

094103



REPORT TO THE CONGRESS

Progress And Problems Of U.S. Assistance For Land Reform In Vietnam B-159451

Agency for International Development
Department of State

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

~~710983~~

094103

JUNE 22, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-159451

1-97
2-32

d

To the President of the Senate and the
Speaker of the House of Representatives

We have reviewed the progress and problems of U S. assistance for land reform in Vietnam. The Agency for International Development, Department of State, administers U.S. participation in the land reform program.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67)

We are sending copies of this report to the Director, Office of Management and Budget, and the Administrator, Agency for International Development.

James B. Arto

Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	3
Agency comments	4
2 LAND REFORM AND NATIONAL DEVELOPMENT	5
Importance of land reform	5
Evolution of land reform	5
Viet Minh land reform 1946-54	6
GVN land reform 1954-68	6
3 LAND-TO-THE-TILLER PROGRAM	9
LTTT law	9
Expropriation and distribution procedures	10
Accomplishments	10
Farmer reaction to the program	12
The LTTT program's financial aspects	13
U.S. contributions and commitments	14
Conclusions	15
4 MONTAGNARD LAND REFORM PROGRAM	17
Program objectives, implementation, and problems	17
Insufficient land area	19
Land encroachments	20
Inadequate dossiers	20
Financial support	21
Conclusion	21
5 PROGRAM ADMINISTRATION	22
AID involvement in administration	22
6 SCOPE OF REVIEW	24

APPENDIX

I	Provinces GAO visited	25
II	Principal officials responsible for activities discussed in this report	26

ABBREVIATIONS

AID	Agency for International Development
CIP	Commodity Import Program
GAO	General Accounting Office
GVN	Government of Vietnam
LTTT	Land-to-the-tiller
MLA	main living area

2025

*COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS*

PROGRESS AND PROBLEMS OF
U S ASSISTANCE FOR LAND
REFORM IN VIETNAM
Agency for International
Development
Department of State B-159451

D I G E S T

WHY THE REVIEW WAS MADE

Land reform is a fundamental economic and social reform sorely needed in many underdeveloped countries. The Congress over the years has expressed considerable interest in the outcome of the land reform programs.

GAO reviewed recent progress and problems encountered by the land reform program in Vietnam. This is GAO's third report on Vietnam's land reform program.

BACKGROUND

The primary aim of land reform is to broaden the political base of the Government of Vietnam (GVN) by breaking up large landholdings and giving rural families title to the land they farm.

Land reform is the primary program on which GVN is relying to improve conditions in rural Vietnam. It consists of two subprograms: the Land-to-the-Tiller (LTTT) program and the Montagnard land reform program.

As of March 31, 1973, the United States had contributed about \$38 million to the land reform program. Since 1970 GVN has contributed the equivalent of \$203.6 million in piasters. (See p 4)

FINDINGS AND CONCLUSIONS

The GVN land reform program was rela-

tively strong from 1954 to 1961 but between 1962 and 1969 little real progress took place.

A law passed in March 1970 marked the beginning of considerable GVN land reform activity. (See pp 6 to 9)

Under the LTTT program, 1,007,217 hectares had been distributed to about 650,000 tenant farmers as of March 1973. This exceeded the initial goal of 1 million hectares. There was more distribution in southern Vietnam than in central Vietnam. (See pp 10 and 11)

Only time will tell whether program beneficiaries will support GVN politically. Preliminary research indicates that new landowners are becoming more closely associated with village and national governments. Also they are progressing economically. (See p 15)

The Montagnard land reform program has made slow progress. It has been carried out poorly, has not received adequate GVN support, and has received a disproportionately low share of U S support.

In many cases where land has been transferred, problems exist which prevent the Montagnards from receiving their full benefits from the program. Although these problems have been chronic for years, progress has been made in recent months. (See pp 17 to 21)

There has been considerable interest in and controversy about the ultimate cost of this program to the United States

The LTTT program is expected to cost about \$537 million for compensation payments. This will place a serious additional burden on the GVN budget.

If the United States continues its past level of support to the GVN budget, the cost of the program to the United States might reach over \$300 million. (See pp 13 to 15)

RECOMMENDATIONS OR SUGGESTIONS

The Agency for International Development's overall efforts have been reasonably effective, considering the problems it encountered with GVN administrative efforts. This

report contains no recommendations or suggestions.

AGENCY ACTIONS AND UNRESOLVED ISSUES

Agency officials agreed problems still exist in the land reform program. They said, however, that progress was made during November 1972 through March 1973 in overcoming some problems hindering the attainment of the program's initial objectives. (See p 4)

MATTERS FOR CONSIDERATION BY THE CONGRESS

This informational report is being issued to the Congress because of its continued interest in the progress of the U S assistance program for land reform in Vietnam and elsewhere and to provide an estimate of the program's potential future cost.

