

FAMILY FARMING AND FARMLAND POLICY IN VIETNAM: CURRENT SITUATION AND PERSPECTIVE

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ABSTRACT

The surveyed results showed that Vietnam's 2003 Land Law still imposes strict ceilings on land ownership so that opportunities to consolidate and expand farming operations through the land sale market are very limited. In 2009 there were 150,102 commercial farms throughout the country, with average size of around 6 hectares. Their number has increased by approximately 8,600 per year since 2000. In 2009, these farms employed 510,000 workers. Vietnam's agricultural products either have no trademark or inefficient trademark management and development for those products that have trademarks. All these, result in low competitiveness of Vietnam's agricultural products even the domestic market. The buying land was mostly happened in the Mekong river delta, where there is larger farm size for rice cultivation up to 2000. While in the North the land-use practices were mostly borrowing and renting because farmer want to keep small land as main asset for rural household. The price tends to increase according to the scale, because the total amount of goods sold is big, this results in the process of price negotiation between traders and farmers in Mekong. The farm land rental market is still limited in this area. Many rural youth will go into farming only if farming can make them rich and feel confident and the main constraint is land access. Vietnam needs to develop effective policies to attraction the new generation of farmer in the Restructuring of Agriculture strategy for a perspective of professional farmer.

Key words: Family farming, Farm land policy, Young farmer

INTRODUCTION

The de-collectivization of agriculture as part of the *doi moi* reforms which were formalized in the 1988 in the Resolution 10 of Party represented a dramatic policy shift. By leasing land, ***the Land-use right***, to family farming and farmers, the Government created the conditions that boosted agricultural output and exports, and raised rural income and wealth. It also provided a foundation for rapid urbanization, industrialization and economic modernization. The impact of this reform was very positive. The food security has been achieved rapidly by the land access for every farmer. Vietnam has becomes exporters of a lot of agricultural products. But after 20 years, the poverty was reduced significantly, but net income of family farming was increased slowly due to the small scale of farm size. Vietnam recorded impressive economic growth and poverty reduction during the 1990's in response to market-oriented policy reforms (World Bank, 2006a), including ambitious land reforms in 1988, 1993 and 2003. However, there are concerns that the reforms have not produced institutions strong enough to support efficient markets in all sectors

of the economy, and that growth has slowed – particularly in the agricultural sector (Gaiha and Thapa, 2007; Hansen and Diaz, 2008). Vietnam remains one of the 40 lowest-income countries in the world (World Bank, 2009).

1. The evolution of farmland policy in Vietnam

More than 80 per cent of the poor are located in rural Vietnam, where their livelihoods depend primarily on agriculture (VASS, 2007). The average area of cropland operated by farmers in Vietnam is only 0.63 hectares (VASS, 2007). Not only are the farms amongst the world's smallest (Eastwood et al, 2010), they are also highly fragmented. Some 75 million cropland parcels are owned by almost 12 million rural households (Hung et al, 2007; Kerkvliet, 2006) resulting in land fragmentation and land losses between plots (Phuong, 2009). There is considerable evidence that farms are cost inefficient (Hung et al, 2007; Kompas, 2004; Rios and Shively, 2005; Vu, 2006). As a result, farm incomes are tightly constrained by very small farm sizes, highly fragmented cropland holdings and cost inefficiency.

Vietnam's 2003 Land Law still imposes strict ceilings on land ownership (3 hectares) so that opportunities to consolidate and expand farming operations through the land sale market are very limited.

