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**THE IMPACTS OF LAND ACQUISITION ON
HOUSEHOLD'S LIVELIHOOD IN VIETNAMESE
METROPOLITAN REGIONS**

Dissertation (PhD) theses

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1. The importance and purpose of the PhD research

Urbanisation is a complex transition from rural to urban areas, leading to significant changes in the country's socio-economic structure, production methods, and lifestyle (CHAOLIN, 2020). One of the most visible problems of urbanisation and development is the scarcity of land (LIM, 1985). For this reason, land conversion is an agricultural-to-urban transition and is an almost inevitable phenomenon in times of population and economic growth. Land acquisition is an effective tool to help the State perform this land conversion well. However, the collection of land is a fundamental phenomenon because it strongly influences many land-related issues. In addition to economic characteristics, the land also has social, cultural, and religious elements in many countries. Therefore, land acquisition poses complex issues in many aspects such as legal, economic, social, environmental, ethical, and cultural. This practice also poses many risks to local communities in countries where land rights are not clearly defined (NICHOLAS, 2018). Weak governance is also a contributing factor to this problem, with land acquisition and land compensation being a prominent problem. This process should ensure ownership rights as well as fair compensation for those who have lost their land.

In Vietnam, land reforms implemented since the late 1980s have helped make the country one of the fastest-growing economies globally. Moreover, Vietnam has made significant strides in changing its economic structure, in which the share of the agricultural sector in GDP dropped sharply from 32% to 14% (1990–2019) (MoF, 2020). This economic restructuring has demonstrated land transformation from agriculture to non-agriculture in Vietnam through land acquisition and land use conversion. However, land acquisition affected the livelihoods of 627,495 households with about 950,000 employees and 2.5 million people. For every ha of land acquired, ten workers lost their jobs (HANG, 2012). In addition, only 19% of labourers received vocational training, of which about 45% found a job, the rest remained unemployed.

Therefore, this PhD dissertation focuses on two main problems. Firstly, it concerns applying laws and policies of land acquisition and compensation to industrial development land-use change projects. This objective is to point out the strengths and weaknesses of the current policy through assessments of affected people. Second, the changes in livelihoods and households' adaptation to losing their land after this big shock are also assessed. This PhD research is conducted in three metropolitan regions (and in the periurban parts of these metropolitan regions) in Vietnam through the Vietnamese urban division (according to the city classification method in Vietnam). Accordingly, the main objectives of this PhD thesis are:

- To analyse the process of land recovery and compensation of the authorities to land-loss households in the three peri-urban regions.
- To examine the nexus between land expropriation and household livelihoods change (employment, asset, income, and environment) in the three peri-urban regions.
- To make policy recommendations for improving households' livelihoods, given the diverse impacts of land loss.

From the aims of the research, this PhD dissertation concentrate to answer two main questions, which are, what are the impacts of compulsory land acquisition on the livelihoods of people along the city hierarchy in Vietnam? and how do affected households cope with impacts of land acquisition?. My specific questions connected are indicated, as follows:

- What are the general features of land recovery in the world and in Vietnam?
- What are the impacts of land loss on the livelihood outcome of households in the analysed peri-urban parts of metropolitan regions?
- What purposes did households use compensation money for after land-loss in the analysed peri-urban parts of metropolitan regions?
- What are the positive and negative points of the process of land acquisition and compensation from the perspective of

urban geography and development in the analysed peri-urban parts of metropolitan regions?

2. Research design and methodology of the dissertation

One of the first parts of my research was desk research, which deals with data collected without field investigation. It includes analysing published reports and statistics. I recognised that a research gap in this area in Vietnam is the lack of research comparing urban expansion's impact on urban residents' livelihoods. Based on this method, I selected outstanding land-recovery periurban projects in the periurban zone of three metropolitan regions, which have not been studied before. Along with that, I made the establishment of survey and interview questions for research data collection purposes.

In three case studies of the given metropolitan regions, I chose such outstanding acquisition projects that impact not only the metropolitan regions but also socio-economic conditions of research provinces. These include Hoa Lac Hi-tech Park (Hanoi), Danang Hi-tech Park (Danang), and VSIP Nghe An Industrial Park (Vinh city). These projects stand out from other projects by the area, investment scale, and function in each research site. Data collected includes qualitative and quantitative data through surveys and face-to-face interviews. In this PhD study, four groups of stakeholders were interviewed in each province: (1) six experts in land acquisition, they can be lecturers in some universities or government staffs like official politicians; (2) three national representatives of domestic investors whose factories and companies are part of the selected project; (3) six official local government employees in the district and commune where the land is acquired; and (4) 15 households in the project-affected area that are not on the land acquisition list. I used a semi-structured and in-depth approach for interviews. The data collected from the interviews were analysed through the NVivo 12 software.

