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*Promoting Innovation & Inclusion for a Prosperous  
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**Social Protection for Small-Scale Agriculture –  
Evidences from Vietnam**

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# Outline of the presentation

- Background and rationale of the research
- Poverty and Vulnerability
- Social Protection in Vietnam
- Data and sampling
- Empirical results
- Recommendations and Conclusion

# Background

- Vietnam has experienced impressive economic after Renovation in 1986
- However, poverty still remains, especially in the fast-rising globalization and liberalization process and deepening the risks already faced by rural poor and vulnerable people (those involved in agriculture)
- The current social protection system has not yet well developed and characterized by a number of drawbacks (lack of coverage, insufficient funding sources and inefficient institutions), and not able to deal with new challenges
- Objectives of the study:
  - Assessing the potential contribution of social protection schemes to address vulnerability and/or poverty
  - Provide community-based evidence on social protection system
  - Provide policy recommendations on social protection schemes in agriculture sector as a means to mitigate risks and improve livelihoods

# Poverty and Vulnerability

- Poverty:
  - Impressive achievement in poverty reduction: 58% in 1993 to 37% in 1998 and to 10.4% in 2010.
  - Essential infrastructure in rural and mountainous areas has been improved
  - Improvement of living standards, livelihoods, and access to basic social services (education, health, electricity, road, water and sanitation,...)
- Vulnerability: 4 groups of risks
  - Economic risks:
  - Health risks:
  - Natural risks:
  - Other risks:

# However,... unsustainable

- Rural-urban disparities are evident
- Regional poverty: inequality (North West mountainous is highest 40.5%)
- Gap between Kinh/Chinese and ethnic minorities
- Falling back to poverty and vulnerability of external shocks

# Social Protection in Vietnam

## 4 groups of policies (2012-2020):

- Employment policies for ensuring minimum income and poverty reduction:
  - Employment creation: concessional credit; supporting vocational training, supporting of finding jobs, public employment programs
  - Poverty reduction
- Social insurance policies:
  - Compulsory social insurance
  - Voluntary social insurance
  - Unemployment insurance
  - Complementary pension insurance
- Social assistance for specialized group
  - Regular support
  - Contingent support
- Accessing to basic social services:
  - Education
  - Healthcare
  - Dwelling
  - Clean water
  - Information

# Sampling and surveyed data

- 2 provinces:
  - Ha Tinh: central coastal region, affected by storm, rice production are for household consumption;
  - Vinh Long: Mekong River Delta region, affected by flooding, rice production are marketized.
- 8 communes: 4 in Ha Tinh and 4 in Vinh Long, including of poor, average and better-off, mostly involved in agriculture, midland and delta areas.
- 580 households in total