Land use certification

Vietnam initiated ambitious and comprehensive land reforms in 1988. The Resolution 10 in 1988 mandated the break-up of collective farms and allocation of exclusive use rights to individuals. By 2007, more than 80 per cent of the agricultural land had been registered with Land Use Certificates that conferred a relatively broad bundle of use and transfer rights on landholders (Phuong, 2008). It was anticipated that enhanced tenure security would motivate farming households to invest more labour and capital in land. The 2003 Land Law intended to strengthen these incentives and promote allocative efficiency by allowing subletting and by removing earlier limitations imposed on lease duration (less than or equal to three years in the 1993 Land Law). Furthermore, the extended use of Land Use Certificates (LUCs) as a mortgage, guarantee or capital share was expected to increase the supply credit to farming households. Despite the impressive success of its land reforms, there is evidence of widespread inadequacy in the breadth of rights to cropland in Vietnam. Possession of a LUC does not prevent local authorities from zoning wetland for rice production. Markussen et al. (2009) found that, at plot level, about 36 per cent of sampled plots 'must grow rice in all seasons' despite the user's preference for other crops. The duration and assurance of land rights are also constrained. According to the 2003 Land Law, the right to land cultivated with annual crops expires after 20 years, and the limit for land growing perennial crops is 50 years. Although LUCs may be renewed at the end of the period (the first certificates expire in 2013), renewal is conditional on an official's assessment that the farmer has and will continue use the land for its certified purpose. When making its assessment, local government can (and may have a political incentive to) adjust rights (Kerkvliet, 2006). Huyen and Ha (2009) provide evidence of land disputes that government has been slow to resolve, and of local governments expropriating land 'in the public interest' without offering fair compensation. These deficiencies in tenure security raise transaction costs. High transaction

costs have also been attributed to cumbersome and costly bureaucratic procedures for transferring farmland use rights (Phuong, 2008; World Bank, 2002) and to poor physical infrastructure, particularly rural roads and telecommunications (Joint-Donors, 2009).

Land Consolidation

Land consolidation is widely seen in Vietnam as essential for raising agricultural productivity, boosting incomes, and sustaining the growth of agricultural exports. Vietnam's roughly 14.5 million farms comprise approximately 70 million land parcels. They vary in size, but none of them is large. Fragmentation is more pronounced in the North than the South. The disadvantages of land fragmentation have been widely documented. It hinders agricultural modernization; undercuts the "scale effects" that enable productive resources to be used efficiently; raises the costs of production and marketing; increases the difficulty for farmers with scattered plots to coordinate their efforts; and raises the cost of public efforts to promote land consolidation. Critics of fragmentation also refer to the waste of land in borders and paths, the time lost travelling between plots, and transport difficulties. There is a large literature on the benefits of land consolidation. These include the increase in the productivity of land through mechanization; improved labor productivity due to more effective organization and supervision; the better utilization of fixed capital; reductions in the unit costs of inputs such as seed, manure, and fertilizer; and enhanced transport efficiency. Land consolidation also enables public authorities to more effectively improve agriculture-related infrastructure by overcoming the physical obstacles of the "bad layout" associated with small plots. A final advantage is that existing technologies are more readily adapted to production conditions on larger plots. It is noteworthy that the disadvantages of fragmentation and benefits of consolidation reflect a financial and/or administrative perspective. The farmer's point of view is mostly ignored. Why would farmers who have to deal with the consequences of fragmentation every waking moment fail to recognize the inefficiencies and costs and voluntarily take steps to reorganize their plots of land? What has prevented small farmers, the world over, who are in regular contact with their neighbors from devising mechanisms for agglomerating their holdings so as to sharply reduce operating and other costs? The short answer is that having land in different parcels is not the most binding constraint facing small farmers whether in Vietnam or elsewhere. Since land is often the farmer's principal asset, the persistence of fragmentation is evidence that the practice has important benefits. Part of the longer answer is that the advantages of consolidation apply only to larger farmers or groups of cooperating farmers who can raise the capital to mechanize their operations. Lacking the finance to increase their farm size or mechanize, small farmers find that land fragmentation is fully consistent with their efforts to increase output, incomes and welfare subject to variability in land quality, the availability of non-land productive resources, and their limited tolerance for risk. A third part of the answer is that for an individual farmer, the information and coordination costs of unilaterally attempting to consolidate land by adding contiguous parcels to their holdings outweigh the potential benefits. For the farm household, land fragmentation has several advantages. It spreads risk; provides access to land with different agronomic features such as slope, aspect, location, soil type, drainage; enables output to be diversified; enables resources, especially labor, to be allocated more efficiently over time and activities; and improves the liquidity of the household's main asset. Yet, while farmers may be optimally allocating their land and other resources given their constraints, they may still be poor

and food insecure. These problems result from the lack of productive resources such as physical capital including land, human capital, finance, and relevant information. It is these deficiencies, rather than the degree of land fragmentation, that diminishes farm household welfare and impedes rural development.