CHAPTER 1

INTRODUCTION

Land reform¹ is one of the most important activities within the Agency for International Development's (AID's) program for national development in Vietnam. The primary aim of land reform is to broaden the political base of the Government of Vietnam (GVN) by breaking up large landholdings and giving the rural families title to the land they farm. The potential for future rural development is closely tied to the progress of land reform. GVN, aided by the United States, since 1955 with varying degrees of success, has made efforts at land reform.

We have issued two earlier reports on land reform in Vietnam to the Foreign Operations and Government Information Subcommittee of the House Committee on Government Operations.

The first report² noted that the GVN land reform program from 1954 to 1961 was relatively strong but that little activity took place from 1962 to 1967. U.S. efforts to assist GVN were low key, and GVN political, security, and administrative difficulties had impeded program progress.

The second report³ responded to the Subcommittee's request that we assess how well any weaknesses and irregularities previously reported by the Subcommittee and us had been remedied. The report noted that no major land distribution program had been developed and that little had been done to identify and distribute Montagnard tribal lands. However, the United States had advised in formulation of proposed far-reaching land reform legislation and had promised \$10 million of assistance upon passage of the legislation.

¹"Land reform" may be defined as the more equitable distribution of agricultural land, especially by governmental action.

²Report on "Study of Land Reform in Vietnam," (B-159451, June 1967)

³Report on "Status of Recommendations Related to Land Reform in Vietnam," (B-159451, Dec 1969)

This report contains our observations of U.S and GVN land reform efforts--particularly since late 1969. We focused on determining what progress has been made in land reform and what problems exist. The Congress has expressed considerable interest over the years in land reform in Vietnam, therefore, we believe this report will be useful to the Congress when it considers future U S assistance in this area

U S costs for land reform totaled, as of March 31, 1973, about \$38 million, of which \$25 million came from the Commodity Import Program (CIP) during fiscal years 1971 and 1972. GVN land reform costs since 1970 totaled 96.7 billion piasters (equivalent to \$203.6 million converted at the 475:1 rate). Compensation payments to former landlords in checks and bonds will total the equivalent of \$537 million through 1981, according to current estimates. Although the United States is not committed to participating in these payments, the possible U S share of this cost is estimated to be about \$310 million.

AGENCY COMMENTS

After discussing this report informally with AID officials in April 1973 we updated, and made some minor corrections in, the report. The officials agreed that with these changes, the report fairly presented the status of the land reform program in Vietnam.

They further agreed that problems still hindered the attainment of the program's objectives, but that progress was made during November 1972 through March 1973 in overcoming some of them.

CHAPTER 2

LAND REFORM AND NATIONAL DEVELOPMENT

AID defines Vietnam's goal of national development as helping to improve economic, social, and political conditions in both rural and urban areas as a prerequisite to modernization and longer run economic development. Land reform is the primary program on which GVN is relying to improve conditions in rural areas

IMPORTANCE OF LAND REFORM

It has been said that peasants become revolutionary when their conditions of land ownership, tenancy, labor, taxes, and prices become unbearable. In a primarily agrarian country, such as Vietnam, the number of peasants and their economic condition have a considerable impact on the country's political stability. It has also been noted that, in virtually all the societies that have undergone major revolutions in this century, the bulk of the rural population has consisted of non-land-owning peasants who rarely were less than a one-third of the total population of the country

South Vietnam is about the size of Missouri, with a population of about 18 million, concentrated in the cultivated areas and cities. Agricultural land makes up about 33 percent of the country, and the agricultural population is 7 million, or about 40 percent of the population. A shortage of cultivated land exists and, until recently, tenancy was widespread and economic conditions of the tenants were not promising

EVOLUTION OF LAND REFORM

The Vietcong took advantage of the tenancy situation by taking land from landlords and by giving it to peasants in exchange for their support.

GVN, with considerable U S encouragement, started a massive land reform program in 1970 to eliminate tenancy and give land ownership to farmers and Montagnard tribes. This program, although the most ambitious to date, is one of many in Vietnam's history. Fifteenth-century Vietnam rulers confiscated idle land and gave it to anyone willing to work it.

A summary of land reform efforts in Vietnam between 1946 and 1969 follows.

Viet Minh land reform 1946-54

Viet Minh revolutionaries, in their fight against French colonialism, had a very straightforward land reform program. They confiscated land and distributed it to the peasants, who were informed that it was no longer necessary to pay rent. The Viet Minh looked on the program as a means of destroying traditional village social patterns through class struggle. Viet Minh efforts were directed against French and large Vietnamese landowners and hardly affected the middle-class peasants,¹ who formed the bulk of the landowners.

By 1953 the Viet Minh controlled most of Vietnam. But little information is available on the amount of land redistributed. A survey made during 1967 and 1968 disclosed that over 80 percent of absentee landlords had some of their land redistributed by the Viet Minh.

In North Vietnam the land reform program, aimed at eventual collectivization, was extremely harsh and brutal. It is generally believed that between 10,000 and 15,000 persons were killed and another 50,000 to 100,000 deported or imprisoned. Collectivization resulted in an armed rebellion by 20,000 farmers in one province, which was put down by the North Vietnamese Army.

