

INTERNATIONAL TVSEP CONFERENCE ON
“SHOCKS AND RESILIENCE IN RURAL SOUTHEAST ASIA”

MAY 23RD AND 24TH, 2022

ALTE MENSA, GÖTTINGEN

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Oral Presentations

Weather Shocks and Income Inequality*

Thi Thao Nguyen[†]

May 14, 2022

Abstract

Governments and nongovernmental organizations (NGOs) rely on economic models to identify at-risk communities when addressing the issues of income inequality because resources are scarce. However, models developed to date neglect the impact of weather shocks. Because climate change is predicted to increase the frequency and severity of weather shocks that destroy crops, in this paper, I study the impact of weather shocks on household welfare and how it exacerbates household income inequality via increasing crop income inequality. I first recognize the limitations of existing measures of weather shocks and propose an absolute measure of weather shocks that does not depend on the length of weather samples obtained. Next, I study the impact of the newly constructed weather shocks on household welfare measured by different income sources and different types of consumption. The findings suggest that weather shocks have a significant negative impact on crop revenue and that the impact varies across households with different characteristics. Next, I consider how this diverse impact of weather shocks impacts household income inequality. The Gini decomposition of income sources suggests that crop income contributes to reducing income inequality in the provinces. Because weather shocks reduce income from crops, they contribute to increasing income inequality. Our model can assist governments and NGOs to identify at-risk communities to best target resources.

Keywords: weather shocks, income inequality, Gini decomposition

JEL Classification: D63, O13, O18

*I thank Trung Thanh Nguyen, Manh Hung Do and Florian Heinrichs for granting me access to the TVSEP data and assisting me in understanding the dataset. I also thank Prasada Rao, Trong Anh Trinh, Son Nghiem, Kim Huong Nguyen, Dao Nguyen, and David Rowland for their helpful suggestions and valuable advice. All errors remaining are mine.

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Extreme weather and agricultural input management in rural Thailand and Vietnam:

Intensify or de-intensify?

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Abstract

Northeastern Thailand and Central Vietnam are two regions where poverty persists despite success at the national level. While there are profound structural differences between Thailand and Vietnam, a common feature for both countries is that government policies promote migration of rural labor to facilitate the growth in the industrial and service sectors and have the vision of large-scale farming following the model of western agriculture. As a result of this policy, the share of agriculture in household income in many cases now is less than 50 % and labor rather than land (as in the past) is the main income-generating factor. On the other hand, farm size structure has basically remained the same, and small-scale farming dominates. Hence, farmers in these regions are caught between a “rock and a hard place”!

At the same time, small-scale farmers in the two regions are increasingly exposed to severe weather events, particularly droughts, that aggravate their situation. In this paper, we explore the impact of droughts on farmers’ management decisions, particularly whether they intensify or de-intensify agricultural production, i.e., apply more inputs such as fertilizer, pesticides, and labor on their limited land, invest in agricultural equipment and irrigation.

To do so, we combine longitudinal household data from the two regions (i.e., the Thailand Vietnam Socio Economic Panel) from 2007-2017 with monthly high-resolution (0.5 degree) rainfall and temperature data from the Global Historical Climatology Network Version 2 and the Climate Anomaly Monitoring System (respectively) to characterize droughts at the sub-district level.

We find a couple of interesting observations. First, results indicate that farmers tend to de-intensify agricultural production in terms of hired labor, pesticides, number of crops grown, and investments in response to severe droughts. Second, farmers increasingly hire machinery as a substitute for own investments and own household labor. Third, the magnitude of effects increases as the severity of droughts increases.

Differentiating the analysis between regions, farm sizes, and upland and lowland rice, shows that the level of de-intensification varies. For example, Thai farmers allocate more domestic and hired labor to agricultural production, and Vietnamese farmers invest in agricultural assets. Larger farms intensify input use specifically in permanent crop production.

Keywords: drought severity, input intensification, SPEI, Southeast Asia

JEL codes: Q12, Q54, O13

Acknowledgment: We acknowledge the use of the comprehensive Thailand Vietnam Socio Economic Panel (www.tvsep.de). We are also thankful to Duong Quoc Non (University of Agriculture and Forestry, Hue University) for his support in using ArcGIS. All remaining errors are our own.

Misallocation and Shocks: Evidence from Vietnamese villages*

Andre Groeger Luis Rojas Raul Santaaulalia-Llopis
Yanos Zylberberg

January 29, 2022

[Preliminary and incomplete, please do not circulate.]

