



Tropentag, October 7-9, 2008, Hohenheim

“Competition for Resources in a Changing World:
New Drive for Rural Development”

Impact of Land Reform Policy on Crop Production of Farm Households in the Northern Uplands of Viet Nam

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Abstract

Poverty is recognised as a critical development problem and has been given highest priority on the international development agenda. Besides adverse climatic conditions and political instability, many rural people suffer from hunger simply because they are landless or, do not hold secure tenure. Therefore, there is a widespread belief that land reform is an important key to development, which could contribute to overcome poverty. Viet Nam conducted its land reform in the beginning of 1990s, including privatising farm land and legalising land market. However, at the micro level, lack of households' data has prevented empirical analysis on its impact on crop production on the one hand; its timely implementation is also a barrier to take such a needed analysis on the other.

The study focuses on farm households with the data collected in the northern Uplands, one of the poorest regions of Viet Nam in 1993, 1998, and 2006. Multiple econometric regression models for panel data were used to estimate the determinants of inputs and outputs of crop production of farm households. Because many households have more than one plot of land, and because most grow several crops simultaneously on a given plot, the analysis pertains to the aggregate volume of various inputs used by the households and to the aggregate volume of agricultural outputs produced. The implicit assumption is that each household uses the resources at its disposal optimally, so comparison of aggregate input and output volume over years across households are valid.

Results of empirical analysis show, that the land reform has positive effects, in terms of both land privatisation and land titling, on quantity of inputs used and outputs produced. The paper thus concludes that the land reform has a critical impact on crop production at household level. This could be used to explain the reduction of poverty rate in Viet Nam in the last decades and the change of Viet Nam from a net importer to a net exporter of food. However, further improvements of land rights are needed to promote crop production and land transaction among land users.

Keywords: Crop production, input, land reform, land transaction, output, panel data