

Household Case Study from Ha Tinh Province, Vietnam

Ha Tinh is the northernmost of the three TVSEP provinces in Vietnam and is located about 340 km to the South of the provincial capital Hanoi. It is bordered by Laos in the West and has a coastline with the South China Sea in the East. In the initial 2007 survey wave, Ha Tinh was the poorest among the three TVSEP provinces. According to government statistics in 2008, the province had a GDP of just US\$ 420 per capita and poverty was widespread. The province is characterized by challenging natural conditions including poor soils, cold weather in winter and extreme heat in summer, frequent flooding and storms. The majority of the population lives in the rural areas and is engaged in farming with farm sizes mostly below one hectare per household.

Industrial development started around 2010 with the investment of a partly Taiwanese-funded iron and steel plant, called the *Formosa Ha Tinh Steel Corporation*. The plant is part of a US\$20 billion industrial park near the provincial capital Ha Tinh. A major shock occurred in 2016, when the steel plant released untreated waste water with heavy metals and other toxins into the sea, causing one of Vietnam's major marine life disasters. More recently, Ha Tinh has become more developed and poverty has declined as a result of the government's poverty reduction program and development assistance by, for example, the International Fund for Agricultural Development (IFAD) and the German Agency for International Cooperation (GIZ).

TVSEP's sample in Ha Tinh, following PPS design, covers 720 rural households in 72 villages, and 36 communes. The sample is representative for the rural areas of the province and was stratified into the ecological zones, namely coastal areas, rice plains and mountains, whereby the latter was purposively oversampled because of low population density in this zone. Based on the TVSEP survey data, income poverty among the sampled households was 41.9% in 2008 (Poverty line: 2 PPP US\$).

In the following we report the story of a household who had moved out of poverty between 2007 and 2017. The household is a rather typical case for the mountain zone of the TVSEP sample. Also this household can be called a "success case".

The head of household, we just call him Mr. Nguyen, (of course his real name is different) when we first interviewed him in 2007, was living alone because his parents had recently passed away. At that time, he had 0.35 ha of land, growing upland rice, sweet potato and peanuts. He had one cow and some poultry. He did not have a motorbike. His per capita income was just about 2 \$ per day, almost 80 % coming from farming. When looking at his records ten years later, the situation had changed significantly. He meanwhile got married, had two children and found a job in a local construction company. His wife took care of the farm which had enlarged to 1.17 ha by renting in land. Mr. Nguyen, aside from being a construction worker, also helped his wife with the farm. In 2017, he had

a motorbike and his per capita income went up to 7 \$ per day with still almost 50 % coming from farming.

Thus, the way out of poverty in the case of Mr. Nguyen was local wage labor, combined with farm investment. It was not migration to Hanoi, Da Nang or Ho Chi Minh City as policy makers suggest the rural poor should do. On the downside, Mr. Nguyen's health has somewhat deteriorated during this period, due to the hard work he did.

So what does this case tell us about rural development? The way out of poverty in this case was income diversification, but not wage employment through migration. As this case shows, development can be more than just migration and urbanization. Mr. Nguyen's remained in farming as a part-time farmer. We can be quite sure that Mr. Nguyen won't become a large-scale, full-time and fully commercialized farmer in his life time, as policy makers often envision and as many researchers suggest. In later panel waves we could see if Mr. Nguyen's household was able to continue a sustainable development path.