GVN land reform 1954-68

In 1954, GVN began developing a land reform program designed to bring abandoned lands back into cultivation, regularize landlord-tenant relationships, reduce rents, provide tenure, limit landholdings, and expropriate excess land for distribution to tenants.

The major effort was carried out by legislation in 1956, under which GVN bought land from the landlords and resold it to tenants. By the end of 1962, 428,000 hectares had been

¹Middle-class peasants owned 5 or fewer hectares. A hectare is 2.47 acres.

redistributed, however, progress slowed considerably by September 1968 because only 25,000 additional hectares had been redistributed for a total of 453,000 hectares. In a 1958 agreement with the French, GVN purchased 230,000 hectares from 450 landlords of French citizenship.

Land distribution to tenant farmers was quite limited. Of the 683,000 hectares (453,000 + 230,000), only 276,000 had been distributed by 1968. Factors cited for slowness in distribution were opposition to GVN by the Vietcong and some landlords, a cumbersome land affairs administration, administrative bottlenecks, and a lack of the essential political strength required. Also the United States provided no support to land reform from 1960 to 1965.

Perhaps the most significant political deficiency of the 1956 legislation was the land retention limit. The law permitted a landlord to retain up to 100 hectares plus up to 15 hectares for worship land¹ and 12 hectares for garden land. In contrast, the Vietcong established a ceiling of about 5 hectares for each owner. The normal operating farm unit is about 3 hectares in Vietnam's delta region and about 1 hectare in the central lowlands. The land retention limit, in effect, enforced tenancy on the 100-hectare holdings.

Between 1955 and 1960, U.S. assistance to GVN land reform efforts amounted to about \$5 million. As previously mentioned, no assistance was provided from 1960 to 1965, and from 1966 to 1968 assistance amounted to about \$2.8 million.

During this latter period, there were considerable differences of opinion among AID, Embassy, and GVN officials over the proper approach to land reform. Many U.S. officials believed that political support of GVN by landlords was crucial and that land distribution would alienate powerful elements in the nation. They believed also that village officials would not implement the land reform plan and that

¹The revenue from worship land supports ancestral veneration.

the peasants were already Vietcong supporters. As a result, the U.S. advisory team had no really effective land reform concept in mind to present to GVN for consideration.

A 1969 study showed that the U.S. assumptions were erroneous. It found that farmers had very much wanted ownership and that the village administrative structure had been capable of carrying out a land reform program. Also it found that landlords would continue support of GVN if they received fair compensation for their land.

Previously, AID contracted with the Stanford Research Institute for data on land tenure and attitudes. The study report, published in December 1968, showed that tenants were required to pay rentals that averaged 34 percent of the value of their crop even though the legal limit was 25 percent. Also they had little chance of relief in case of crop failure. Eighty percent of the farmers wanted to become landowners even if required to pay the full price for the land themselves.

Apparently realizing the necessity to obtain peasant support, GVN, with U.S. backing, initiated a Land-to-the-Tiller (LTTT) program and a Montagnard land reform program. These programs are discussed in the following chapters.

CHAPTER 3

LAND-TO-THE-TILLER PROGRAM

GVN convened a National Congress on Land Reform in January 1968 to discuss proposals for accelerating distribution of Government lands and to set the foundation for a broad-based program. In February 1969, a law providing for a freeze on rents and occupancy of farm lands for 1 year was enacted.

In 1970, at the encouragement of the United States, GVN started the LTTT program. The LTTT legislation was signed into law on March 26, 1970--designated Farmers Day. Since the enactment considerable progress has been made in turning over land to tenant farmers. The most notable progress has been made in southern Vietnam where the largest amount of land to be transferred is located.

The cost of the program in future years can be expected to place a financial burden on the GVN. Consequently, there will be a need for continued external financial support.

LTTT LAW

The Ministry of Land Reform established a goal of distributing most of the private, tenanted land eligible for distribution under the law (1 million hectares) within 3 years. Fair compensation was to be provided to former landlords, and the expropriated land was to be distributed free of charge to the recipients. The law provided for redistributing communal ricelands and aimed at eliminating land speculation by middlemen.

The law covers private, tenanted riceland and secondary cropland. Specifically exempted are owner-cultivated plots of 15 hectares or less, ancestral worship land up to 5 hectares, orchards, pastures, Montagnard lands, public interest lands, and previously uncultivated land. A family in southern Vietnam could receive up to 3 hectares, and a family in central Vietnam could receive up to 1 hectare. The law provided that recipients be exempt from all transfer fees and land taxes for 1 year. The land was to be cultivated by the new owner, who had been the previous tenant, and ownership could not be transferred for 15 years.

EXPROPRIATION AND DISTRIBUTION PROCEDURES

Expropriation and distribution are carried out by a Directorate General of Land Affairs in Saigon, Province Land Affairs Service offices at the province level, and Village Land Distribution Committees at the local level. Aerial photography has been extensively used to identify eligible lands.