In Vietnam, the degree of fragmentation since Renovation has its roots in poverty, farmers cannot afford larger farms, social pressures, when land was de-collectivized it was divided equitably among existing commune and village members, and agricultural practices farmers choose to have access to different types of land to diversify their activities and reduce their risks. The extent of fragmentation is also the result of intense population pressure. The cultivated area per capita in Vietnam is only slightly more than 1000 square meters. This is among the lowest for any country in the world. While land fragmentation has drawbacks, one of them has *not* been lower low land productivity. This outcome has been widely observed internationally. Despite the high degree of land fragmentation, Vietnam's agricultural productivity and aggregate production have increased significantly, and continue to do so. In spite of this impressive performance, farmers' average incomes have increased relatively slowly, and in some areas not at all. This has little to do with how land is physically arranged. Rather, small farmers are generally unable to afford additional productive inputs, including land. Consolidating Vietnam's limited supply of agricultural land will do nothing to provide them with more land.

The general logic, regularly repeated in our trips to the provinces, is that only the larger, "better organized" landholders, including whether individuals, corporations, or cooperatives, will have access to the capital that allows them to mechanize their operations. Other officials have argued that consolidation is the essential foundation for the spread of agro-processing and the commercialization of agriculture. Consolidation is also seen as providing a boost to employment. Notwithstanding this emphasis, the Government has been cautious. Beginning in the late 1990s, it began encouraging plot exchange and the voluntary rationalization of land holdings to improve production efficiency. It has avoided administrative measures to force land consolidation. Successful land consolidation involves three tasks. One: Land needs to be agglomerated, i.e., fragmented plots have to be combined in some orderly physical pattern. Two: The average farm size needs to increase. Three: Farmers and farm household members displaced during these two operations need to be resettled and re-employed. While the first two tasks would be "easy" administratively, especially the State's power over land recovery, the third task poses major difficulties. Land consolidation and farm enlargement may have the advantages of raising output and increasing exports. Its disadvantage is that it displaces large numbers of farmers, many of whom will have difficulty adjusting. More important, many of those who would be displaced have no desire to leave agriculture particularly when the alternative is to eke out an existence on the periphery of the urban/industrial society. On both counts welfare and well-being would diminish sharply. Thus, the issue in Vietnam is *not* whether land consolidation is an appropriate strategy for modernizing agriculture and increasing output. The main question is how to deal with the social, economic, and political consequences of any program of forced consolidation and farm enlargement. The Government has been careful to avoid pushing land consolidation through administrative means. Some districts in several provinces have successfully induced farmers to voluntarily consolidate their land holdings to support mechanization, or to shift production to pigs, fish or poultry. The Government support for commercial farms has been

constructive. The goal has been to “demonstrate high economic efficiency, generate hundreds of thousands of jobs, make the best use of water surface area and land and contribute significantly into the integration of the country”. In 2009 there were 150,102 commercial farms throughout the country, with average size of around 6 hectares. Their number has increased by approximately 8,600 per year since 2000. In 2009, these farms employed 510,000 workers (MARD).