# Household demographics

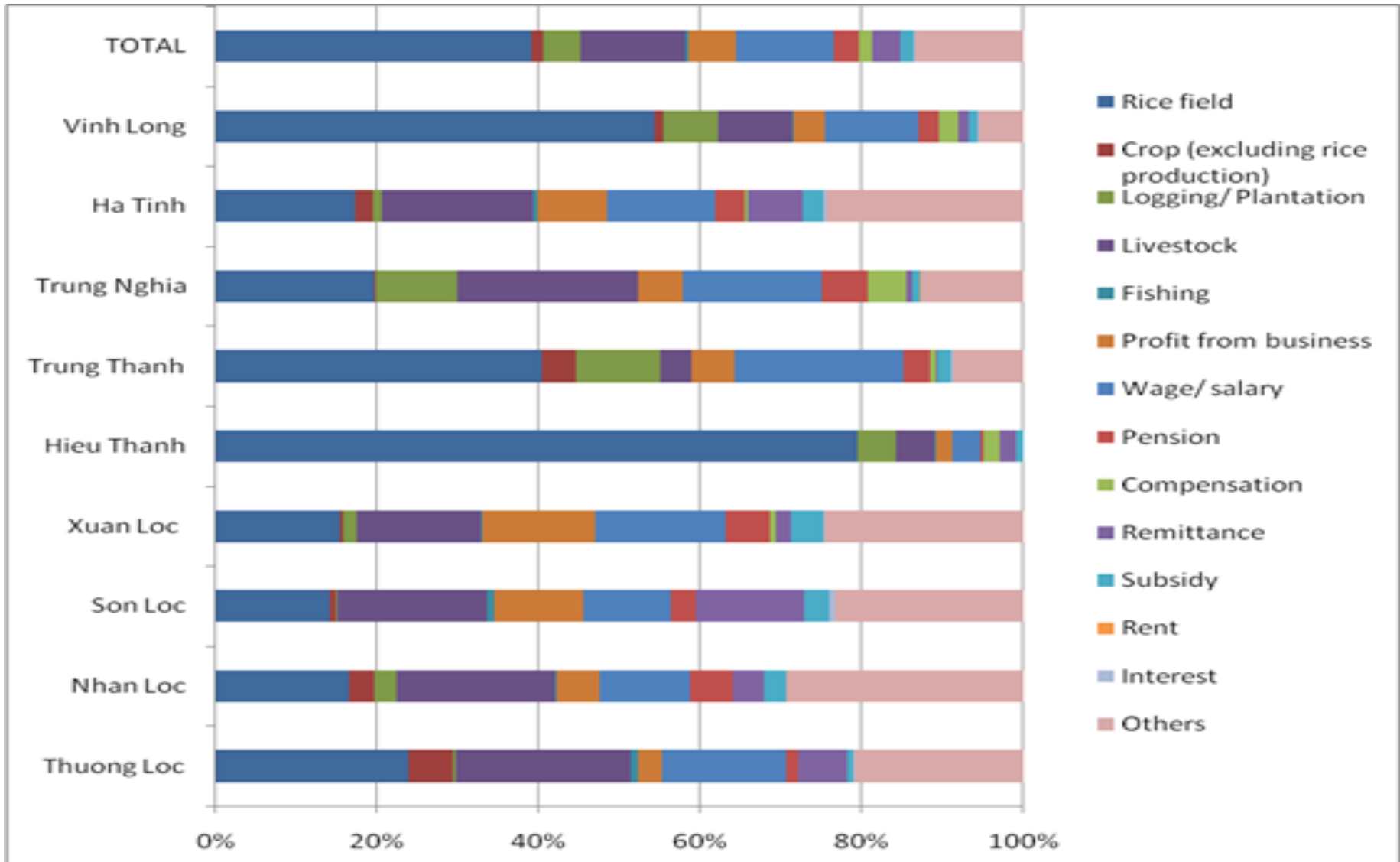
	No. of HH member.	Av. Age of HH head	Gender		Av. Schooling of HH head
			Male	Female	
Ha Tinh	3.8	48.3	85.6	14.4	8
Vinh Long	4	54.5	82.9	17.1	6.3
Whole sample	3.9	51	84.3	15.7	7.3