All cultivated lands, with the exception of plots landlords cultivated themselves or of worship land, were re-distributed effective March 26, 1970. Landlords were required to declare their land as exempt or as nonexempt land subject to distribution to tenant farmers. In land distribution, landlord declarations are used, along with maps, the village land registers, and aerial photographs.

Tenant farmers apply to the Village Land Distribution Committee for plot ownership, and the Village Land Registrar makes a field identification and determines the crop yield for compensation purposes. The committee publicly posts a tentative distribution list for 7 days and records any complaints from landlords or tenants during this period. After meeting to settle complaints, the committee forwards a land distribution list to the province level for technical review. Province officials forward the approved list to the Directorate General for Land Affairs in Saigon.

The Directorate General issues land titles and a new land register to the provinces and the villages. The farmer acknowledges, in writing, his receipt of title, which is sent to the Directorate General for determining whether titles are being distributed promptly to farmers.

ACCOMPLISHMENTS

The LTTT implementation plan established the goal of distributing 1 million hectares of land to some 800,000 tenant farmers over 3 years. On March 26, 1973, the third anniversary of the law, titles for 1,007,217 hectares had been issued for approximately 650,000 farmers. These results complete the initial programmed targets. However, GVN continues to distribute the remaining tenanted land, estimated at approximately 350,000 hectares.

Payments to former landlords are 20 percent cash and the balance is in bonds, payable in eight annual installments at 10-percent interest. In addition, because all lands were expropriated on March 26, 1970, an additional 10 percent per year payment has been made for delay in settlement. The Directorate General in Saigon prints the checks and bonds for distribution upon receiving the various lists from the province.

Problems with land transfers have involved false landlord declarations, reluctance of tenants to apply because of threats, collusion between landlords and officials, and delay in compensation payments. AID says that perhaps the most important problem remaining in LTTT program implementation is the lack of adequate mechanisms for handling grievances and resolving conflicts. However, despite these problems, land distribution in southern Vietnam has progressed on schedule.

In central Vietnam, program implementation has not been very effective. AID has identified a variety of reasons for this ineffectiveness, including

- Plots of land are small and expensive. There is very little absentee ownership.
- Village officials charged with implementing the law oppose the law because they are landowners.
- The program has questionable political value because it has weakened traditional relationships and has created distrust. Some tenants lost land tenure and are now farm laborers.
- Some tenants would lose land if they applied for ownership because they are farming plots larger than the 1-hectare limit.
- Some landowners believe the compensation is much too small, and payment in bonds further increases their resistance.
- AID and GVN agreed to a proposal for 100-percent compensation to small farmers. The circular announcing the 100-percent compensation was held up at the

time of our review pending a determination of the impact of the North Vietnamese invasion on GVN budget expenditures.

- Lack of land records is a problem In one region 235 of 295 villages had no land registers.
- Many ownership claims are based on outdated French records which are impossible to validate AID has urged GVN to conduct a land inventory in central Vietnam and give LTTT titles to landowners/operators to assist in developing a land registration system

The LTTT law of 1970 also expropriated certain communal lands throughout Vietnam as of March 26, 1970. GVN estimates that approximately 150,000 hectares of communal land are available for distribution However, GVN has been reluctant to proceed vigorously in distributing communal lands, particularly in central Vietnam, because of villager resistance.

On February 1, 1972, the Ministry of Land Reform issued a circular outlining the procedures for distributing communal land and hamlet-owned land leased to farmers usually on an annual basis, GVN has made no attempt to distribute shared communal land farmed by individual families The villagers share the produce from those fields.

FARMER REACTION TO THE PROGRAM

AID has contracted the Control Data Corporation to investigate the attitudes of people affected by the program and its political and economic impact involved. A preliminary report prepared in May 1972, including interviews with 898 farm families, concluded that the program

- °--Hurt the enemy politically.
- Diminished neutrality.
- Enhanced security of tenants
- Received credit for more changes than it probably should have

--Unified the village as a local government and a community

--Created an appetite for land among the landless.

We made a field trip to five southern Vietnam provinces to observe program results. We interviewed 22 farmers in the ricefields about the LTTT program during random stops along the highway. All had been tenant farmers, 21 had obtained LTTT title to the land they cultivated. One farmer in Sa Dec Province asserted that the landlord evicted him 6 months ago and then claimed the land as part of a 15-hectare owner-operated holding. The farmer said he complained but got no results. AID inquired about this at the Land Affairs Office and was assured a full investigation would be made.

Most farmers we talked to were pleased to be landowners and believed they were better off now economically. One had just completed a new brick and mortar house to replace a thatch hut. The house cost about 40,000 piasters (about \$94) which he said he could not afford when he was a tenant farmer. One woman noted that when she was a tenant farmer her crop yield, after the landlord took his share, supplied barely enough rice to feed her family. After obtaining title and planting part of the field with a miracle rice, her yield had increased substantially. She was selling all the miracle rice and still had enough of the other rice to feed her family well.

