



# POVERTY ALLEVIATION IN THE MEKONG DELTA

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According to a UN survey, around a fifth of the world population live in absolute poverty. The WB considers those whose annual income is under US\$365 as poor. In Vietnam, poverty is mainly found in rural areas. According to the National Program for Poverty Alleviation, there are some 2,65 million poor families (including some 13 million persons), representing 17.4% of Vietnamese families, in the last years of the XX century.

According to the General Department of Statistics and the Ministry of Labor, War Invalids and Social Affairs, there were 507,393 families in the Mekong Delta in 1997 living in poverty and hunger (42,756 poor families representing 18.2% of the poor families of the country; and 78,797 hungry families or 13.2%), and 24.06% of peasants lived below the poverty line. To deal with poverty and hunger in rural areas has become the most urgent task to local governments in the Mekong Delta.

## I. CAUSES OF POVERTY IN THE MEKONG DELTA

### 1. Objective causes

- Natural disasters: Annual floods cause a lot of damage to the Delta (VND2,284 billion in 1994 and 2,182 billion in 1996). The flood in 2000 affected some 10 million people (or 62% of the population in the Delta);

800,000 houses were inundated; 500,000 persons had to live on emergency aid; 56,000 hectares of rice were lost totally; 150,000 hectares of rice, 4,000 hectares of vegetable, 90,000 hectares of fruit and 12,000 hectares of fish farms were flooded; 58,500 head of cattle and 541,000 head of poultry were killed, rural infrastructure was damaged. The total damage was estimated at VND4,000 billion. This is one of causes that makes a lot of peasant poorer.

- Shortage of jobs: In the Delta, some 244,000 persons enter the working population every year and only 3% of this amount have some skills. Of the existing work force, 82.6% work in agricultural businesses; 5.4% in manufacturing sector and 12% in service. Rural residents have a lot of idle time but it is difficult for them to find subsidiary occupations. According to a survey of poor families in the Delta, 44% of them in Đồng Tháp; 58% in Sóc Trăng and 70% in Tiền Giang thought that they were poor because they had no subsidiary occupations while the income from farming business was on the decrease.

- Economic policies: In the Mekong Delta, while the portion of poor families is still high and national programs to deal with poverty and hunger make slow progress, the tax burden becomes heavier (VAT on agricultural materials, income tax on

farmers and farm owners. In addition, the land policy and agricultural extension program haven't been carried out well.

- Poor demand for farm products: Although the commercial farming is developing in Vietnam, the domestic market for farm products is contracting while the export markets aren't expanded.

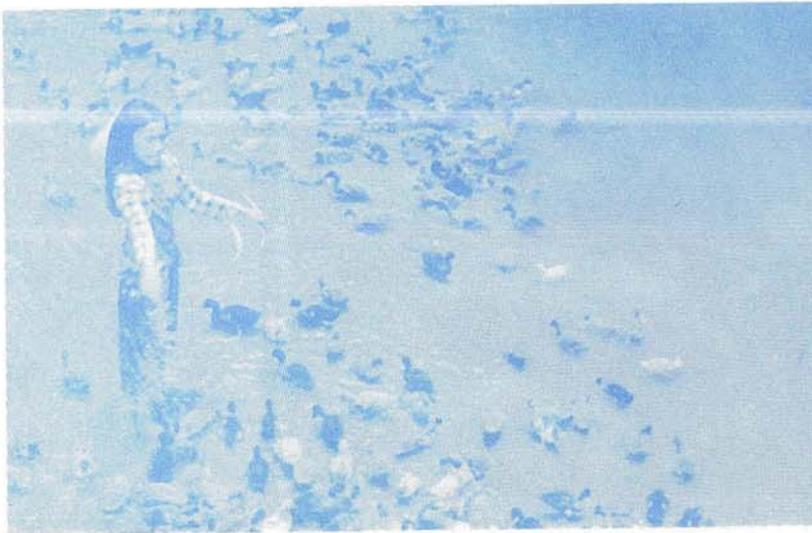
- Old customs: Traditional lifestyle requires peasants to spend a lot on condolence and congratulatory parties and other celebrations.

## 2. Subjective causes

- Shortage of land and capital: In the Mekong Delta in 1998, there were 135,338 landless families, or 5.69% of peasant families and 206,712 families that didn't have enough land and had to work as farm hands. Low income prevents them from accumulating capital.