Abstract

Agricultural productivity is low in rural economies compared to that of developed economies, and there is disparity in measured productivity across farms. The dispersion of measured productivity might reflect (i) volatile conditions and (ii) sluggish adjustments in agricultural production to such conditions, e.g., due to market frictions or feasibility constraints. This paper sheds light on the existence and nature of such imperfect adjustments by exploiting large shocks affecting the overall returns to production factors across crops, by measuring the adjustment of production (factors, inputs and cropping patterns) across and within farms, and by estimating a dynamic model of farm production. We use the model to assess the role of rigidities in explaining the dispersion of agricultural productivity, but also, and mostly, to identify the respective effects of market frictions versus technological constraints.

JEL codes: R11, R53, J24, N95

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Does gender matter in access to credit for rural non-farm self-employment business? Evidence from rural Vietnam

Authors:

Chung Phan, Diem Vo, Thang Vo

Abstract:

Access to finance is a crucial step to drive business, especially for business operating in rural areas, where both internal and external resources are limited. However, rural firms often report a lack of access to financial support. This study offers in-depth insights into obstacles in the financing of rural household businesses. A novel aspect of this research was to focus on the self-employed business of rural households. Our paper provides first evidence for the problem of credit constraints in relating to the effect of female household heads and female business managers on the self-employed business of rural households in a developing country. In particular, we find no evidence of gender discrimination in terms of loan approval and loan duration. However, a household business with a female head or business with a female manager appears to have advantages in reducing the interest rate and value of collateral requirements for their loans. This suggests a positive impact of microcredit policies in Vietnam in favour of female entrepreneurs. The findings would help rural households, especially female-related businesses, obtain better access to finance in the future and guide policy implications.

Liquidity management in the face of extreme weather: Empirical evidence of microfinance clients in the Philippines

Author:

Maria Jose Mendoza

Co-authors:

Kristina Czura, Lisa Spantig

Abstract:

Liquidity management is increasingly being recognized as an additional benefit of microfinance services, but its evidence in the face of covariate shocks is still very limited. Drawing on a difference-in-differences design and high-frequency financial transactions of microfinance clients in the Philippines, we investigate the impact of the 2012 *Habagat* floods on their formal finances. Our results indicate that clients adjusted their financial transactions to mitigate the impact of the disaster. Namely, voluntary deposits and loan repayment decreased in affected *barangays*. However, additional analyses reveal that clients were able to restore both deposits and loan repayment relatively soon.

The effect of cognitive function on the poor's economic performance: Evidence from Cambodian smallholder farmers

Despite manifold policy interventions, poverty still exists. Those most harshly affected are people living in rural areas of low-income countries. A seminal strand in the literature presents a promising avenue for analyzing the lives of the poor by suggesting that poverty impedes cognitive function. However, the real-world consequences of impeded cognitive function are yet to be discovered. We ask whether the level of cognitive function can help to explain the differences in economic performance of the poor. We conducted a field study in rural Cambodia using the well-established Raven's Progressive Matrix to elicit cognitive function. Employing stochastic frontier analysis, we find that the level of cognitive function of poor smallholder farmers helps in explaining differences in economic performance. Our findings suggest that impeded cognitive function results in a negative economic performance feedback loop, which can be a reason why some farmers appear to be stuck in poverty while others manage to escape it.

Keywords: Cambodia; Raven's Progressive Matrix; Stochastic Frontier Analysis; Smallholders; Cognitive Load

JEL Codes: Q10, Q12, D91

Determinants of Household Livelihood Strategies in Rural Thailand

Author:

Uchook Duangbootsee

Abstract:

Livelihood strategy can be defined as a set of income-generating activities that households use to convert assets into expected livelihood outcomes. Identifying rural households' livelihood strategies and their determinants are important for designing targeted poverty-reducing policies. These issues are relevant for Thailand as the country is currently facing a rapid increase of aging population and persistent rural poverty. This study aims to classify rural households into distinct livelihood strategies and determine factors that influence the strategy choices. The data of 2,199 rural households from three provinces located in northeast Thailand were drawn from the 2019 Thailand Vietnam Socio Economic Panel (TVSEP) database. The quantitative analysis consists of four steps. First, income shares from ten sources are calculated. Second, principal component analysis is applied to extract independent components from the income shares. Third, appropriate numbers of components are used as inputs to group households into optimal clusters using K-mean cluster analysis. Fourth, multinomial logistic model is used to determine the asset and contextual factors that affect the livelihood strategy choices.