## Main jobs of HH head

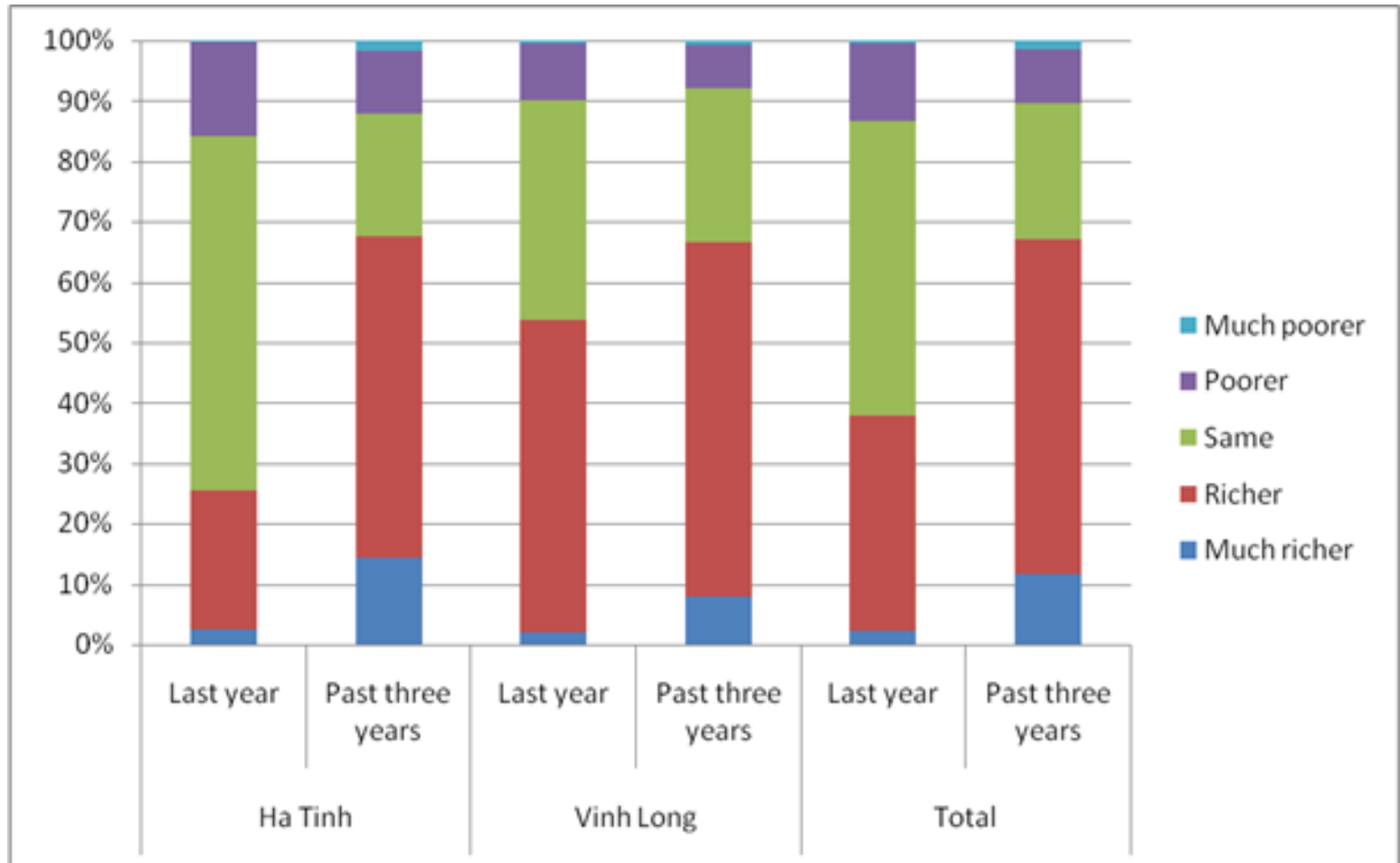
	Agri.	Official	Private	Unemplo yed	Others	% having extra jobs
Ha Tinh	79.4	2.5	8.6	0.3	9.2	64.7
Vinh Long	72.2	1.6	6.4	0	19.8	24.6
Whole sample	76.3	2.1	8.1	0.2	13.3	42.6



