



Tropentag, October 7-9, 2008, Hohenheim

“Competition for Resources in a Changing World:
New Drive for Rural Development”

Understanding Vulnerability to Poverty of Rural Agricultural Households in Northeastern Thailand

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Abstract

Vulnerable households are not only those who are currently poor, but also those who are exposed to risks to become poor in the future. Rural agricultural households are perceived as being exceptionally vulnerable due to limited ability to cope with shocks and higher risks triggered by susceptible agricultural sector but it can also provide possibilities to mitigate and cope with risks and shocks from other sectors. Understanding the decisive characteristics of rural agricultural households provides a better insight to property and more efficient poverty reduction. To deal with this problem, 970 households were interviewed in 2007 in Ubon Ratchathani in Northeastern Thailand. 90% households surveyed engage in some form of own-agricultural activity. Particularly, about 6% of the households surveyed depend solely on cropping and livestock production with support from remittances and public transfers, whereas 84% of the households undertake on-farm activities simultaneously with off-farm, and/or non-farm activities, hence being seemingly better prepared to prevent vulnerability to poverty due to more diversified occupation. However, roughly 30% of all agricultural households currently fall under the provincial poverty line and another 30% earn less than twice the provincial poverty line. Therefore, about one third of agricultural households in the province are already caught under poverty and another substantial one third is subject to downside risk of slipping into poverty should an unexpected shock occur. For that matter, 70% of agricultural households experienced at least one shock during the previous 5 years. The most common covariate shocks are flood and drought as well as idiosyncratic shocks of illness and death of household members. Regarding production area, half of the agricultural households engage primarily in cropping whereas the other half also raises livestock for commercial purposes. Approximately 60% of agricultural households report agriculture as main occupation of at least 60% of their active members. To construct a basis for behaviour modelling of rural agricultural households regarding effects of shocks and coping strategies, income, main production area and occupation are taken as criterion and 8 typical farm types are identified. Statistical tests show significant differences in household size, yield, subsistence and commercial production and land allocation.

Keywords: Household analysis, Thailand, vulnerability to poverty