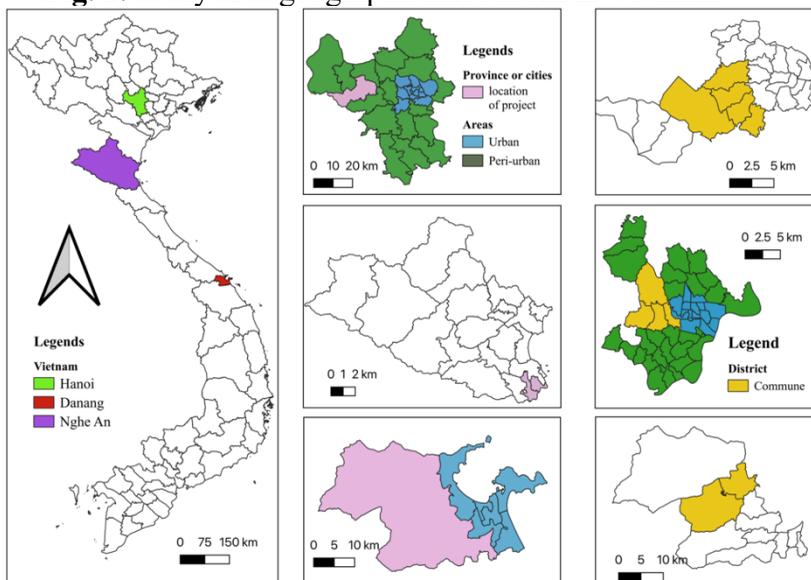
For the quantitative data, based on the stratification method, I selected the study site through the geographical location. After that, I applied the snowball method. I conducted the study in two phases August 2019 (in Vinh city), and January 2020 (in Hanoi), and February 2020 (in Danang city). The study was conducted

before the COVID-19 pandemic reached this region; therefore, my results are not influenced by the effects of the pandemic.

3. Research case studies

To compare how land acquisition and compensation affect livelihoods according to urban stratification, I conducted this research in three metropolitan regions (Figure 1, Table 1): Hanoi (special urban), Danang (urban type I, central), and Vinh city (urban type I under Nghe An province). Details for the three case studies are in Table 1.

Fig. 1. Study area geographical locations in Vietnam



Source: author's compilation

Table 1: Information on the three selected case studies

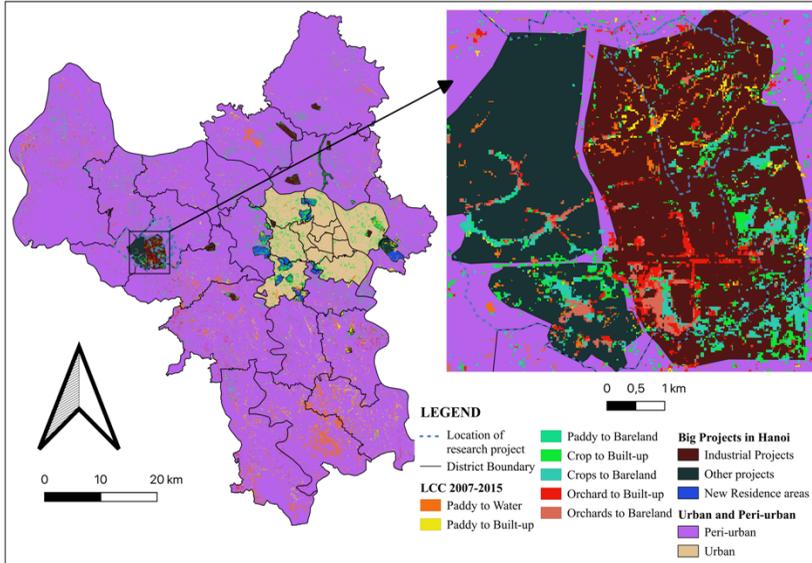
Factors	Hoa Lac Hi-tech Park	Danang Hi-tech Park	Vietnam - Singapore Nghe An Industrial Park (VSIP Nghe An)
Location	- west of Hanoi. - This project is in Quoc Oai district and Thach That District Hanoi.	- in the North-western part of Danang city centre. - The project is in Hoa Vang district.	- at the western gateway of Vinh city. - The project is in Hung Nguyen district and Vinh city.
Time	- was established in 1998. - In 2008, adjusted the planning. - In 2016, adjusted again.	- was established in October 2010.	- commenced on September 16, 2015.
Planning	- area: 1,586 ha. - divided into 11 functional subdivisions.	- area: 1,128.4 ha. - divided into 8 functional subdivisions.	- area: 750 ha. - Industrial zone area and urban area.
Source of investment	- Mostly Japanese government's capital.	National investors and local budget capital.	VSIP investors
Forms of land acquisition	Compulsory	Compulsory	Compulsory

