user.
- Procedures to change land use purpose to commercial/industrial use. Formally, this procedure is dependent on whether the land use plan allows for the change in land use purpose. If this is not the case, an amendment to the land use plan may be required.
- Payment of land use fee for land use purpose conversion.
- Registration of land use right transfer and payment of land use transfer tax and stamp duty.
- Issue of land use right certificate which should certify allocation (with land use fee) for a maximum of 50-70 years.

#### 4. The impact of land recovery on farming households

A MONRE report on 132 industrial zones and 60 industrial clusters nationwide (MONRE, 2005) calculated that land had been recovered from 100,256 households, effecting a total population of 408,698, including 232,873 people of working age. There are differing views on the extent to which displaced households have suffered from lost livelihoods and economic dislocation or benefited from new wage earning or service providing opportunities. There is also a distinction to be drawn between overall economic growth that may result from industrial zone development in the surrounding region and the specific impact on displaced households.

A number of tentative conclusions can be drawn on the impact of land recovery on displaced households:

- The immediate impact is mixed. Determining factors include: proportion of productive land recovered; recovery of residential land and the resulting need to rebuild housing; the ability to secure paid employment; notice given before recovery takes place.
- Though by no means the result of exact, scientific calculation, the rough figure of 60% of households feeling their livelihoods had improved may give some

sense of the research findings. Note, however, that such improvement cannot be ascribed solely to the impact of land recovery. Respondents could be describing improvement despite land recovery.

- The development of industrial zones may generate economic growth and increased tax revenues in a locality. However, direct impact in terms of employment of local people tends to be very limited.
- Assistance measures, in the form of loans, training, employment quotas, service provision land etc. have had limited outreach and impact

#### 5. Conclusions

The following broad conclusions were drawn from the research. They relate to the efficiency, consistency and transparency of processes in the industrial and commercial land market and their impact on enterprises and displaced households.

i. Land use planning. Strong economic growth and demand for industrial and commercial land are placing severe strains on the land use planning system. The system faces deficiencies in terms of staff and budget. The content of plans tends to be based on politically generated targets rather than rigorous assessment of demand. Planning focuses on state actions – the recovery of land and establishment of industrial zones – rather than spatial planning for transactions conducted within the market. Partly due to budget constraints, insufficient co-ordination and public participation has detrimental effects on the relevance and acceptance of plans produced. The planning system lacks the flexibility for rapid amendment necessary in a rapidly growing economy.

ii. Limited market transactions in industrial and commercial land. Government policy of industrial zone promotion places emphasis on non-market transactions in land – land recovery from households and discretionary leasing by the state – rather than market transactions of sale, rental or capital contribution. The 2003 Land Law and Decree 181 seek to address this issue by limiting the situations in which resort can be made to land recovery mechanisms. However, the spread of market forces into this area is limited by other factors. Firstly, the rigidities of the planning system, focusing mainly on state sponsored industrial zone development, make it difficult for enterprises to convert land use purpose. Secondly, the taxation system provides disincentives for market transactions, as enterprises which purchase land from households have to pay twice – both to the seller and to the state in the form of the land use fee. Thirdly, models do not exist of more flexible market arrangements, including renting land to enterprises or contributing land as capital.

Compulsory land recovery is an efficient means of converting land to industrial use in the case of large projects, particularly in conditions where land distribution is very fragmented and separate negotiations would need to be held with a large number of landholders, as in the Red River Delta. However, over-reliance on compulsory measures as opposed to voluntary transactions can be

considered inherently regressive. Moreover, as discussed below, valuation of such compulsory transactions is deeply problematic.

iii. Problematic valuation of land in recovery cases. In situations where compulsory administrative recovery has been selected over market mechanisms, the valuation of land recovered is an unavoidably problematic process. This is partly for procedural reasons – how can state price frameworks be set to accurately shadow the whole spectrum of market prices on a continuous basis? Inconsistencies across time and administrative boundaries are inevitable. It is also problematic for policy reasons. Displaced households are compensated at values based on current land use categories. There is no attempt to share the benefit of value increase caused by change to industrial purpose with the original occupiers. Public participation in settling compensation issues is also limited. Representation of displaced households on Compensation, Support and Resettlement Councils has not been widely implemented. Widespread hostility and, in some cases, violence has been the end result of many disputes over land valuation in recovery cases.

iv. 'Clean' land recovery prior to industrial zone development Cases where comprehensive land recovery has not been fully completed prior to infrastructure development and leasing to enterprises, have caused difficulties for both displaced households and enterprises seeking access to land. Potential reasons for prolonged or incomplete recovery processes include: insufficient financial resources to pay compensation, over-ambitious scale of recovery project, management weakness on the part of local authorities or infrastructure companies, untransparent or inconsistent compensation practices. Failure to complete the recovery process can result in: further disputes over differences in compensation levels between prior and subsequent agreements; delays in developing comprehensive infrastructure; disruption to agricultural production (environmental pollution etc.) and industrial production (security issues etc.).

v. State discretionary powers to lease and allocate land. The conversion of agricultural land through compulsory land recovery processes also leads on to state discretionary power over the leasing or allocation of recovered land to enterprises. In addition to planning powers, local authorities also exercise powers of site approval and lease or allocation approval. Despite central government attempts to regulate such powers through time limits on approval processes etc., these powers still create rent-seeking opportunities for local officials. Approval procedures are prolonged and company land 'search costs' are increased.