- Poor education: The average education of residents in the Delta is lower than the national average. In 1999, there were 341,207 illiterates in this Delta, equaling 38% of the number of illiterates in Vietnam. Poor education prevents from absorbing new farming techniques and scientific advances.

- Job opportunity: Lack of skills and necessary knowledge make rural residents unable to find non-farming jobs. They can only work as low-paid manual laborers.



- Big family: This is also a force that keeps rural residents and many peasants below the poverty line.

## II. MEASURES TO RAISE PEASANTS' INCOME

Raising the income of peasants in the Mekong Delta requires joint efforts by peasants themselves and local government on a long-term basis.

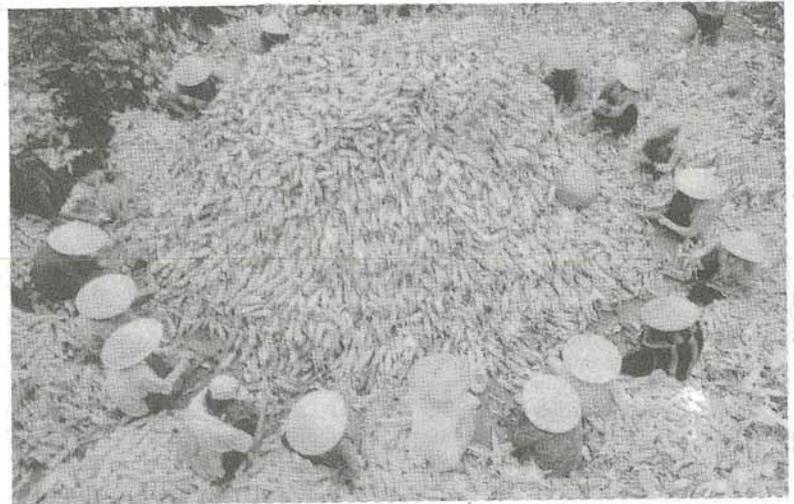
### 1. Soft loans for agricultural development

In the Mekong Delta, the commercial farming is developing, the demand for capital is therefore on the increase. Supply of formal credit can help prevent poor peasants from falling prey to usury. The Decision 148/1999/QĐ-TTg allowed peasants to borrow up to VND10 million from state-run banks without any security, or with their certificates of land-use right as security. The problem to the state banks is how to supply more long-term credit appropriate to the crops with a view to helping peasants repay debt after selling their products.

In recent years, the supply of loan to peasants has increased but the banks failed to inspect their use of loan with the result that many borrowers converted loans to other purposes and failed to repay on time. The banks had better help peasants work out plans to use bank loans profitably.

### 2. Technical assistance

The best way to provide peasants with technical assistance is to carry out agricultural extension programs. To achieve this aim, the two following problems should be solved: encouraging peasants, especially the poor ones, to take part in the pro-



grams; and enhancing skills and knowledge of agricultural extension advisors.

### 3. Job creation

To create more jobs in rural areas, some measures have been taken by local governments in the Delta:

- Changing the structure of agricultural production: The monoculture of rice has existed in the Mekong Delta for centuries. Moreover, small land area per capita and annual flood make the rice farming riskier. In recent years, the structure of farm products has been diversified: animal husbandry, sea farming and growing of annuals as raw materials for agro-industry have produced bigger output. What remains to solve is to develop markets for farm products from this Delta.

- Changing the structure of industry in rural areas: At present, the agriculture is still the largest sector on the Delta economy (57.8%) while the industrial and service sectors are in their first stage of development (13.4% and 28.8% respectively). Local governments had better encourage the development of the agro-industry (especially the processing of aquatic products for export) and trade of agricultural materials and farm products.

### 4. Land and means of production

In the Mekong Delta, the area of waste land is still large, especially in coastal areas where the sea farming could be developed. Local governments should make more investment in road network, irrigation, health care and education in these areas

with a view to encouraging landless peasants to move and start their business there. Development of handicraft business is also very helpful because this business doesn't require big starting capital or expensive means of production. At present, the development of big farms makes the number of landless peasants increase. The government could supply loans to peasants who want to rebuy their land and use it profitably.

In the struggle against poverty in rural areas, the role of government and civic organizations is very important because the market mechanism tends to widen the gap between rich and poor. Poverty alleviation is both an objective and a measure to achieve the socioeconomic development. It helps ensure better life for the poor, reduce social inequality and achieve sustainable development. ■