Source: Hanoi Hi-tech Park Management Board;
Danang Hi-tech Park Management Board;
Southeast Economic Zone Authority.

4. Scientific results of the PhD thesis

4.1. Research results in Hanoi

Fig. 2. Land Cover Change (LCC) in Hanoi 2007–2015 and Hoa Lac Hi-tech Park



Source: author's compilation by using raw data from JAXA

(a) My research results showed that although the land was lost, 96% of households said the government did not negotiate about land compensation costs with them. Nearly half of the households were also unaware that they had received other support from the government. In addition, a gap in the land legal system identified is that the Vietnamese State has neglected the land users who have land adjacent to the project. Even though their land was not taken away, their lives were also indirectly disturbed by changes in the environment and society. These changes also significantly affect the agricultural production process, reducing the productivity and income of these households.

(b) The acquisition of 95% of agricultural land for the Hoa Lac Hi-tech project in Hanoi (Fig. 2) has made a drastic change in households' livelihoods. The compensation is 6 to 8 times lower than the amount they should receive at market prices. Such inadequate compensation leads to dissatisfaction from households. In terms of employment and income, the number of employed workers has decreased for those over 35 for women and 40 for men. The income of households after land acquisition shows a remarkable growth with more than 1,500 USD per household.

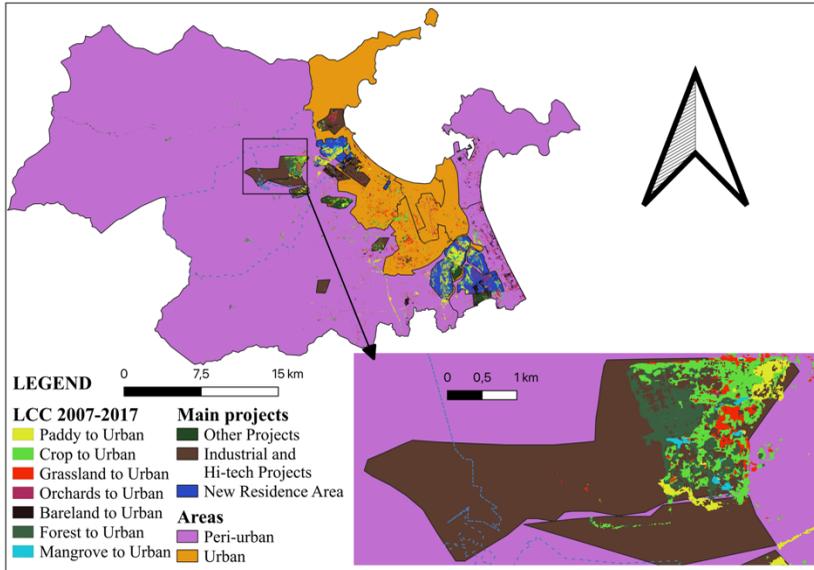
(c) The households tend to use compensation money for non-profit purposes such as home repairs and purchasing necessary household equipment. However, a highlight is that these households have a reasonable choice of investing in their children's education. As for the subjective assessment of the environmental and social status, these households said a worse situation than before. Although negative impacts of land acquisition for the Hoa Lac Hi-tech Park project still exist, households who lose land for this project still choose their current life compared to before land acquisition.

4.2. Research results in Danang

(a) My research results pointed out the problems when people lost their land for Danang Hi-tech Park (Fig. 3). Firstly, the compensation price is paramount, which is the most crucial influence on households' satisfaction level. Although nearly 50% of households accept government compensation, these farmers are still paying much attention to the difference in the two compensation rates. Amendments to the land law have been enforced, but there are still significant gaps between these two prices. This disparity causes inequity for households to be withdrawn over additional years. Secondly, in addition to the shortcomings outlined above for landless households, the land compensation policy has also left out a subject that is also affected significantly. These are the households living around the project area. Although not affected directly as households

lose land, other people also suffer adverse impacts on their lives, especially during the project's construction phase. Roads were damaged and dusty. There is land for production, but changes in the irrigation systems have dramatically reduced productivity.

