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Factor Affecting Poverty and Policy Implication of Poverty Reduction: A Case Study for the Khmer Ethnic People in Tra Vinh Province, Viet Nam*

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Abstract

The paper aims to investigate empirical causes of poverty of the Khmer ethnic people and suggest policy implication to help the Khmer ethnic people escape poverty in Tra Vinh province and the Mekong Delta. The study has been conducted with direct interviews with 300 Khmer households living in seven districts and cities in Tra Vinh province and with the use of multivariate regression. The research results show that a number of causes that affect poverty of poor households include lack of capital for production, lack of means of production, poor health and lack of labor, large families, lack of job opportunities or unemployment, and lack of willingness to escape poverty and education. Thus, there should be poverty reduction policy for the poor households in the coming time. Based on the current situation and regression results, the authors propose a number of recommendations: 1) Focus on preferential loan policies for poor people 2) Provide occupational training programs for improving incomes for the Khmer ethnic households 3) Build up special infrastructure in the Khmer ethnic areas 4) Focus on promoting cultural and belief institutions in areas of the Khmer ethnic people and 5) Improve and build up healthcare clinics services and facilities.

Keywords: Poverty Reduction, Income, Occupation, Education, Khmer Ethnic People.

JEL Classification Code: P44, R51, E69.

1. Introduction

Tra Vinh has the second highest number of poor households in the Mekong River Delta, in Viet Nam, with the poor household rate at 16.64% of total poor households in the Mekong River Delta. Specifically, the total number of poor households in the area is 23,078 households, representing 8.41% of the total number of households in the province. Of those, 20,397 poor households in terms of income accounted for 88.38% of the total poor households

and the poor households' lack of access to basic social services reached 2,681 households, accounting for 11.62% of the total poor households. According to the report from Tra Vinh Provincial People's Committee (2017), the Khmer ethnic poor households accounted for 13,859 households, reaching 15.7% of the total Khmer households.

In the past few years, Tra Vinh province has developed a program of action on comprehensive development that has made remarkable changes in the socio-economic situation, improved people's living standards and reduced poverty rate of average 4.3% per year. Also, ethnic policies, recruitment policies, tuition fee exemption, vocational training, and job creation have been implemented effectively and traditional festivals, cultural identity and national unity have been continued to be preserved and promoted. Thus, lives of the poor households in Tra Vinh province have been improved in all aspects, and the number of poor households has declined dramatically. Specifically, the livelihood of the Khmer ethnic poor people has been improving, and the face of the countryside has been constantly developing (Tra Vinh Provincial People's Committee, 2017).

However, due to objective and subjective conditions, the socio-economic life of poor households is often unstable.

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Over the past years, Tra Vinh provincial Committee of the Party and People's Committee have implemented policies to stabilize and improve the lives of poor households, but due to limitations in educational level, financial resources and a number of objective causes, many poor families have still encountered many difficulties in life.

Under this circumstance, the study found the causes of poverty in Tra Vinh province. Through the research findings, implications of policies for agencies and authorization will be recommended to address poverty, increase income, and stabilize social welfare and security for poor households in Tra Vinh province in the upcoming time.

2. Literature Review

Aikaeli (2010) figured out the determinants of rural income in Tanzania. The study also found that female headed households had lower incomes than male headed households. A research project from Oxfam & ActionAid (2013) conducted a study on *Poverty Reduction Models in Selected Ethnic Minority Communities in Viet Nam*. The results show that "poverty reduction models" in mountainous ethnic minority areas are characterized by distinct villages. There is no ideal "poverty reduction model". "Poverty alleviation models" are always self-motivated in a rapidly changing context. Based on the analysis of the important role of social factors at the community level and the household livelihood strategy for "poverty reduction models," the authors proposed a number of solutions for policy dialogue to promote sustainable poverty alleviation in ethnic minority communities in Viet Nam.

According to the report *Reducing urban poverty in Viet Nam: new challenges and new approaches* from Oxfam & ActionAid (2013), the key findings of the 5-year Synthesis Report (2008-2012) were briefed "Participatory Urban Poverty Monitoring", jointly conducted by Oxfam and ActionAid. It then proposes eight recommendations for action to reduce poverty in urban areas.

Budhathoki (2014) wrote an article published in the Proceedings of the international conference, namely Sustainable Development and Poverty Reduction for Ethnic Minorities in Mountainous Provinces. The author conducted a study on Conservation Strategies and Approaches for Sustainable Development and Poverty Alleviation in poor mountainous areas in Nepal. In this paper, the author discusses and analyzes a number of approaches currently being implemented in protected areas in the Himalayas and presents the shortcomings and strengths in achieving Sustainable Development and Poverty Reduction goals. The author also recommends that each conservation approach has its own limitations and the need to combine protection

and participatory tools. There should be the engagement of the local people in order to ensure sustainability and improve livelihoods for local residents.