The expansion of land use rights under the various land laws has facilitated the re-allocation of land (World Bank, 2006a). The ability to lease, sell, and/or transfer land use rights, has enabled the least efficient farmers to reduce their land holdings, or exit agriculture altogether. This has allowed the more efficient farmers to expand their holdings and boost the scale of their farm operations. These changes, though modest, are having some impact. One of these is the increase in the area per agricultural worker from less than to slightly above 1 hectare. These are positive developments but they can only continue if the rest of the economy is expanding. Economic growth provides labor with the opportunity to move out of agriculture and generates the resources within agriculture to invest in ways that raise productivity. Data reviewed above indicate that these processes are well underway in Vietnam. The implication is that, without forcing the matter, some significant adjustment to the use of land is already occurring. In the meantime, agricultural output and agricultural exports continue to expand as existing farmers modify their practices, switch to more profitable activities, improve their cultivation and land management techniques, add fertilizer, and take advantage of improved information and market opportunities. This is enabling farmers modestly but tangibly to rationalize their land holdings through voluntary and market-induced consolidation. The Government could usefully continue to encourage this trend.

Agriculture restructuring and New Land Law 2013

In recent years crop production has made important contributions to the growth of the agricultural sector in Vietnam. Thanks to technical application, farmers’ skills have been improved and the productivity of crops has increased. However, the crop production sector is facing major challenges such as high input costs, a synchronous organization of supply chains and poor management of quality, which adversely affects food safety. High transaction costs result from lack of support services, unstable market of consumption and lack of comprehensive solutions to ensure stable consumption in light of heavy dependence on the seasonality. Many companies and agricultural enterprises have not explored markets proactively, especially the export markets. Rice export accounts for a large proportion of rice production but this is primarily through government contracts, which leads to the fact that foreign traders come to Vietnam for procurement of agricultural products, which directly destabilizing the market. Vietnam’s agricultural products either have no trademark or inefficient trademark management and development for those products that have trademarks. All these, result in low competitiveness of Vietnam’s agricultural products even the domestic market.

Another obstacle of the crop production sector is lack of cooperation inside the value chain, what would be referred to in Vietnamese as a model of "linking public-private collaboration in the sector has been put forward but there are only limited numbers of successful models. Construction of models of large-scale rice fields is considered necessary in order to make a

breakthrough in the sector, but it is clearly necessary to devise comprehensive and simultaneous roadmaps and solutions for the overall value chain from production organization, processing and post-harvest technology to marketing and trade promotion activities. Therefore restructuring the crop production sector towards increasing the added values and sustainable development must be closely associated with market restructuring and value chain development.

With regard to the present agricultural development policies in Vietnam, it can be seen that the policies mainly focus on production management but do not concentrate on management and development of the value chain. The policies mainly focus on intensive farming for productivity improvement but fail to manage quality, hygiene, and food safety. Similarly, many policies are suitable for large-scale households and enterprises, but not for small-scale households. The agricultural sector has been aiming at restructuring for value enhancement and sustainable development. The Decision 899/QD-TTg of the Prime Minister dated June 10, 2013, approving the Agricultural restructuring scheme towards improving added value and sustainable development. According to official, in order to meet requirements of large-scale agricultural production and accelerate agricultural restructuring, land accumulation is a must.

Calculations from survey data on household living standards in 2010 indicate that 67.38% of the households in Vietnam have production areas of less than 0.5 hectare. This is especially the case in the Red River Delta, one of the key agricultural production areas where 94.46% of the households have agricultural land under 0.5 hectare. Also according to these calculations, there are about 70 million plots of land with an average area of about 300-400 square meters/plot or even less, which means that each household has 7-10 plots (Dao, 2014). Small-scale and disperse production has a significant impact on mechanization and application of science and technology so as to reduce production costs, failing to take advantage of economies of scale, which exerts adverse effects on production efficiency of the crop production sector.

As reported by the World Bank, income from rice cultivation depends greatly on the field size. Monthly income was 151,000 VND/person for households with plot size of less than 1 hectare, and 1,293,000 VND/person for ones with plot size of over 3 hectares (Dao, 2014). This situation has occurred for many crops in Vietnam, even with the advantageous crops such as coffee and pepper. Research results also show that the more competitive advantages sector has, the larger the scale needed to produce to take advantage of economies of scale. However, institutional and historical barriers are among the main obstacles in the implementation of policies on land consolidation and accumulation. Therefore, there should be overall research on this issue including both cultural and social factors. Currently, the forms of production organization such as collaborative groups and cooperatives in several localities have begun developing as a way to scale up and take advantage of economies of scale in agricultural production. Another resolution that may help expanding production areas to enhance production efficiency is to develop land lease markets instead of present forms of land purchasing and land transfer because land costs are increasingly higher making it unsuitable for investment in agricultural production. Therefore, land ownership may not be modified in the provisions of the land law but the land use rights can be modified to facilitate land accumulation and develop land renting markets for land-use right.