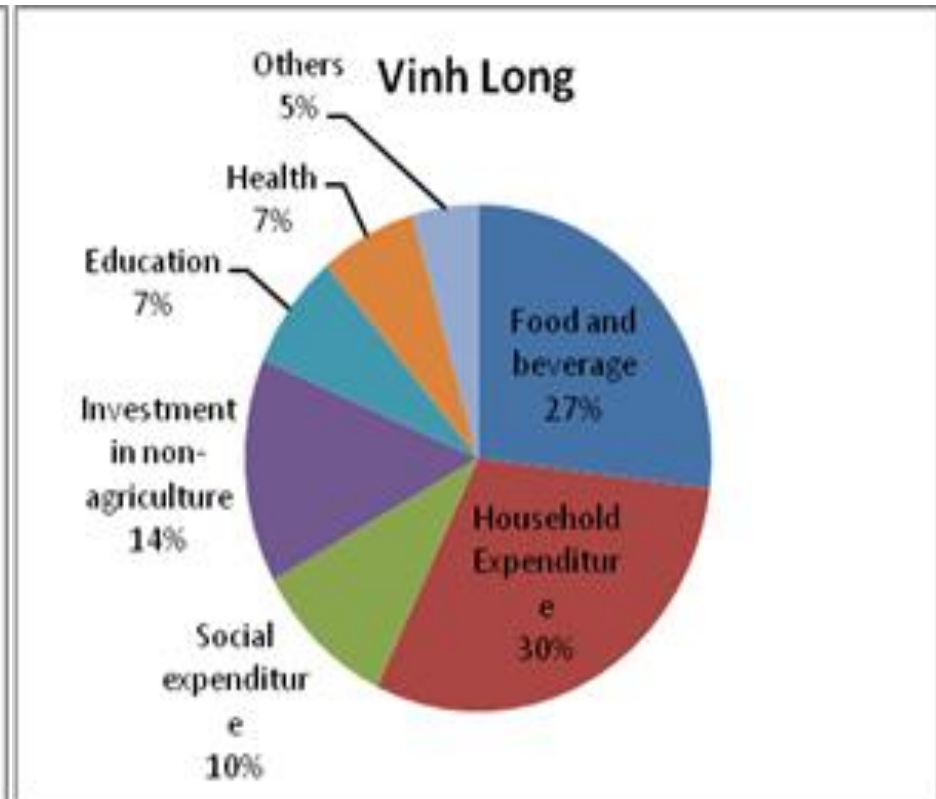
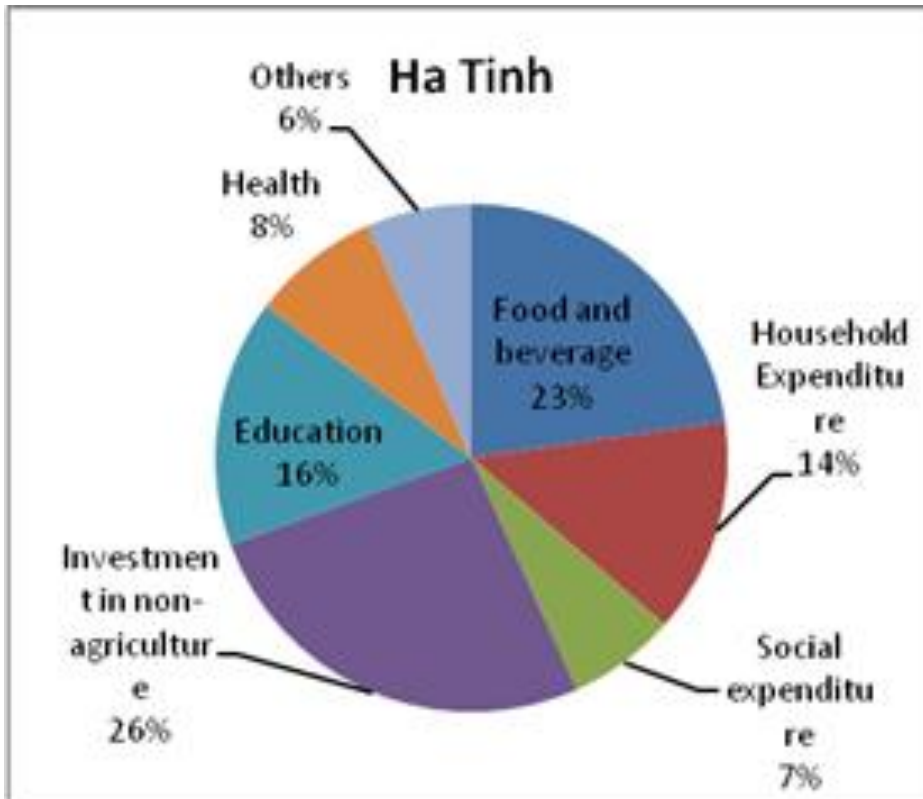
# HH income components