AID field advisors provided us with information on complaints of collusion between landlords and village officials to change rented land to worship land to avoid expropriation. There were complaints that some officials were charging fees to take the farmers' applications and taking discounts for handling the compensation checks for landowners. AID stated that fairly often complaints about collusion were not documentable and that it was sometimes hard to get tenant farmers to testify.

THE LTTT PROGRAM'S FINANCIAL ASPECTS

Compensation payments to former landlords are currently estimated at the equivalent of \$537 million through 1981. In 1971 total national GVN expenditures were \$837 million.

(272 billion piasters) and the national budget deficit was \$292 million (95 billion piasters)¹ Thus the compensation payments will place a serious additional burden on the GVN budget. The danger to the economy brought about by the recent offensive has compounded the problem. GVN program administrative costs were estimated at about \$2 million for calendar years 1970-72.

Although a Stanford University research study showed that peasants were willing to pay for the land they tilled, the LTTT law provided for free distribution. This apparently was done to counter the Vietcong program of giving land to peasants.

The LTTT law provides that compensation be 2½ times the value of the average annual crop yield over the 5 years preceding enactment of the law. This value varied from province to province, but the national average amounts to about \$282 per hectare. Available evidence indicates that the values set were in line with crop yields for 1965-69.

U S. contributions and commitments

The United States provides technical and financial assistance to the program through its project program and through budgetary support.

Technical assistance is channeled through a project which funds direct-hire advisors, participating agency advisors, and contract personnel. At July 1, 1972, 31 persons were involved in the program and there were plans to reduce the number to 7 within 2 years. The LTTT program has cost about \$5 million through June 30, 1972, and is expected to cost an additional \$2 million through completion in 1975.

AID has provided \$25 million to help offset the inflationary impact of the initial cash payment to former landlords. The U S funds augment CIP and are released as GVN makes payments to the landlords. As of November 1972, of the \$25 million, \$20 million had been released to CIP. The remaining \$5 million was scheduled to be released in

¹ 1971 conversion at 325:1 rate.

April 1973 AID is proposing an additional \$15 million of CIP augmentation for fiscal year 1974.

Of greater significance than the above costs is the matter of U.S support of the GVN budget, through CIP and the Public Law 480 program. The amount of future support depends on the policy established by AID and the Congress.

GVN estimates the total cost for the compensation payments will be 202.9 billion piasters. The average annual cost over the life of the program is estimated to be about 20 billion piasters.

The piasters used by GVN for regular budgetary expenditures are generated, in part, by U.S. dollar support through CIP and the Public Law 480 program. Although there are many estimates of how much of the GVN budget is supported by U.S. funds, we estimate the support level at about 55 percent. The piasters generated by U.S. funds are not directly allocated for LTTT expenditures. The United States is contributing \$40 million into CIP. That sum, including project administration expenses, is the only directly attributable U.S. dollar support. The 55-percent support level of the general GVN budget must be recognized in determining the total amount of U.S. funding for land reform. U.S. support for land reform could amount, directly or indirectly, to over \$300 million during the program. Only about \$47 million is tied directly to land reform.

CONCLUSIONS

The overall goals set in March 1970 for land distribution have been met. Most of this was accomplished in southern Vietnam. However, the program was less effectively implemented in central Vietnam.

Only time will tell whether peasants receiving land will provide significant enduring support to GVN. There has been economic progress among the small farmers who have recently received title to their land, and preliminary research indicates the peasant is becoming more closely associated with village and national governments.

The \$537 million compensation payments over the next 8 years will place a serious additional burden on the GVN.

budget If these payments are not to be made in highly inflated piasters, GVN is going to continue to need massive amounts of foreign assistance.

CHAPTER 4

MONTAGNARD LAND REFORM PROGRAM

The Montagnard land reform program has made slow progress toward its goals. The program has been poorly implemented and has not received adequate GVN support. In many cases problems exist where land has been transferred which prevent the Montagnards from receiving their full benefits.

AID's role in this program has been advisory and operational. However, it has no power to enforce corrective action when needed. Nevertheless, U.S. advisors have shown great interest in the program and are trying to keep it moving along. Thus far, the United States has provided very little direct financial support.

We believe the program's success cannot be measured at present. Much remains to be done and it will take considerable time to overcome past Vietnamese prejudice and apathy toward the Montagnards.

PROGRAM OBJECTIVES, IMPLEMENTATION, AND PROBLEMS

In the central highlands live about 800,000 people, called Montagnards, who are of various cultures and speak various dialects. As the second largest minority group in Vietnam, consisting of more than 30 tribes, the Montagnards practice both permanent and shifting agriculture on their traditional lands. Because of insecure conditions, GVN moved about 70 percent of the Montagnards into resettlement camps.

GVN has historically considered Montagnard lands as public lands. Not until August 1967 did GVN recognize, by law, Montagnard landownership rights according to Montagnard traditional land tenure customs. The law provided for land registration and for issuance of ownership titles free of charge to the Montagnards.