After quite a lot of controversies about land accumulation standpoints, the amended Land Law, effective on July 1, 2013, opens up the opportunity for farmers, organizations and businesses

capable of conducting large production to accumulate land. According to the law, the term of agricultural land is extended to 50 years from 20 years earlier. Decree 43/2014/ND-CP dated May 15, 2014 on detailed regulations on the amended Land Law significantly increases the transfer limits of land-use rights. The limit of 30 ha is applied to each type of annual crop-farming land, aquaculture land and salt production land in centrally governed provinces and cities in the southwest region and the Mekong Delta region, while the limit of 20 ha is applied to each type of land in remaining provinces and cities. As for perennial crop land, the limit of 100 ha is applied to communes, wards and townships in deltas, and the limit of 300 ha is applied to localities in the mountainous areas. As for forestland, the limit of 150 ha is applied to localities in deltas and the limit of 300 ha is applied to localities in mountainous areas.

2. Farm land-use transactions of family household evidences.

The study of Hanoi Agricultural University has showed that, since reform the land-use transaction was very limited across regions in Vietnam (Hung, 2006). The buying land was mostly happened in the Mekong river delta, where there is larger farm size for rice cultivation up to 2000. While in the North the land-use practices were mostly borrowing and renting because farmer want to keep small land as main asset for rural household.

Table 1. Description of land holding in four communes in Ha Tay and Can Tho provinces

Province	Ha Tay		Can Tho	
District	Thach That (L) ^a	Dan Phuong S	O Mon L	Chau Thanh S
Commune	Thach Hoa (l) (n = 20)	Song Phuong (s) (n = 26)	Truong Thanh (l) (n = 24)	Dong Thanh (s) (n = 22)
Land farmed in 2,000 (m²)				
Average total area farmed/hh	9,412 (9,72) ^b	5,310 (4,191)	15,943 (8,718)	9,082 (4,111)
Average number of plots/hh	7	5	2.2	2.4
Average plot size (commune)	1,263 (3,683)	1,096 (2,144)	7,358 (5,925)	3,770 (2,972)
Median plot size (commune)	360	480	6,500	3,000
Avg size of smallest plot/hh	206	324	5,192	3,223
Avg size of largest plot/hh	5,475	3,064	10,148	5,905

^a The letters S and L; s and l indicate district and commune with smaller and larger than average farm size.

^b Standard deviations are in italics

Source: Pham Van Hung et al., 2006

Table 2. Percentage of surveyed households involved in LUR transaction activities since 1992: data from Ha Tay, Yen Bai, Binh Duong and Can Tho provinces

Province	Ha Tay (n = 97)	Yen Bai (n = 91)	Binh Duong (n = 88)	Can Tho (n = 90)
Percentage (%) of hh engaged in:				
Borrowing land	11	4	3	0
Renting-in land	19	5	3	0
Auctioning-in land	37	12	2	0
Exchanging-in land	4	0	0	0
Buying land ^a	8	0	10	14
Lending land	2	1	1	0
Renting-out land	5	0	0	1
Selling land ^a	2	0	3	4
Losing land by exchange	18	0	0	0
Giving land back to the HTX ^b	22	0	0	0
Giving land to offspring/relatives	3	4	0	1

^a Note that these figures could be underestimates because some purchases or sales may be included in ‘land acquired or lost by other means’ (percentages not shown)

^b HTX = *hop tac xa* (cooperative)