# HH's perception on income comparing with last year

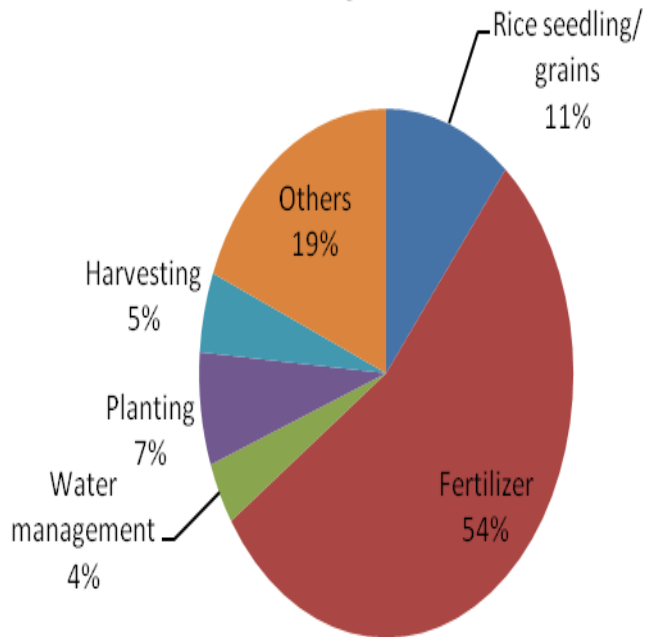


# HH's expenditure components

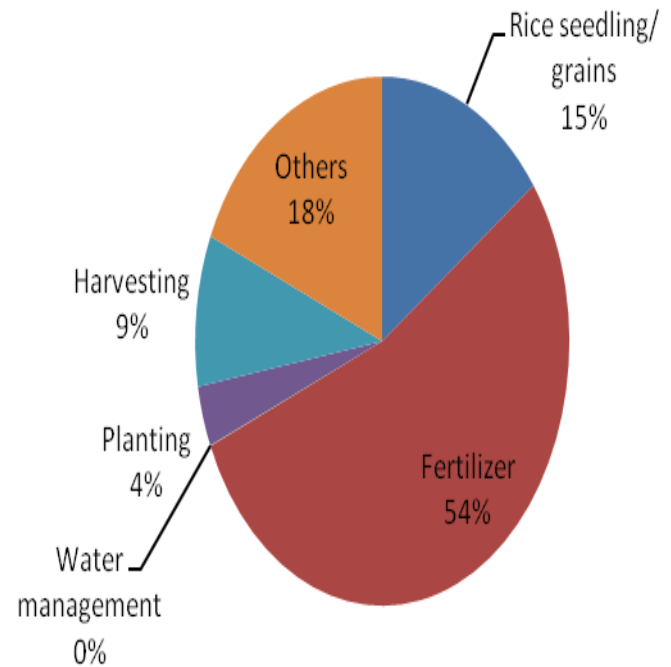


# Cost components of rice production

## Ha Tinh



## Vinh Long



# Risk perception – Type of shocks

Types of shock		Ha Tinh			Vinh Long			All sample		
		Non poor	Poor	Total	Non poor	Poor	Total	Non poor	Poor	Total
Demographic and social shock	Illness / injury / accident	79	75	154	33	59	92	112	134	246
	Household members died	12	7	19	7	8	15	19	15	34
	Household member(s) left the household	8	8	16	14	7	21	22	15	37
	Relatives stopped sending remittances	0	0	0	0	1	1	0	1	1
	Household damage	1	1	2	3	0	3	4	1	5
	Others	1	1	2	0	0	0	1	1	1
Natural disaster	Flooding	74	72	146	0	0	0	74	72	146
	Drought	17	10	27	3	7	10	20	17	37
	Landslide	0	1	1	0	0	0	0	1	1
	Erosion	1	1	2	1	3	4	2	4	6
	Earthquake	9	11	20	22	10	32	31	21	52
	Storm	2	3	5	1	5	6	3	8	11
	Crops pests	31	25	56	8	4	12	39	29	68
	Unusual high temperatures	0	0	0	3	1	4	3	1	4
	Unusual low temperatures	3	3	6	0	0	0	3	3	6
	Others	0	1	1	0	0	0	0	1	1
Economics shocks	Sharp drop in rice price	2	1	3	20	21	41	22	22	44
	Sharp increase in input price	21	13	34	54	48	102	75	61	136
	Major income earner unemployed	2	5	7	1	7	8	3	12	15
	Sharp increase in overall prices	26	21	47	76	76	152	102	97	199
	Unable to pay back loan	0	0	0	1	5	6	1	5	6
	Others	2	5	7	1	1	2	3	6	9
<b>Total</b>		291	264	555	248	263	511	539	527	1,066

# Cost of shocks

	Ha Tinh			Vinh Long			All		
	Poor	Non poor	All	Poor	Non poor	All	Poor	Non poor	All
Overall	5,673	7,351	6,542	3,566	6,634	5,007	4,691	7,051	5,863
Illness / injury / accident	7,107	9,637	8,406	7,686	21,070	12,569	7,336	12,634	9,794
Sharp increase in overall prices	3,367	2,621	2,932	1,783	2,928	2,347	2,076	2,852	2,473
Flooding	4,778	7,930	6,332	0	0	0	4,778	7,930	6,332
Sharp increase in input price	1,795	7,030	4,968	1,757	3,044	2,401	1,766	4,310	3,113
Crops pests	2,244	1,681	1,947	1,425	4,800	3,300	2,131	2,154	2,143