Nguyen, Tran, and Bui (2011) conducted the study on *Factors affecting household income in rural areas of Tra On district of Vinh Long province*. The results show that although the living standard of rural people is improving, many households still have relatively low income. Nguyen and Bui (2011) did research on *Factors affecting the income of the ethnic minorities in the Mekong River Delta*. The results show that the education level of the householders, the education level of the household members, the number of household members, the income generating activities of the household, the age of laborers in each household and access to supporting policies all influenced the income of the ethnic minorities in the Mekong River Delta.

According to the Ministry of Labor, War Invalids and Social Affairs (2016), the report of *the 2016-2020 National Target Program for Sustainable Poverty Reduction* has evaluated the poverty situation of the whole country, proposed targets for the 2016-2020 periods and identified the program the 2016-2020 National Target for Sustainable Poverty Reduction which is being implemented nationwide.

Huynh (2011) studied the factors affecting the income of non-agricultural households in Duc Hoa district, Long An province. The results show that the average education level of the householders, the number of household laborers, the access to credit sources, and the householders' number of years of schooling influenced the income of the non-agricultural laborers. Vien (2012) did research on *Factors affecting the income of farmers in Tan Hiep district, Kien Giang province*. The research results show that there were seven factors affecting the income of farmers including the number of laborers in the household, the area of farming land, the number of times of attending the agricultural extension, the access to roads, the total capital, and the access to water. Truong (2013) showed that the factors affecting household income in border communes in Tay Ninh province include the occupation of householders, the working experience of the householders, the education level of the householders, the number of household laborers, the dependency ratio, the area of farming land, the number of income generating activities and the access to official sources of credit.

3. Research Methodology

3.1. Research Model

Based on the interviews with experts, surveys, and previous research results, the authors proposed the

research model for *Causes of poverty of the Khmer ethnic households in Tra Vinh province* as follows (Table 1):

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_{11}X_{11} + b_{13}X_{13} + e$$

Of which,

- Y is a dependent variable. Causes of poverty; X₁, X₂, . . . X₁₃: are independent variables.

3.2. Data Collection

From the theoretical basis and through the results of qualitative research, the authors formulated a formal research model for the research topic. Then, the authors designed a questionnaire and conducted a preliminary survey to complete the questionnaire.

Data collection was conducted by interviewing the householders in the districts of Tra Cu, Cang Long, Cau Ke, Cau Ngang, Tieu Can and so forth from April 2018 to August 2018 and through the direct questionnaire, with sample size n = 300 (Hoang & Chu, 2008).

4. Research Findings and Policy Implication

In order to determine the causes of poor households in Tra Vinh province, multivariate regression analysis was used. To test the multi-collinearity of the model, the authors tested the result through the Variance Inflation Factor (VIF) of the variables, but the multi-collinearity was not found (Table 2).

Table 1: A summary of independent variables of the model and variable expectation

Variables	Names of variables	Basics of variable selection	Variable expectation
Y	Causes of poverty	Interviews with experts	
X ₁	Lack of capitals/financial resources	Budhathoki (2014), Nguyen and et al. (2011)	+
X ₂	Lack of farming land	Shrestha and Eiumnoh (2000)	+
X ₃	Lack of means of production	The report of interviews with experts from Tra Vinh Provincial People's committee (2017)	+
X ₄	Poor health	The report of interviews with experts from Tra Vinh Provincial People's committee (2017)	+
X ₅	Large families	Huynh (2011), Aikaeli (2010)	+
X ₆	unemployment	Truong (2013)	+
X ₇	Lack of will to escape from poverty	The report of interviews with experts from Tra Vinh Provincial People's committee (2016)	+
X ₈	Level of education	Shrestha and Eiumnoh (2000), Bui (2008)	-

(Source: compiled from previous studies by the author)

Table 2: Regression results from the model

Average income/person/month	coefficient	Standard deviation	t	P > t
Lack of capitals (X ₁)	23630.8***	87896.84	2.82	0.007
Lack of means of production (X ₂)	34841.77***	13016.02	2.68	0.008
Poor health (X ₃)	-65690.46**	29265.15	-2.24	0.026
Large families (X ₄)	141109.3*	81939.53	1.72	0.087
Unemployment (X ₅)	-367138.6***	80251.67	-4.57	0.000
Lack of will to escape from poverty (X ₆)	80959.21**	36873.73	2.20	0.030
Level of education(X ₇)	26274.82***	5536.05	4.75	0.000
Constant	1483428	252421.90	5.88	0.000

Regulatory R²: 0,6052 Statistical value F: 34,44 Prob value > F: 0.000

Notes: *** meaning 1%, ** 5%, and * 10%.

