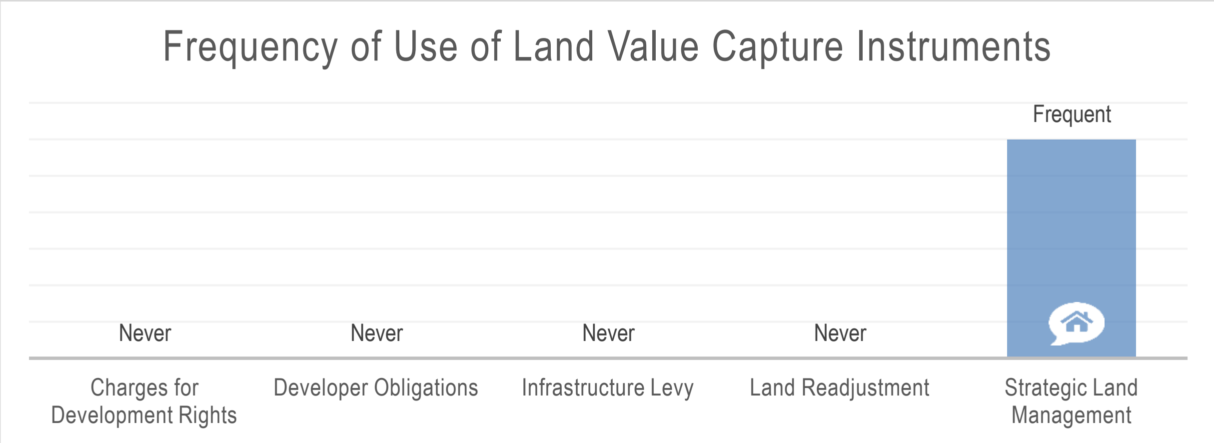
Vietnam



There is virtually no land value capture in Vietnam. The government uses public land lease only, but corruption hampers it. Many challenges block land value capture:

- Public actions' low transparency and high land values incentivise government officials to use land value capture for private rather than public benefit.
- There is no legislation for land value capture. Development norms and regulations are unclear.
- Many urban areas' cadastres are not up to date, inaccurate or incomplete.
- There is no established method to value land. The government uses a combination of market_prices and some market-based estimation.
- Local governments lack administrative capacity.
- According to Article 32 of the Constitution, the government can only expropriate land whenabsolutely necessary for reasons of national defence, security, national interest, emergency and protection against natural calamities.

Main instruments

Instrument (OECD-Lincoln terminology)	Local name	National legal provision	Implementation	Use
Strategic land management (public land lease)	*Quản lý đất đai chiến lược (cho thuê đất công)*	Article 3 of the Land Law/2013	National government, provinces, districts, local governments and special purpose bodies	Frequent

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Enabling framework

Vietnam is a unitary state with three subnational levels of government: 63 provinces, 713 districts and 11,162 municipalities (OECD/UCLG, 2019[1]). Districts and municipalities are the planning authorities and decide on land use and management. Local officials have high discretion when issuing planning permits. The national and local government levels would be in charge of the legal framework for land value capture.

Strategic land management

The government and publicly owned companies own a large amount of land. The national government, provinces, districts, local governments and special purpose bodies lease public land (*cho thuê đất công*) to generate revenues, provide land for real estate development and encourage planned development as well as development with a public purpose. Subnational governments may require approval from higher levels. The revenues are part of the general budget of the entities leasing land. In 2017, lease revenues amounted to 3% of GDP.

However, corruption hampers the instrument. Often, the government leases land to private developers in exchange for public infrastructure. However, the leased land does/did not necessarily have to relate to the public infrastructure the developers provide/provided. Thus, developershave/had no incentive to provide the agreed infrastructure on time and with a high quality. Moreover, land valuation is not transparent. In 2020, the national government banned leasing public land in exchange for public infrastructure to tackle corruption.

Other challenges include the government's lack of administrative capacity as well as the lack of coordination between levels of government and public entities.