- On average: VND 5,863 thousand/household if experienced a shock (16% of annual HH income)
- For poor HH: a shock costs VND 4,691 thousand (27% of total income)
- For non-poor HH: VND 7,000 thousand (12% of total income)
- Cost of shock in Ha Tinh is little bit higher

# Shock coping strategies

- Reduce overall consumption: 35.5% → short-time solutions, and how to recover?
- Borrowing from relatives: 12.5%
- Borrowing from formal financial institutions: 12.9%
- Borrowing from money-lenders: 9.8%
- Find another job: 10.5%
- Do nothing: 9.5%

# Outside support

- Free medical treatment because of high cost
- Health care insurance: higher proportion in Vinh Long
- Agriculture inputs: higher proportion in Ha Tinh
- Assistance whenever natural disaster occurred
- Special credit loan
- Respondents: Local government, community and private sector.



# Community support

	Ha Tinh			Vinh Long			TOTAL		
	More involved	No changed	Less involved	More involved	No changed	Less involved	More involved	No changed	Less involved
Children and students	70.7	29.3		52.9	47.1		63.8	36.2	
Women	61.5	38.5		57.2	42.8		59.9	40.1	
The elderly	58.4	41.3	0.3	51.6	48.4		55.7	44.1	0.2
The disabled	74.3	25.7		54.1	45.4	0.6	67	32.8	0.2
Saving within community	51.9	48.1		47.8	50.6	1.6	50.4	49	0.6
Credit for start-up	72.1	27.9		44.9	54.5	0.6	62.9	36.9	0.2
Career development	87.4	12.6		63.1	36.2		78.2	21.8	
Health welfare	91.1	8.9		73.6	25.9	0.5	84.4	15.4	0.2

# Econometric model

- The models will analyze:
  - factors that influence households to adopt any coping activity
  - factors that influence households choose a specific type of coping strategy.

# Regression variables

Variable	Definition
age	Age of household head
gender	Gender of household head (1 man, 0 woman)
yschool	Year of schooling of household head
Married	Dummy variables which represents marriage status of HH head (1 married, 0 single)
Lostshare	Share of total loss reported over total household expense
Severity	Dummy variable, which represents the impact of shocks experience: High impact on HH=1, otherwise=0
Borrow	Dummy variable to represent whether household can borrow: borrowable=1 otherwise borrow=0
Nomember	Number of household members
Noearner	Number of money earners
Noleave	Number of people leaving in last five years
Logproperty	Log of property value (incl. for living and business)
Logreceived	Log of money receive from others
Logrice	Log of rice field area
Logprof	Log of profit from rice production
Healthshock	Whether the shock is illness or not
Disastershock	Whether the shock is flooding or not
Inputprice	Whether the shock is the rise in input price or not
Price	Whether the shock is the rise in overall price or not
Hatinh	Whether the households living in Ha Tinh (Central area) or not
Coping	coping or not (dependent variable)