Under laws enacted in 1969 and 1970, individual landownership can be confirmed, as well as communal ownership by Montagnard hamlets of traditionally cultivated lands. Current procedures call for establishing a boundary encompassing

both private and communal lands, usually referred together as a main living area (MLA) A census is taken in each hamlet The MLA is based on 10 hectares for each family practicing permanent agriculture and 20 hectares for each family for shifting agriculture as compared to the 3 hectares under the LTTT program Traditional Montagnard agricultural practices require more land than rice cultivation The MLA boundary is defined and confirmed by the Montagnard hamlet land identification team and the Province Administrative Commission in consultation with hamlet and village officials

Hamlet residents in resettlement sites are asked whether they want to return to their original hamlets. If they do, temporary MLAs are established at their present locations, and other MLAs are sketched on aerial photographs of their original hamlets

The following goals were established for the Montagnard program

	<u>Calendar year</u>	
	<u>1971</u>	<u>1972</u>
MLAs to be established	458	600
Hectares whose ownership to be identified	20,000	20,000

The program will continue until all MLAs are established. A GVN official estimates that about 1,500 hamlets will eventually have MLAs drawn An excess of 1 million hectares will be identified

During 1971, 458 MLAs were established, and ownership of 20,209 hectares was identified The joint province committees returned for review dossiers for all MLAs because of complaints and needed corrections. Early in November 1972, the GVN Vice Minister of Land Reform completed and signed only 132 of the 458 dossiers. Also of the 600 dossiers for 1972, 31 were completed and signed

This slow progress was caused by the following factors

--Primary emphasis was given to the LTTT program. It received most of the available financial, personnel, equipment, and training support

- Some Vietnamese field personnel assigned to implement the program were described as being apathetic, lacking motivation, and being inadequately supervised from Saigon.
- Vietnamese generally have a low regard for Montagnards, which is reflected in the disinterest of many of the persons administering the program
- The Montagnards have little education and are not knowledgeable of the program
- Montagnard leaders have generally lacked interest in the program
- The program was late in starting To make up somewhat for this, the goals were overstated and dossiers were hastily and erroneously processed.
- Program publicity was weak Greater effort is needed to insure understanding and participation
- The GVN Ministry for Development of Ethnic Minorities, which is responsible for the program, is poorly staffed, and the Montagnard program is only one of many high-priority programs administered
- Security in the Montagnard areas continues to be a major problem and delays the program.

AID officials told us in April 1973 that, although many of the above problems still persist, progress has accelerated From November 1972 through March 1973, 659 additional dossiers were completed and signed for an overall program total of 722.

Insufficient land area

Many Montagnard hamlets have been allocated for less than the amount of land area indicated in the guidelines. In some instances, less than half of the land required under the guidelines was transferred Often the hamlets were bounded by other hamlet lands or Vietnamese-owned land. In these cases, responsible GVN personnel were little inclined to take corrective action to obtain more land

For example, a Montagnard hamlet with 165 families was entitled to 1,650 hectares but received only 306. No additional land was available because the hamlet was surrounded by lands owned by other established landowners.

Land encroachments

GVN is not effectively enforcing the MLA boundaries and protecting Montagnard lands from encroachment by Vietnamese farmers. We visited five highland provinces and found several serious encroachment problems which the province and district officials seemed incapable of handling. For example, in one district of Darlac Province, GVN promised the Montagnards that Vietnamese farmers would be allowed to farm Montagnard land for only 1 more year and would then leave. The U.S. advisor pointed out the Vietnamese had invested in planting coffee tree orchards and had showed no willingness to give up their investment. The advisor indicated that serious confrontations had already taken place and more trouble could be expected.

During our dossier reviews, we heard further complaints of encroachments. One Montagnard hamlet chief reported that Vietnamese farmers were pulling up boundary stakes and planting crops on Montagnard land. Residents of another Montagnard hamlet complained that Vietnamese were farming inside their MLA and that the district chief and police had taken no action.

U.S. advisors have reported many cases where MLAs' boundaries had been drawn in such a manner as to avoid conflicts when encroachments had taken place. It was reported also that, where encroachment had taken place after establishing the MLA, no compensation was given to the Montagnards for the land taken.

U.S. advisors indicated that encroachment problems could be expected to continue for some time. How serious it will become remains to be seen.

Inadequate dossiers

A number of problems have been encountered in preparing dossiers for MLAs. These problems contribute to the delay in processing the dossiers. Some of the problems we found are described below.

- Dossiers do not always disclose the status of permanent and temporary forest areas in the MLAs. Permanent forest areas must receive special review under separate procedures. A request for this review must accompany the dossier.
- Dossiers are often incomplete. In these cases they must be returned. Often this results in completing forms without actually carrying out the procedures required by the forms, especially regarding setting boundary markers.
- Dossiers do not include the required sketch of the permanent MLAs when Montagnards have indicated a desire to return to their original hamlets.