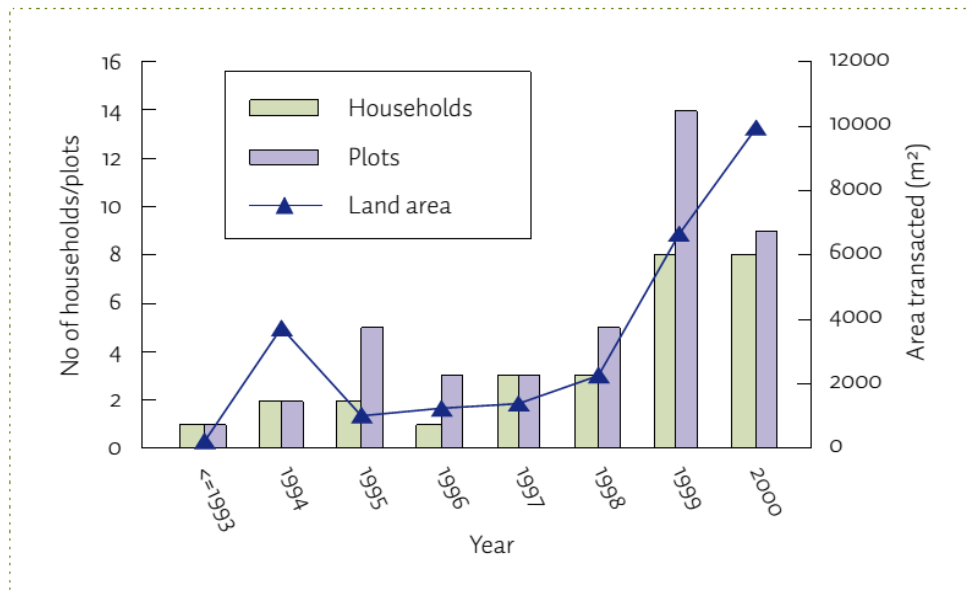


Fig. 1. LUR transactions reported by surveyed household (n = 97) in Ho Tay province-land use rights bought and rented-in since 1992.

The recent study in Mekong, where in the last five years the mechanization was increasing rapidly, shows out investment efficiency and productivity increase according to the scale of each household group. This departs from the intensive investment for the production of household

group that has larger area and more efficiency. Also, the price tends to increase according to the scale, because the total amount of goods sold is big, this results in the process of price negotiation between traders and farmers.

Table 3. Characteristics of farmers involved in the Mekong value chain in 2012

Items	Unit	Households small area	Household medium area	Households large area	Total
Average person	People	5.25	4	3	4
Average number of labor	People	3.24	2.15	1.52	2.3
Average paddy area	Ha	0.67	1.42	5.2	2.45
Rented Land	Ha	0.5	1.32	2.53	1.45
Average yield	Tons/ha	5.97	6.15	6.2	6.1
Average turnover	1000d/ha	31,110	32,140	32,600	31,915
Average production Cost	1000d/ha	22,543	21,057	20,750	21,450
Average farm gate price	1000d/kg	5,211	5,226	5,258	5,232
Average income	1000d/ha	8,567	11,083	11,850	10,465
Efficiency of capital use	Time	0.38	0.53	0.57	0.49

Source: Reardon & Dao The Anh, 2014

Therefore, groups tend to increase scale by renting more land to expand production. The average size household group tends to rent the most land, accounting for 92% of the total production area. The small household group is limited by financial capacity and the large household group is limited by labor and equipment for production. This leads to the low expansion of the area rented. The age of farmer became older and very few new young farm installation in this area because the low income from rice production and the high price of land. The farm land rental market is still limited in this area.

3. Youth and Family farming in Vietnam

According to Vietnam Farmers' Union (VFU), 30% of the population is youth aged 16-30 years, and 70% of them (17 million) are rural youth, with equal proportion of young men and women. According to surveys by the Vietnam Youth's Union in 2011, 4.1% of rural youth lacked employment while 3% were unemployed. The number of youth in Vietnam who wants to migrate to big cities to work rose from 40% in 2009 to 56% in 2012.