# For the 5 most prevalent shock

	Model 1		Model 2		Model 3		Model 4		Model 5	
	Estimated coefficient	Marginal effect	Estimated coefficient	Marginal effect	Estimated coefficient	Marginal effect	Estimated coefficient	Marginal effect	Estimated coefficient	Marginal effect
age	0.009	0.002	0.007	0.001	0.007	0.001	0.004	0.001	0.005	0.001
gender	0.263	0.051	0.110	0.021	0.153	0.028	0.159	0.027	0.139	0.023
yschool	0.000	0.000	-0.001	0.000	0.000	0.000	0.001	0.000	-0.001	0.000
married	0.004	0.001	0.004	0.001	0.005	0.001	0.004	0.001	0.004	0.001
lostshare	0.028	0.006	0.035	0.007	0.036	0.007	0.058	0.010	0.054	0.009
severity	0.099	0.019	0.090	0.017	0.092	0.017	0.051	0.009	0.052	0.009
borrow	-0.309*	-0.055*	-0.328*	-0.056*	-0.365*	-0.060*	-0.319	-0.047	-0.328	-0.048
poor	0.283*	0.055*	0.263*	0.050*	0.268	0.050	0.238	0.040	0.247	0.041
nomember			0.078	0.015	0.093	0.017	0.156*	0.026*	0.153*	0.025*
noearner			0.189	0.036	0.200	0.037	0.110	0.018	0.127	0.021
noleave			0.085	0.016	0.071	0.013	0.085	0.014	0.076	0.013
logproperty					-0.002	0.000	-0.028	-0.005	-0.018	-0.003
logreceive					0.022*	0.004*	0.026*	0.004*	0.025*	0.004*
logrice					-0.006	-0.001	0.013	0.002	0.004	0.001
logprof					-0.007	-0.001	-0.011	-0.002	-0.006	-0.001
healthshock							0.304	0.047	0.340	0.052
disastershock							-0.653**	-0.140**	-0.682**	-0.148**
inputprice							0.062	0.010	0.172	0.027
priceshock							0.478	0.068	0.579*	0.080*
hatinh									0.211	0.036
_cons	1.018**		0.238		0.447		0.698		0.366	
	611.3		621.1		641.9		625.1		630.7	

# Choice of coping strategy

	reduce overall expenses	second job	reduce cost of production	borrow from relatives	borrow from formal financial institution	other coping strategy
Age	-0.002	-0.015*	0.007	0.002	0.001	0.004
Gender	-0.076	-0.014	0.178	-0.010	-0.507	-0.112
yschool	-0.013	-0.006	-0.002	-0.021	-0.003	0.005
married	0.079	0.289	0.419	-0.050	-0.381	-0.016
lostshare	-0.001	0.007	-0.190*	0.021	0.053**	-0.006
borrowable	0.053	0.055	0.021	0.079	-0.110	0.111
severity	-0.001	0.270*	-0.025	0.062	-0.065	-0.059
nomember	0.004	-0.049	0.017	0.112*	0.049	-0.027
noearner	0.031	0.064	0.112	-0.256	-0.038	0.002
noleave	0.030	-0.164**	-0.007	0.126	0.109	-0.078*
logproperty	0.005	0.069	0.022	-0.057*	0.042	-0.031
logreceived	0.009	0.020*	-0.002	-0.031**	0.015	0.002
Logrice	-0.010	-0.016	0.039	-0.030	-0.035	0.020
logprof	0.006	-0.027	-0.010	0.030	-0.012	-0.012
healthshock	0.129	-0.308	-0.189	0.366*	-0.032	0.090
disastershock	0.078	-0.446*	-0.355	0.089	-0.003	0.039
inputpriceshock	0.163	-0.181	0.305	0.019	0.100	-0.295
priceshock	0.466***	0.031	-0.228	0.193	-0.106	-0.416**
Hatinh	-0.169	0.434*	-0.605**	0.700**	0.746***	0.011
Poor	0.007	0.221	0.000	0.246	0.040	-0.200*
cons	-0.584	-1.749	-3.108	-1.807	-1.018	-0.261

# Conclusion and Recommendations

- Empirical results from data collected from 580 rice growers in two provinces show that households is affected by shocks both covariate and idiosyncratic nature.
- The most frequent shocks that households face in last few years:
  - illness/injury or accident of household members;
  - sharp increase in overall prices;
  - flooding;
  - sharp increase in input price and
  - crops pests.
- Shock frequency and severity is found to vary with income level, with households' various characteristics such as the gender of household heads, their age and education.
- Although the poor and non-poor households face similar types of shocks, the shock effect is much more severe for the poor.

# Conclusion and Recommendations

- 86% have adopted at least a coping strategy. The most frequent strategies include reducing the overall expense, borrowing from relatives, acquaintance and/or financial institution, and finding a second job.
- strengthen the formal social security system with a focus on broadening coverage;
- improving enforcement so that old persons and those affected by unforeseen circumstances are protected from falling into poverty.
- two transitions - from farm to higher productivity non-farm employment and from informal to formal sector jobs should be encouraged to take place.

## Conclusion and Recommendations (2)

- For formal business sector, regulations on social security participation should be better enforced;
- For informal sector, awareness should be raised and procedures should be simplified to encourage people to participate in voluntary schemes.
- Introduction of single social security



**Thank you!**