



Agricultural land for urban development: The process of land conversion in Central Vietnam



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ABSTRACT

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Since the 1990s, Vietnam's progressive integration into the global market economy has triggered major economic and social transformations. In spatial terms, these are marked by a massive conversion of agricultural land for industrial and urban development. While this process has attracted considerable attention from media and researchers, much of the research on land conversion has focused on the largest cities. Little attention is devoted to similar processes occurring in medium-sized cities where urban expansion has been rapidly increasing in recent years. In order to identify the issues and consequences, this paper attempts to analyze how the conversion of farmland for urban uses takes place in the medium-sized city of Hue in Central Vietnam. The analysis shows that land conversion for urban development purposes has increased social tensions and complaints from affected people. Two key issues are identified: i) the state uses its extensive powers in the decision-making process while the participation of affected people is passive and weak; ii) land conversion from agricultural to urban uses results from profit-seeking by multiple stakeholders. Data was collected through fieldwork in Hue and secondary sources such as newspapers, legal documents on land policy and urban development.

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Introduction

Land conversion is widely defined as a process characterized by the transference of land from one type of use and user to another. In most cases, as in this paper, conversion involves transforming agricultural land for urban uses (Azadi, Ho, & Hasfiati, 2011). This is a worldwide phenomenon (Firman, 1997) that is seen as inevitable during periods of economic development and population growth (Tan, Beckmann, Berg, & Qu, 2009). In many parts of the world, governments have devised policies to facilitate the acquisition of scarce land for such purposes in order to achieve socio-economic goals. This process, however, is implemented in different ways in different countries. Differences in land tenure regimes lead to different conversion processes; land rights determine the methods of purchase and sale and also affect the distribution of benefits produced by land conversion (Tan et al., 2009). For example, in the Netherlands and Germany, farmland is often privately owned and compensation prices are thus set according to market prices. Private land ownership in these European countries therefore offers

established rights holders' considerable protection. Conversely, in countries without private land ownership, land conversion is dominated by the government.

Vietnam is a socialist country where 'all land belongs to the state' (Land Law, 2003). Currently the country experiences rapid social and economic development based on a strategy of increasingly integrating into the globalized world economy. A logical corollary of this development process is a rising demand for suitable land for urban and industrial growth (Phuong, 2009). In order to accommodate that demand, the government uses the mechanism of land conversion for 'public purposes' to open up massive expanses of agricultural land in rural and peri-urban areas. In fact, it is estimated that nearly 1 million hectares of farmland was converted to non-agricultural uses between 2001 and 2010 (World Bank, 2011). The question now arises whether public sector ownership and management of land leads to more equitable outcomes than market-driven conversion processes. In principle, state control over land could safeguard weak stakeholders from being crowded-out by market forces. On the other hand, we also know that land conversion has caused social tensions, attracting considerable attention from the media and researchers. Thus it is important to ask: to what extent do state-based land governance systems actually differ?

Much of the research on land conversion in Vietnam is concentrated in mega-cities such as Hanoi and Ho Chi Minh City.

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Little attention is devoted to similar processes taking place in medium-sized cities where land conversion for urban expansion is rapidly increasing. This paper, analyzing the conversion of agricultural land for urban expansion in a smaller city, focuses on identifying the stakeholders involved and their participation in the process as well as the distribution of benefits in the land conversion process, such as agricultural land acquisition for resettlement and new urban areas in the peri-urban zone of Hue City. Our findings show that participants in the land conversion process include affected households as well as local authorities and developers, including government agencies and state-owned enterprises. While the role of affected people tends to be passive and weak, state and government agencies are seen to play an active role in the process of decision-making and implementation of land conversion. Likewise, developers are also active in the process and particularly resourceful in seeking strategies to successfully promote land conversion. The paper also finds that the profits from land conversion are mostly seized by the developers and local authorities.

The remainder of the paper first provides an explanation of the methodology used in this research. The paper then explains the legal framework for land conversion in Vietnam. The next section presents the results of the study: the agricultural land conversion players in the research area and their role in the conversion process, which is followed by a section discussing the two selected cases in Hue City. The last section provides the conclusions.