This study classified households into six clusters of livelihood strategies. The title of these clusters, ordered from the most to least remunerative strategies in terms of per capita income, are denoted as field crops and livestock farming (19.34%), business-oriented (8.39%), remittance-oriented (20.94%), diversified subsistence (19.98%), nonfarm wage (7.38%), and public transfers-oriented (23.97%). The values of per capita income measured in thousand baht for these clusters are 125.95, 40.68, 29.42, 19.11, 16.77, 10.98, respectively. It is surprising to see that field crops and livestock farming is the most remunerative strategy and ranked above business-oriented strategy. Similarly, remittance-oriented strategy is ranked third and represents a significant percentage of households. These results contradict the findings in the existing research which typically find that business-oriented strategy is the most remunerative while remittance-oriented strategy offers low income. With the largest percentage of households, public transfers-oriented strategy has been identified as the least remunerative strategy which can be explained by small family size and more elderly. The results further suggested that family size, landholding, farm and nonfarm assets, access to credits for agricultural and business investment purposes, are the major factors that positively influence adoption of the two most remunerative strategies identified above. In contrast, households with more elderly and poor health conditions are

less likely to adopt the lucrative strategies. Therefore, better social safety net and healthcare are needed for the vulnerable households, especially those categorized as public transfers-oriented strategy. Building human capital through education is necessary for adoption of business- and remittance-oriented strategies. Promotion for rural enterprises along with increasing access to credit for investment purposes are needed. The role of land rental market on livelihood mobility should be investigated as adoption of field crops and livestock farming is clearly hindered by limited landholding.

Fostering Energy Resilience in the Rural Thai Power System

A Case Study in Nakhon Phanom

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With rising electricity demand, increasing fossil fuel production, and higher dependence on imports, Thailand is suffering from energy resilience risks. The government has therefore set the goal of decentralising energy production through small-scale distributed renewable energy systems. To support their design and planning process, we simulate multiple scenarios with wind turbines, photovoltaic systems and battery storage for a model community in rural Nakhon Phanom, Thailand. Using the software NESSI4D, we evaluate and discuss their impact on energy resilience by considering environmental sustainability, economic attractiveness, and independence from the central power grid. To fill the gap of missing data on energy demand, we synthesize high-resolution load profiles from the Thailand Vietnam Socio-Economic Panel. We conclude that distributed photovoltaic systems with additional battery storage are only suitable to promote energy resilience if the government provides appropriate financial incentives. Taking into account temporal variations, local conditions, and a participatory decision-making process is crucial for the long-term success of energy projects. Our advice to decision-makers is to design policies and regulatory support that are aligned with the preferences and needs of target communities.

Keywords – Energy Resilience; Distributed Renewable Energy; Case Study; Thailand; TVSEP; Energy Policies

Acknowledgements: We thank the Thailand Vietnam Socio Economic Panel (TVSEP) Team for the data provided. TVSEP is funded by the German Research Foundation (DFG). Our views do not necessarily reflect those of the TVSEP team.

A Temporal-Spatial Analysis on the Socioeconomic Development of Rural Villages in Thailand and Vietnam based on Satellite Image Data

Authors:

Fabian Wölk, Tingting Yuan, Krisztina Kis-Katos, Xiaoming Fu

Abstract:

Obtaining accurate and timely estimates of socio-economic status at fine geographical resolutions is essential for global sustainable development and the fight against poverty. However, data related to local socio-economic dynamics in rural villages is often either unavailable or outdated. To fill this gap, predicting local economic well-being with satellite imagery and machine learning has shown promising results. While most state-of-the-art analyses focus on predicting the levels of socio-economic status, finding temporal changes in rural villages' economic well-being is essential for tracking the impacts of public policies (targeting e.g., poverty alleviation or access to various public services). In this paper, we propose an approach that utilizes pixel-wise differences in satellite images to classify temporal changes in average and median consumption expenditures (and income) in rural villages in Thailand and Vietnam between 2007 and 2017. This approach is shown to be able to distinguish between “Decline”, “Stagnation” and “Growth” in these outcomes with an F1 score of up to 63.2% using an Extreme Gradient Boosting Classifier model. In addition, we employ regression-based approaches which achieve an R^2 of up to 39.5% when predicting actual changes in these outcomes with an Extreme Gradient Boosting Regressor. Our study demonstrates the feasibility of satellite-based estimates for measuring changes in local socio-economic dynamics. Index Terms—satellite imagery, machine learning, consumption and income changes, socio-economic status.

Farming efficiency and natural resource dependence: Evidence from panel data for rural Vietnam

Author:

Sina Bierkamp

Co-authors:

Trung Thanh Nguyen, Ulrike Grote

Abstract:

Farming and natural resource extraction are the most important livelihood strategies of the rural poor in developing countries. In order to reduce poverty and to lower the existing pressure on natural resources, it is necessary to improve the understanding of how these two livelihood strategies are related. This paper analyses the relationship by using panel data for 2013, 2016, and 2017 from three rural provinces in Vietnam through a fixed-effects model. Time-variant farming efficiency is estimated by a true random effects stochastic frontier model with Mundlak's adjustment in order to eliminate endogeneity. For natural resource dependence, we propose the Environmental Resource Dependence Index (ERDI). Previously, resource dependence was measured in monetary terms. However, this is not adequate with respect to poor people who rather consume than sell the environmental products. Our analysis reveals that with the usual measure the extent of dependency is underestimated. Thus, policymakers have to pay attention to the proper identification of environmentally dependent people. Furthermore, our results suggest a negative impact of farming efficiency on the ERDI, i.e. improved efficiency decreases the dependence on natural resources. It implies that pressure on environmental resources can decrease if farming efficiency is enhanced.