Fig. 3. LCC in Danang 2007–2017 and Danang Hi-tech Park



Source: author's compilation by using raw data from JAXA

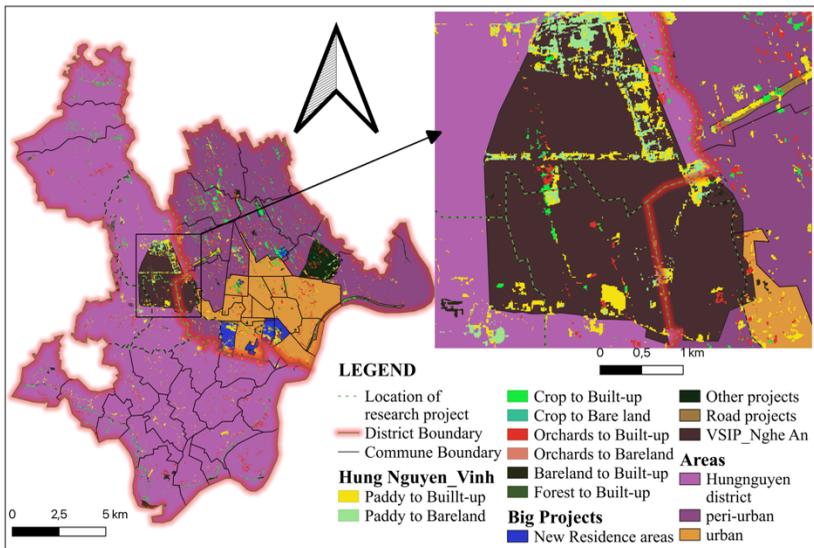
(b) With the households' work status and income after transferring land use rights, the study results provided convincing evidence that farming households are having difficulty adapting to changing livelihoods. The unemployment rate increased sharply for women over 35 and men over 40. Along with that, the living and working habits of people have not changed. They still choose agricultural production in the remaining area, so households' average income decreased nearly 190 USD/household compared to the past. Moreover, when they have agricultural land, their income is stable, and they can save some money for the future. Losing their land has made their lives much more difficult. Without agricultural land, they cannot find new jobs, so social deviances occur more often. Furthermore,

farmers are accustomed to manual labour, so they feel their health has deteriorated because they stay at home all day and are inactive.

(c) The use of funds for non-economic purposes has negative consequences on the livelihoods of these households. They mainly spend money on home repair and the purchase of new household appliances. Besides, the Danang Hi-tech Park project is in the process of construction, and the resulting traffic has generated noise and dust. The water source has been polluted. These reasons make the households' assessment of their living environment worse. Thus, it could be mentioned that their quality of life has deteriorated. Therefore, the people who lost their land for this project want to return to their former agricultural life.

4.3. Research results in Vinh city – Nghe An province

Fig. 4. LCC in Vinh city 2007–2017 and VSIP Nghe An



Source: author's compilation by using raw data from JAXA
 (a) My research results indicated some problems of land-expropriated people for VSIP Industrial park in Vinh city, Nghe

An province (Fig. 4). The government and functional agencies have also strictly implemented the process and procedures for land acquisition and compensation. Most households have received notices of land acquisition. They also know information about the purpose of land acquisition and details of the State's payment and support for their families. However, people are still concerned about the difference in compensation prices. It is worth noting that this is the difference between public and market prices. Besides, upon land acquisition, households that lose land and families with farmland adjacent to the project are all affected. Therefore, the government also needs solutions to support these households. This support can avoid inequality between households directly and indirectly affected by land acquisition.

(b) People's livelihoods had changed dramatically when the government took over agricultural land. With a large amount of agricultural land recovered to other economic functions, unemployment is an inevitable phenomenon. However, unemployment rates are highest among women over 35 and men over 40. The choice of jobs after losing land also makes households struggle. With low education and only farming skills, these households almost have no choice but to do unskilled labour. Those are jobs with no stable income. As a result, the sustainability of households' income also does not show a guarantee. Households live in more spacious houses with more modern appliances such as air conditioners, washing machines, and other appliances. The household income also showed strong growth after receiving compensation and support from the local government. On average, each household increased by more than 900 USD than before, due to compensation.