The most urgent needs of rural youth in Vietnam are jobs and low and unstable income from farming. More rural youth leave farming and work in big cities due to industrialization; the lands that they leave behind remain largely uncultivated. Young farmers lack experience, knowledge and appropriate training on agricultural production and marketing; lack capital and lack of access to new land due to the limited land budget at local level. Moreover, there is lack of funds for community activities for rural youth. Many rural youth will go into farming only if farming can make them rich and feel confident. The main factors are deeply analyzed by following:

- *Trend of going to cities to look for jobs.* Most rural youth just help their parents in farming when they have free time. In Mekong delta, the tradition of living in multi generation family is still popular. But there are very few rural youth who want to

stay in rural areas to do farming. Although rural youth occupies majority of labor force, most of them have low qualification and capacity in production and business. Many rural youth wish to enter university or college to have chances to leave the rural area and have good job in big cities. Rural youth moving to big cities is a major trend and leads to other urgent issues like social problems, transportation safety and organizing migrant youth.

- *Limited agricultural land.* The process of industrialization and modernization has made agricultural lands decrease rapidly. This is also a reason why rural youth must go to big cities to look for jobs. In 2001-2007, 500,000 hectares were converted to urbanization/ industrialization purposes; currently, there is a support policy by government to control and keep agricultural land, e.g. 3.8 million hectares for rice.
- *Lack of capital.* Young farmers lack capital and access to loans because they are not the heads of their families and they do not have collateral to borrow money from the banks and financial institutions.
- *Lack of appropriate technical training.* Compared with urban youth, the rural youth's qualifications and educational level is much lower. Although there are many supporting policies to provide rural youth with trainings these do not have suitable contents, methods or do not meet their needs. There is a need to organize the training courses on agricultural production knowledge, linking to markets and applying modern science and technology.
- *Difficulty in selling agricultural products.* Farmers cannot sell their products and sometimes have to sell at very low price. The regional production plan is not good as some crops are produced over what the market demands. Most products also lack the necessary certification for safe organic products as the certification system is not managed and operated well.
- *Lack of access to markets and marketing skills.* Farmers do not easily to access market and young people also lack marketing skills. They depend on middlemen, so the agricultural products' price is low due to selling through middleman.
- *Lack of funds for community social activities* (such as socio-cultural activities of youth union at grassroots level). Infrastructure for cultural activities is poor.

Vietnam Farmer's Union (VFU) believes that society should recognize the important role of agricultural production and rural youth and respect the value of agriculture and farmers. It provides technical training for young farmers and urges government to implement policies supporting young farmers in Vietnam. In general, there are many programs for youth, as provided in the *Strategy on developing youth in 2013-2020*, but there are very few programs targeted at rural youth. One program called "600" encourages 600 young students to live in rural areas after they graduate. The *Law on the Youth, 2005* gives priority to vocational training, job creation and access to loan with low interest rate for rural youth. Other government programs for rural youth include *Vocational training for rural laborers*, a program to encourage the youth to participate in new rural construction and in the "green economy", access loan from a National Fund on job support based on cooperation groups or models on production; *Loan for poor students* or those from poor households or rural laborers who want to learn at vocational training schools. Several civil society organizations also implement programs that address the concerns of young farmers. Vietnam Youth's Union, for instance, is the representative organization for

the youth in Vietnam and aims to, among others, to reduce youth unemployment. The *Movement on Volunteers to the Countryside* encourages youth in urban areas to go to rural areas to help in agricultural production. They stay with farmers and transfer their knowledge to build local infrastructure. The *Movement on youth in good production and business* encourages rural youth to apply technology, biotechnology, innovative thinking, sharing knowledge and participate in new rural construction.