Locality and methods

This study was conducted in the peri-urban areas of Hue, a medium-sized city of some 400,000 inhabitants. Hue is the capital of Thua Thien Hue Province in Central Vietnam and well known as the historical capital of Vietnam under the Nguyen Dynasty (1802–1945). Many monuments testify to this glorious past and a large part of the city has been recognized since 1993 as a World Heritage Site under UNESCO's Convention on the Protection of World Cultural and Natural Heritage (Nguyen, 2008). Since the start of the 2000s, the urban area has expanded rapidly into the peri-urban spaces where 60% of the population depends on farming. Three key reasons explain these processes. First, the changes in the economic structure of the city have vitally contributed to urban expansion. Tourism has increased at a fast pace and is identified as one of the main sources of local development. The share of tourism in the gross local product increased from 30% in 1990 to 43% in 2010 (HSO, 2011). Second, and in line with the economic transformations, the urban population rose from 291,000 people in 1997 to 400,000 in 2011; this created a considerable demand for new dwellings and urban services. Third, local leaders pursue a deliberate urban growth strategy with the conviction that the creation of a modern urban image and urban expansion will attract investors and create more opportunities for economic growth (VCCI, 2011).

The urban expansion of Hue City affected a large area of farmland in the peri-urban areas. In the period between 2000 and 2012, over 393 ha were converted for urban development projects. This process has affected the interests of 2770 households. Among wards and communes of the affected urban fringe, Thuy Duong and Huong So were selected as research sites. Thuy Duong is the 'gateway' to Hue City for travelers from the South; here the Dong Nam Thuy An, a new housing project, is being realized. Huong So is located in the North of Hue City and about 8 km from the commercial center. It is also the location of a resettlement project for the boat people completed in 2011. These two projects were selected to explore the process of land conversion for urban development (Fig. 1).

Secondary data, including newspaper articles, legal documents on land policy, statistical sources, and unpublished documents relating to the new urban developments of Thuy Duong and Huong So, was used to understand the nature and extent of land conversion in Vietnam. Additionally, fieldwork conducted between September and December 2012 included interviews with persons either responsible for or affected by land conversion processes as well as a household survey.

Initial interviews were conducted with government officials from the Department of Natural Resources and Environment at district and commune levels. These interviews explored the land conversion process at each step as well as the roles and interests of the stakeholders involved. At the village level, interviews were conducted with older villagers and village/hamlet leaders. These interviews investigated the level and nature of community participation in the land conversion process. To fully understand how affected people perceive the land conversion process, the research also included 5 in-depth interviews with representatives of affected household groups. One interviewee was selected from each of the three land loss groups determined by the central government: 1) households losing less than 30% of their farmland, 2) households losing between 30 and 70% of their farmland and 3) households losing over 70% of their farmland. Two additional interviews were also conducted with respondents from different generations (young and old).

A household survey was also used in this study. According to local reports, 192 households in both Thuy Duong and Huong So lost almost all of their agricultural land to the resettlement and new urban area development projects. For the study, a total of 105 households (45 households in Huong So and 60 households in Thuy Duong) were selected.

Legal framework for land conversion

In the property rights literature (Denyer-Green, 1994), much attention is given to the protection of private property rights because it allows property owners to control their assets and to secure benefits deriving from the use, sale or change in land value. Governments have commonly reserved legal rights as a policy instrument to acquire private property for public uses while paying just compensation to those whose property is taken (Phuong, 2009). Land acquisition for economic expansion is a typical example. In practice, there is considerable differentiation in the way that governments are able to apply such powers to acquire rights of land ownership or use. In the United States, where property rights are clearly defined and markets well-developed, property owners who relinquish their property for public use are entitled to a payment based on the market value of the subject property, which is the best offering price in the open market by a willing seller to a willing buyer (Han & Vu, 2008). In the United Kingdom, compensation is based on the principle of value to the owner, consisting of the market value together with other losses suffered by the claimant. Australia provides compensation largely for raw land value only (Chan, 2003). However, in emerging socialist countries such as China and Vietnam, the principle of just compensation is less well defined. Unsurprisingly, in view of the dynamic changes taking place in these countries, land conversion for public purposes is now causing social conflict. The question raised here concerns how land conversion takes place in countries where private land ownership is not recognized.

The transformation of Vietnam from a centrally-planned, state-led economy to a market-oriented economy goes hand in hand with corresponding changes in the institutional settings; this includes the role of the government. The central state dominance in economic and social affairs has been restructured by a new division of

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