(c) The compensation amount serves primarily for personal needs. Instead of using that money for income-generating purposes, they spend it on non-economic purposes such as building houses, buying motorbikes, and other household items. It is also the reason why the assets of households demonstrated

a significant change. Other essential household instruments have replaced production tools. Besides, the surveyed households said that the environment had not been affected, but they expect that it would deteriorate over time. Thus, life choices suggest a more balanced situation in Vinh city than in Danang and Hanoi. However, the number of households wanting to return to their previous agricultural life also reached 53%.

4.4. Addressing the main research questions

(a) There are similarities and differences in land acquisition in general in the world and Vietnam. Similarly, compulsory land acquisition is a government right to recover private land for public use without the landowner's consent. Land acquisition ensures that the government has land to build essential infrastructure (FAO, 2008). The effects of land acquisition also show similarities regarding concerns about future food security, livelihood changes, and inequality between groups of land-related incomes. Meanwhile, land ownership in Vietnam is different from most other countries in the world because, for example, Vietnam is a socialist country, the form of compulsory land acquisition is frequently used.

(b) My compared empirical results investigated how the implementation of land acquisition and compensation policies differ among three localities. I found that the larger the city, the weaker the implementation process. Few compensation arrangements were applied in Hanoi, whereas in the smaller city of Vinh, agreements were applied and fulfilled in most cases. Our findings show that these policies are established from managers' perspectives, ignoring the household perspective. As a result, households in the area affected by industrial and hi-tech projects in all three regions lack funding support and interest from local authorities. Development projects lead to injustice for these households.

I quantified the effects of land acquisition on livelihood, employment, and income. In the large urban area (Hanoi) that was less reliant on agriculture before the acquisition, households

recovered rapidly and even reported better quality of life post-acquisition. However, income after the land acquisition was dependent on many factors. Employment choice after land acquisition and compensation money use were essential factors. After losing land in Hanoi and Danang, the majority of households changed jobs, whereas most households in Vinh remain in agriculture even after losing more than half of their agricultural land.

(c) I determined how households used their compensation money and asked whether respondents were more satisfied with their quality of life before, during, or after the land acquisition. Inappropriate use of compensation money may contribute to changes in income after losing land. Most households spent money on assets such as building houses, paying debt, and buying transportation, but many also invested for future generations. Although quality of life parameters such as having savings and perceived comfort increased in Hanoi and Vinh, Hanoi was the only location that reported greater post-acquisition life satisfaction.

(d) Land acquisition and compensation bring both positive and negative impacts from the perspective of geographers. Land acquisition and compensation in economic development projects benefit the Vietnamese State, investors, and people whose land is acquired. For the State, this also generates revenue from land allocation, land lease, and land tax. For investors, land is a unique means of production in economic terms, so whoever holds much land will have many advantages in production and business activities. The State has regulations on compensation, support, and resettlement for people whose land is recovered. Nonetheless, the legal regulations promulgated by the State stand from managers' perspectives. The legislators still do not correctly assess the harmful effects of land acquisition on households indirectly affected by the project. The compensation method for households losing land is also not sustainable because of the one-time cash compensation.

5. Conclusions and recommendations

I point out the issues of land acquisition and compensation policy from managers' perspectives. Combined with the research results found, I present some recommendations to solve the problems identified in this PhD research. First, the order of land acquisition and compensation in Vietnam is assessed to be relatively reasonable and coherent. The current land law also shows more progress than previous land laws. It creates favourable conditions for the authorities to efficiently carry out site clearance and minimize complaints from the people. However, the time for land acquisition is still prolonged and affects the investment process of the project. An example of this shortcoming is the difference between the size of the expropriated land on paper (cadastre) and in reality. This is also why land disputes occur, and there is no consensus on land compensation. Before the land acquisition, people rely on the land area on the land use right certificate to pay land use tax. However, when land is acquired for project construction, the State re-measures the land, leading to different numbers. This causes losses to the previous land users.

Besides, the benefits of land-losing households are negatively affected by the compensation price for land, especially agricultural land. Besides, the benefits of land-losing households are negatively affected by the compensation price for land, especially agricultural land. Thus, the State does not stipulate or adjust the market land price and does not use the market land price as a basis for calculating compensation upon land recovery. Instead, the compensation is calculated according to the specific land price set by the Provincial People's Committee. Therefore, the compensation for ground clearance is low because it is not calculated according to the market land price but according to the price determined by the State. Another problem with compensation is that it is done on a one-time payment method, after which the investor and the people whose land is acquired are no longer related to each other. This practice creates the feeling that those whose land is acquired will not benefit from the investment project but suffer the loss of benefits

when the land is acquired. This is the leading cause of many complaints and lawsuits from people about land.