4. Farm land policy perspective for young farmer attraction and other policies

As the lesson learned internationally, young people's access to land is influenced not only (and not always) by a shortage of land, but also by biased attitudes. These solutions could be included in IFAD project activities in Vietnam and combined in a holistic approach to increase their sustainability. Long-term solutions to address the insecure land tenure of young people could include:

- Strengthening of legislation, local institutions and legal services for youth to ensure that their rights to land are recognized and defended;
- Youth awareness and empowerment (development of youth-oriented advocacy);
- Development of land markets as mechanisms for providing access to land;
- Targeted economic incentives;
- Identification and promotion of off-farm economic activities or small, land-intensive farming activities that target young people; and
- Strengthening of rural youth organizations and youth's participation in mixed organizations to give young people a voice in policy-making processes.

In order to respond to the main constraint of land budget limitation available for young farmer access, there are six areas that could be usefully considered in the Law on Land.

Protecting the land property rights of Farmers

The areas that would warrant action under this heading include:

- Formally abolishing the 20-year term for agricultural land, thus creating equality among all users of land, whether foreign or domestic investors, or farmers;
- Recognizing long-life land use right (50 years) of the farmers in regard of granted land while maintaining the notion of "ownership of the whole people" of land;
- Recognizing all transfers and exchanges of land which are conducted under free and open agreements among farmers and other acquirers;
- Ensuring the equal treatment among users of housing land and agricultural land, equal treatment among urban land users and land users in the rural areas;
- Providing equal treatment of local agricultural land users relative to the land use rights granted to foreign investors.

Encouraging the Flexible and Efficient Use of Agricultural Land

To encourage the flexible and efficient use of land, and provide equitable treatment across land users such as individual and corporate or cooperative, Vietnam would benefit from a more pragmatic approach to land management. Specific examples include:

- Reconsider the size limits for agricultural land, either by abolishing them or adjusting them to in ways that supports agricultural modernization;
- Abolish the conditions that apply to the exchange of agricultural land, such as removing the requirements that purchasers of agricultural land have to be farmers;
- Expand the use of land taxation to prevent rural-urban wealth disparities from widening. This would require the introduction of property tax for all land users, with suitable exemptions to reduce administrative costs and to avoid taxing the smallest and poorest land holders;
- Simplify the current categories of land use so that farmers can freely decide the pattern of production guided by productive capacities, commercial incentives, and market forces.

Land rental market facilitation by Government

This policy is the main solution for creating more land access to attract young farmers in investing in agriculture. The recent study findings show that the land rental market reduced imbalances in factor endowments at the household level by transferring cropland to more effective users, i.e. to those more willing and able to farm (Huy, 2013). The evidence points to an emerging class of commercial farmers who are using the rental market to consolidate and extend their farming operations to benefit from size economies that make investments in knowledge and new technology more profitable. Equity advantages were also revealed as cropland transferred from relatively land-rich to relatively land-poor households, allowing young prospective farmers to ‘scale the agricultural ladder’. There is also some evidence that the rental market enabled widows - who have few means of generating farm income - to earn rental income or a crop share by renting out their land, and allowed rural households to engage in non-farm occupations without losing their land or leaving it idle. However, the findings also reveal significant transaction costs that prevent the cropland rental market from functioning effectively. Importantly, the results highlight sources of transaction costs that effect lessors and lessees differently, and signal the relative importance of their impacts. Drawing on these findings it is recommended that the Vietnamese government should complete its very successful land registration program and consider relaxing restrictions on the use of wetlands to grow crops other than rice. It should also focus on improving access to all-weather roads as this encourages participation on both sides of the rental market whereas better access to communications infrastructure was found to promote only the supply side of the market. Ethnic diversity appears to be a very important source of transaction costs in the land rental market.

Beside this farmland policy, the specific solution to support **New professional young farmer generation** in Vietnam is recommended additional policies that will:

- (i) Establish cooperation among farmers to improve market capacity;
- (ii) Provide training and technology transfer on sustainable agriculture through “learning by doing” or “farmers train farmers” methods;

- (iii) Provide long-term investment and credit support; (v) organize exchange visits for rural youth, participate in trade fairs, exhibition, competition on farming techniques;
- (iv) Develop and expand the models on production and business for rural youth; and
- (v) Build respect for farmers by raising on the important role of farmers and agriculture.

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