vi. Concessionary land rental policies. State discretionary powers over land allocation and leasing are magnified through preferential land rent policies aimed at attracting investors through cheap land offers. In cases where land recovery costs have not yet been met, such offers are irrelevant, as investors must cover the up-front costs of land recovery anyway. In other cases, however, local authorities have resisted organising auctions of land use

rights as stipulated in Article 58 of the 2003 Land Law. Offering preferential rents allows local authorities to retain their discretionary powers over access to land.

vii. Mixed impact of land recovery on displaced households. It is important to distinguish between the impact of industrialisation on a local community and its economy and the specific impact on displaced households. Displaced households may benefit from greater job opportunities, improved infrastructure and the chance to realise the cash value of their land holdings. This is the case for around 60% of displaced households – at a very rough estimate. For many households, however, land recovery can cause severe economic disruption, particularly if all productive landholdings are recovered, residence is disrupted, insufficient notice is given by the local authorities and family members do not have appropriate educational background or vocational skills to shift into new occupations.

viii. Mixed levels of state support to displaced households. Scale of state support to displaced households in terms of vocational training allowances, access to finance for new occupational ventures, overseas labour contracts etc. appears to vary considerably between provinces.

## 6. Recommendations

The following recommendations are based on the research carried out and are addressed to the institution involved in land management issues.

### i. Land use planning

- Research should be conducted on the funding of land use planning to ensure that sufficient resources are available for this activity.
- Provinces should be encouraged to adopt less 'command-economy' style planning with regard to industrial and commercial land. The Long An practice of planning zones for market development of industrial areas might be considered, instead of equating industrial zone planning with state recovery of land.
- Greater public and business consultation is needed prior to approval of land use plans. Pilots on how to incorporate public and business consultation processes should be implemented.
- Research should be conducted on how national and local land use plans are currently integrated, as well as various sectoral requirements at provincial or district level.
- Provincial land use planners and land use planning institutes may benefit from training and international exposure on modern methods of forecasting private sector demand for various categories of industrial and commercial land.
- Flexible processes for land use plan amendment should be tested.
- Plans for the recovery of residential land for industrial zone development should be avoided.

- Clear responsibilities for contracted agencies should be established if land use planning tasks are outsourced to external institutions.
- Existing regulations requiring provision of land for resettlement of displaced households should be fully implemented, along with measures for the provision of housing for industrial zone employees.

ii. Taxes on conversion of agricultural land to industrial use

The current practice of double-charging enterprises who purchase land for production and business premises should be reviewed. It is questionable why land use fees are charged on businesses converting agricultural land to industrial/commercial use. Tenure on such land remains for a fixed term – up to a maximum of 70 years. This process is clearly different from conversion from agricultural to residential use when land use fee levies are justified by the change from fixed period allocation to 'stable and permanent use'.

iii. Procedures for registration of land purchased by enterprises for industrial/commercial use.

Procedures should be clarified for the allocation or leasing of land purchased by enterprises from households for the establishment of production and business premises following change in land use purpose. Such procedures are currently reported to be unclear.

iv. Models for household-enterprise land rental, capital contribution of land to enterprises. Mechanisms through which households and enterprises could lease land to enterprises or contribute land to enterprises as capital should be piloted. Lessons from overseas models should be studied as an alternative to current reliance on compulsory recovery processes. Local authorities in the central region study were quoted as claiming that legal provisions for dealing with such transactions are currently insufficient.

v. Valuation of land in recovery cases. Current valuation processes should be amended to include an element of open and collective negotiation between displaced households, local government and enterprises when land is recovered for large projects as stipulated in Article 36 of Decree 181. This would allow for some share in the benefit from increased land value to be negotiated by displaced households. Decree 197 already allows for representation of displaced households on Compensation, Support and Resettlement Councils. Such avenues for participation should be further developed.

vi. Land recovery mechanisms. Provincial People's Committees are encouraged to carefully review industrial zone development plans to ensure that sufficient financial resources are available to complete planned

compensation and resettlement prior to approval of the project. Over-ambitious land recovery projects should be rejected. Infrastructure companies should be carefully appraised to ensure they have the legal status, financial means and management capacity to organise land clearance, infrastructure development and full occupancy of industrial zones in an efficient manner.

vii. Administrative procedures for land leasing

Recommendations relating to administrative procedures include:

- Greater decentralisation to Industrial Zone Management Boards to ensure they can act as a 'one door' access point for enterprises seeking to lease land.
- More rapid issue of land category lists by Provincial People's Committees to ensure immediate effectiveness of updated land price frameworks.

viii. Support to displaced households

It is clear that displaced households will face different needs and therefore should not be offered a uniform assistance package. As a matter of priority it is recommended that existing regulations are enforced regarding:

- prior provision of resettlement areas to all households whose residential land has been recovered.
- minimum notice of 90 days for recovery of agricultural land and 180 days for recovery of non-agricultural land.

In terms of other support, the following interventions might be considered:

- Provision of business counselling, access to commercial funds for households considering establishing small businesses.
- State support for vocational training organised by enterprises leasing land within industrial zones.
- Land-for-services pilots for households with realistic business plans for service provision.

It is not recommended that enterprises in industrial zones are burdened with quotas for employment of local people as these do not appear to be effective in the long term.

ix. Land information and land auctions

In order to ensure transparent information on land availability and competitive access to industrial land resources, Provincial People's Committees should be obliged to establish open and comprehensive information channels on land available for industrial and commercial use. In addition, open bidding processes should be implemented to ensure equal access to land available, in accordance with existing provisions in the 2003 Land Law.

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