Another object affected by the loss of benefits is the agricultural production households in the project-affected area. As research has shown, just like the families whose land has been acquired, they also suffer negative impacts from environmental, social, and project changes. Negative economic impacts are also seen in these households when they face difficulties in production. These issues do not seem to have received attention from local authorities because, according to them, these households are almost unaffected. If there is an influence, they will consider it the responsibility of the investor.

Some recommendations proposed by me to solve the problems are policy, implementation organisation, and recommendations to ensure the lives of people who lost their land.

Regarding policy recommendations, the State needs solutions on price (land and other damages).

- The State also needs to pay attention to supporting life stabilization and job change, especially the division of support levels by working age.
- The local government also needs the policy to ensure fairness to households in the area affected by the project.
- As for the organisational solutions, it is necessary to establish a real estate market research and management agency to perform the State's management function.
- These agencies also aim to re-regulate the market according to the strategic directions of the State.
- In the land law and the Government's Decrees, it is also necessary to add the responsibility of the State, the responsibility of the investor to the issue of a career change and training for people whose land has been acquired.
- Local authorities and investors actively guide people to use compensation money to invest in profitable areas effectively.

Finally, there are recommendations to ensure the lives of households whose land has been recovered.

The first is the solution of using natural capital to stabilize production. For the remaining agricultural land of households,

people should boldly apply new production forms with high efficiency.

The second is the solution to support job training for labour sources. In order to ensure jobs and stabilize the lives of households whose land has been acquired, the forms of employment must be sufficiently flexible and realistic to meet the requirements of the labour market. The state should also divide into each type of training needs with different solutions. Local authorities should develop traditional handicrafts for workers over 35 years old and workers with low education and expand investment in building infrastructure to serve production for the people.

Another recommendation is financial capital. The form of compensation and support in savings books should be applied to elderly workers who are difficult to change jobs.

6. Publications and conferences

6.1. Publications used in the dissertation

Nguyen, T.T. 2021. Conversion of land use and household livelihoods in Vietnam: A study in Nghe An. *Open Agriculture*, 6: 82-92. <https://doi.org/10.1515/opag-2021-0010>. (MTMT identification number: 31881578). (IF: 1.2)

Nguyen, T.T. 2021. Vietnam Land Market: Definitions, Characteristics, and Effects. *Journal of Asian Development*, 7(1): 28-39. <https://doi.org/10.5296/jad.v7i1.18209>. (MTMT identification number: 31881581)

Tuan, N.T. 2021. The consequences of expropriation of agricultural land and loss of livelihoods on those households who lost land in Da Nang, Vietnam. *Environmental & Socio-economic Studies*, 9(2): 26-38. <https://doi.org/10.2478/environ-2021-0008>. (MTMT identification number: 32107466). (IF: 0.64).

Tuan, N.T. 2021. Shrinking agricultural land and changing livelihoods after land acquisition in Vietnam. *Bulletin of Geography. Socio-economic Series* 53(53): 17-32. <https://doi.org/10.2478/bog-2021-0020>. (CiteScore 2020: 2.1)

Tuan, N.T., and Hegedűs, G. 2022. Land Acquisition and Compensation Processes in Vietnam: The Case of Vinh City, Nghe An Province. *Austrian Journal of Southeast Asia Studies*, 15(1). (Accepted). (IF: 0.71).

Tuan, N.T. and Hegedűs, G. 2022. Land Compensation and Policy Enforcement in Vietnam: a Case Study in Danang. *Real Estate Management and Valuation*, 30(2). (Accepted). (IF: 1.05)

6.2. Other publications

Ha, P.T., **Tuan, N.T.**, Quan, N.V. and Trung, N.V. 2021. Land Price Regression Model and Land Value Region Map to Support Residential Land Price Management: A Study in Nghe An province, Vietnam. *Real Estate Management and Valuation*, 30(1): 71-83. <https://doi.org/10.2478/remav-2022-0007>. (IF: 1.05).

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CO-AUTHOR STATEMENT

I, *Gábor Hegedűs*, declare that the “*Land Acquisition and Compensation Processes in Vietnam: The Case of Vinh City, Nghe An Province*” publication and “*Land Compensation and Policy Enforcement in Vietnam: a Case Study in Danang*” publication of the doctoral candidate was greatly contributed by the candidate and was not or will not be used in the past or in the future, respectively, for the purpose of acquiring an academic degree or title.

Szeged, 28th March, 2022

Hegedűs Gábor
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