According to the regression results, lack of capital, lack of means of production, unemployment, and educational level signified 1% and poor health, lack of will to escape from poverty and large families reached significant levels of 5% and 10%, respectively.

In particular, the causes of poverty among the Khmer ethnic people are correlated with the lack of capital, lack of means of production, large families, lack of will to escape from poverty and level of education, but they have negative correlation with poor health and unemployment (Nguyen, 2018).

5. Policy Implication for Poverty Alleviation in the Areas of the Khmer Ethnic People in Tra Vinh Province

The results show that the causes of poverty of the Khmer ethnic households in Tra Vinh depend on many issues such as unemployment and sources of capital for production. Furthermore, based on analyzing the current situation and regression results, the authors propose a number of recommendations.

5.1. Focus on Preferential Loan Policies for Poor People

In Tra Vinh province, poor households can get access to official loans from the State Bank for Agriculture and Rural Development, the State Bank for Social Policies and the People's credit funds. These credit institutions should ensure that all poor households have equal rights to access their official credit. As a result, credit institutions should be more equitable in reviewing loan applications. Loan provision should be taken into account the purpose of borrowing and repayment capacity. These credit institutions should coordinate with the new rural development program to strengthen possibilities of applying technical advances, infrastructure, and input support of materials such as seedlings, fertilizers, and so forth. The credit organizations should enhance the relationship with social organizations and work closely with local authorities in order to be able to evaluate applicants for loans in a clear and realistic manner, which saves time for appraisal. Through this, poor households are likely to get loans faster.

5.2. Provide Occupational Training Programs for Improving Incomes for the Khmer Ethnic Households

Tra Vinh Department of Labor, War Invalids and Social Affairs should give propapanda programs and encourage

the Khmer ethnic people to engage in local vocational training courses to help them actively participate in doing business and actively create income generating activities, especially non-agricultural activities (knitting, sewing, and so forth) in line with beliefs and craft villages in order to bring into full play the available resources of each household.

There should be vocational training courses provided by vocational training centers in the localities where Khmer ethnic minority people live. At the same time, there should be adopted policies to support production establishments and cooperative economic organizations, enterprises and farm owners who are doing their jobs efficiently in localities, creating conditions for these units to produce more industries and jobs for ethnic minority people (Nguyen, 2017). Also, there should be satisfactory preferential policies for the units employing many ethnic minority laborers.

Departments such as Agriculture and Rural Development, Industry and Trade, Planning and Investment, Labor, War Invalids and Social Affairs, Science and Technology and so forth should actively support the Khmer ethnic poor people in terms of effective production and business approaches through training activities, advanced technology transfer, conferences, replication of effective production models, business study tours inside and outside the province. It is also necessary to provide timely information and orientation of input and output market prices for producers.

5.3. Build up Special Infrastructure in the Khmer Ethnic Areas

It should be noted that the Department of Construction and the Department of Transport focus on the construction of transport systems, roads, bridges, electricity network and clean water to ensure that poor households can enjoy these utilities and conveniences at reasonable prices. This would be a good motive to help the Khmer poor households to develop their economy and improve their livelihoods (Nguyen, 2017).

It is also of great importance that telecommunication networks such as telephone and Internet infrastructure should be upgraded in the ethnic minority areas, thus helping local people have an understand of intergration and foreign languages in order to accumulate knowledge for production.

5.4. Focus on Promoting Cultural and Belief Institutions in Areas of the Khmer Ethnic People

The Department of Culture, Sports and Tourism and the Department of Information and Communication should focus

on developing and promoting cultural values of the Khmer ethnic group such as setting up funds for conservation, and restoration of relics and pagodas, and so on in order to develop the intangible cultural values of the Khmer ethnic people. Thenceforth, these activities would help encourage them to participate in production activities and stabilize mental and spiritual life in the harmony of traditional cultural values and livelihood improvement.

5.5. Improve and Build up Healthcare Clinics Services and Facilities

Tra Vinh provincial Department of Health should focus on upgrading and building modern medical facilities in ethnic minority areas. It is likely to formulate special health insurance policies for ethnic minority people, of which 100% of ethnic minorities have health insurance and have access to basic healthcare services. These policies would help protect the health of the community and the environment in the place where the ethnic minority people live (Nguyen, 2017).

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