FINANCIAL SUPPORT

The estimated total budget for program operations, supplies, and training is 58 million piasters (equivalent to about \$137,000). The existing GVN bureaucracy, by and large, handles the additional workload for the Montagnard program.

Direct financial assistance for the Montagnard program has been negligible. The only identifiable direct cost has been for salaries of U S advisors working on the program. The estimated cost for this in fiscal year 1972 was \$181,000.

CONCLUSION

The Montagnard land reform program has been considerably less successful to date than the LTTT program. It appears that the lack of progress stems from the longstanding cultural gap between the Vietnamese and Montagnards. Indications are that the program will continue to have many problems and that progress will be slow for some time.

Although we have no specific recommendations, we have observed that this program received a disproportionately low share of U S support. Perhaps more could be done if priorities were to be reordered.

CHAPTER 5

PROGRAM ADMINISTRATION

AID advisors and GVN officials jointly administer Vietnamese land reform programs. Although we did not specifically review internal management of the AID land reform office, we believe its work has been effective in the environment in which it must operate. Our opinion is based on our observation of advisors on field trips, interviews, and review of reports

AID INVOLVEMENT IN ADMINISTRATION

The 31 AID land reform personnel work very closely with their GVN counterparts, both in Saigon and in the field. In addition, other AID personnel at the province and local levels become involved to varying degrees in program administration.

The AID land reform staff meet several times a week with GVN officials to consider policy matters. AID staff members prepare draft position papers, circulars, and plans, which are promulgated by GVN with essentially the same content as submitted by AID. AID personnel have developed many of the forms and checklists used by GVN in land reform administration, and AID controls the computer operation which prints private land titles and compensation checks and bonds. To assist GVN in meeting its title delivery goals by March 26, 1972, AID personnel delivered thousands of LTTT titles to provinces. This was an extraordinary effort to provide evidence that the program was being effectively implemented.

AID staff assert that almost all the initiative to solve problems has come from U.S. advisors and that many grievances which reach the Directorate General in Saigon come up through AID channels.

The U.S. advisors originated many of the ideas in the Montagnard program--notably the idea of identifying the boundaries of MLAs to safeguard ownership until GVN can issue private titles to individuals. The GVN Minister of Ethnic Minorities and the Minister of Land Reform established joint committees in Saigon and in each province to oversee

Montagnard program implementation and review the dossiers. A U.S. advisor is a member of each committee and is involved in day-to-day program administration. The U.S. advisor must sign dossiers to show that he concurs in what it says. In one province we visited, the U.S. advisor had refused to approve 21 dossiers because some of the hamlets were short of land.

AID is apparently faced with a dilemma at times in its efforts to see that the Montagnard program is properly implemented. If AID does not become involved, little is done. If AID becomes too involved, GVN officials working on the program may resign. In one case, an AID advisor wanted to review all the dossiers submitted to Saigon. The cognizant GVN official refused to cooperate. His attitude was that AID could do the work if it wanted to but the official considered the matter over and done with. In spite of this, one dossier was subsequently examined and the examination showed that complaints had been made that the MLA was too small. An addition of 300 hectares to the MLA was made.

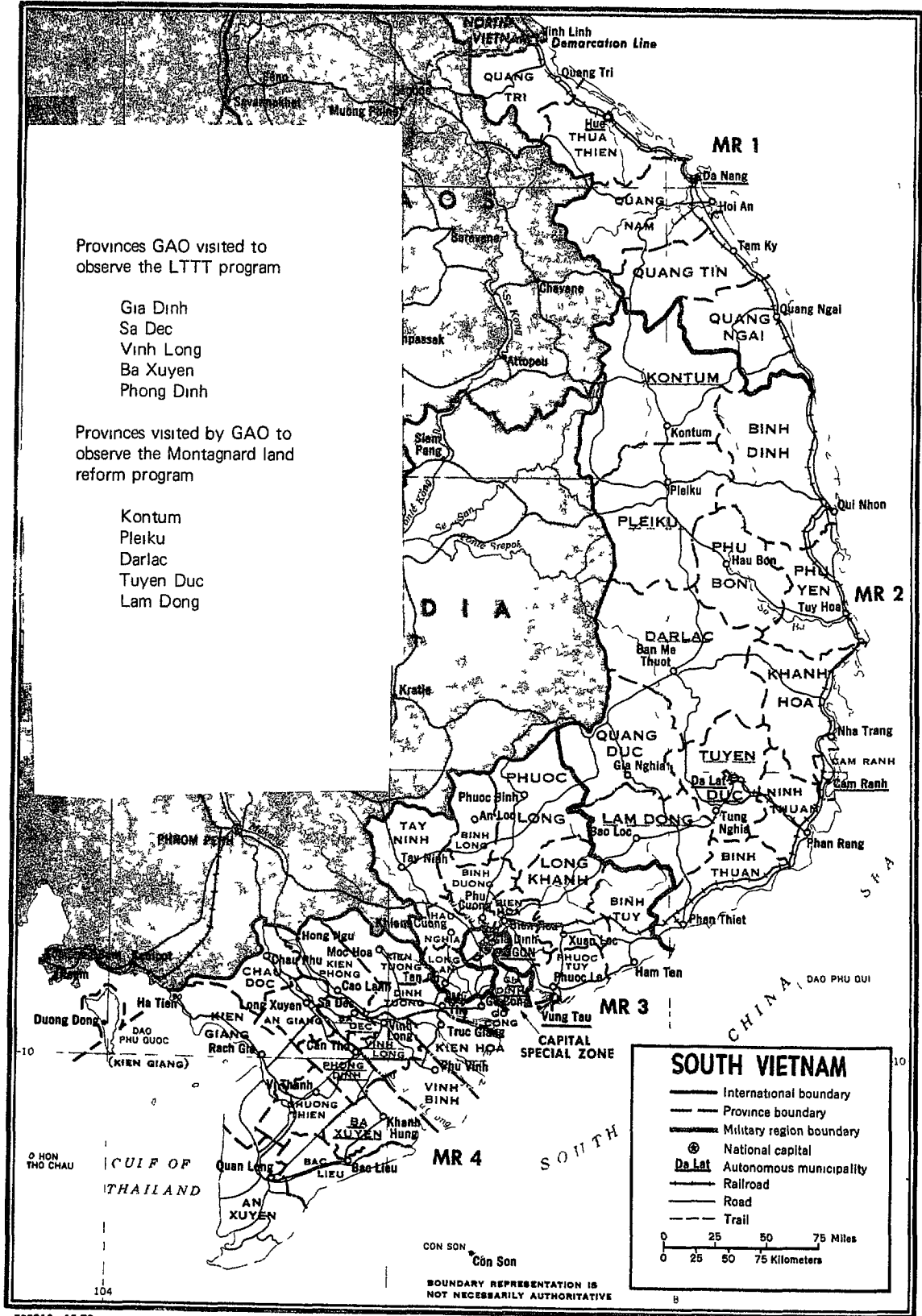
AID wanted to push further than GVN to complete the LTTT program. The GVN Minister of Land Reform in March 1972 requested authority from the Prime Minister to set a cutoff date for LTTT applications to induce farmers to apply for land. AID felt that a cutoff date would punish farmers where village officials had not been doing a good job and would reward persons who have impeded the law. It believed that, when GVN reached the 1-million-hectare distribution goal, the program would stop although land tenancy would not be completely eliminated. Also AID feared that the rights of secondary claimants (soldiers, widows) would be ignored, thus far, no LTTT titles have been distributed to secondary claimants. The AID Associate Director for Land Reform met with the GVN Minister of Land Reform to discourage such a cutoff and subsequently, the Land Reform Minister's request was retracted. According to AID, GVN has made clear its intentions to continue the program beyond the 1-million-hectare goal until all land eligible for distribution under LTTT is transferred to the tenant farmers, or, if they refuse to apply, to secondary claimants.

CHAPTER 6

SCOPE OF REVIEW

Our review was performed at AID's Washington, D C , Headquarters and at its Mission in Saigon, Vietnam, and various project locations within 10 provinces in Vietnam. We reviewed pertinent laws, policies, procedures, and regulations, examined project correspondence, analyses, position papers, trip reports, letters to GVN, and other project data, and interviewed AID officials and GVN officials directly responsible for the project. Our field review was conducted in 1972.

We did not obtain written agency comments. Instead, we incorporated AID's oral comments in the report where appropriate.



500016 10 70

APPENDIX II

PRINCIPAL OFFICIALS RESPONSIBLE
FOR THE ACTIVITIES DISCUSSED IN THIS REPORT

Appointed

DEPARTMENT OF STATE

SECRETARY OF STATE

William D. Rogers
Dean Rusk

Jan. 1969
Jan. 1961

AMBASSADOR TO THE REPUBLIC
OF VIETNAM

Ellsworth Bunker

Apr. 1967

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADMINISTRATOR

John A. Hannah
William S. Gaud

Mar. 1969
Aug. 1966

DIRECTOR, MISSION TO
VIETNAM

Stanley Siegel (acting)
John R. Mossler
Donald G. MacDonald

Mar. 1973
July 1970
Aug. 1966

Copies of this report are available at a cost of \$1 from the U S General Accounting Office, Room 6417, 441 G Street, N W , Washington, D C 20548 Orders should be accompanied by a check or money order Please do not send cash

When ordering a GAO report please use the B-Number, Date and Title, if available, to expedite filling your order

Copies of GAO reports are provided without charge to Members of Congress, congressional committee staff members, Government officials, news media, college libraries, faculty members and students

AN EQUAL OPPORTUNITY EMPLOYER

**UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D C 20548**

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE \$300**

**POSTAGE AND FEES PAID
U S GENERAL ACCOUNTING OFFICE**



**SPECIAL FOURTH-CLASS RATE
BOOK**