Internet Use and Agricultural Productivity in Rural Vietnam

Authors:

Thanh Tung Nguyen, Trung Thanh Nguyen, Ulrike Grote

Abstract:

The use of the internet is growing rapidly and has become a driver in promoting economic development, educating people, and sustaining the environment. However, only few studies have examined the impact of internet use on agricultural production, and the results are still ambiguous. Using a dataset of more than 2000 observations in rural Vietnam, our study aims to analyse the impacts of internet use on agricultural productivity. Methodologically, we employ heteroscedasticity-based instruments estimators to examine the effects of internet use on different agricultural productivity indicators and apply quantile regression models to examine the distributional effects. Our results show that internet use has significant and positive effects on agricultural productivity. However, these impacts are heterogeneous across population groups. The positive impact of internet use is stronger for households with lower education levels. Ethnic minority households with young and female heads appear to gain more benefits from using internet. Results also show that the benefits are skewed towards the group of farmers at the bottom of the productivity distribution. Therefore, we suggest that the diffusion of internet should be facilitated as it does not only significantly boost agricultural productivity, but also reduce productivity inequality. In addition, promoting rural education, supporting local markets, investing more in irrigation systems, and facilitating farm mechanization are recommended.

Don't Expect Too Much - High Income Expectations and Over-Indebtedness*

Theres Klühs[†]

Melanie Koch[‡]

Wiebke Stein[§]

January 2022

Abstract

Household over-indebtedness is seen as a rising issue worldwide. This study investigates one possible driver of over-indebtedness that is rooted in the theory of permanent income: high income expectations. We conduct an extensive survey in Thailand, the emerging country with the highest household debt-to-GDP ratio in the world. Implementing a new measure for high income expectations, we show that it is strongly and robustly related to both objective and subjectively felt over-indebtedness. Controlling for various household characteristics, unexpected shocks, and other possible confounding factors reduces the concern about reverse causality. In an additional lab-in-the-field experiment, we explicitly find that overconfidence, a specific form of biased expectation, is related to overborrowing.

Keywords: Household debt; Lab-in-the-field experiment; Emerging markets

JEL: D14; D84; D91

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Over-indebtedness and child well-being: Empirical evidence from Vietnam

Authors:

Duy Linh Nguyen, Thanh Tung Nguyen, Trung Thanh Nguyen, Grote Ulrike

Abstract:

Over-indebtedness is an ongoing problem in emerging economies, but its effect on child well-being is unexplored. In this paper, we first investigate factors affecting over-indebtedness of rural households in Vietnam. We then examine the effect of over-indebtedness on education, working status, and growth standards of children from 6 to 15 years old. Our study finds that i) households having head with age between 35 and 65, owning larger farmland, experiencing more adult health shocks and weather shocks, and residing far from district centre are those that have higher probability of being over-indebted. Meanwhile, ethnic minority households and those that have self-employment business have lower probability of being over-indebted; ii) Over-indebtedness is statistically insignificant to child labour, school dropout, weight for age, and underweight. However, it has a negative effect on height for age and positive effect on the stunting situation of children, particularly on school girls and children from 6-11 years old. Our findings suggest that facilitating self-employment performance and promoting effective instruments to mitigate the impact of adverse shocks would prevent rural households to be over-indebted.

The Marginal Propensity to Consume during the COVID-19 Pandemic: Evidence from Thailand and Vietnam

Dzung Bui*, Lena Dräger†
Bernd Hayo‡, Giang Nghiem§

February 14, 2022

Abstract

Evaluating surveys conducted during the COVID-19 pandemic in two emerging economies, Thailand and Vietnam, we find that for both countries, the marginal propensity to consume is significantly larger for positive than negative income shocks. This result contradicts a prediction from the life-cycle permanent income model with borrowing constraints and empirical evidence from industrialized countries. Instead, our finding is consistent with Kahneman and Tversky's Prospect Theory, which shows that the combination of income uncertainty and loss aversion could induce households to react more strongly to positive than negative shocks.

Keywords: Marginal propensity to consume (MPC); Unanticipated income shocks; COVID-19; Thailand; Vietnam.

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Extreme Lockdowns and the Gendered Informalization of Work

Vincent Jerald Ramos *

January 25, 2022

Abstract

The recessionary effects of COVID-19 are in part attributable to the imposition of extreme lockdowns at the onset of the pandemic. In many developing countries, past episodes of recessions have disproportionately shifted more women towards informal employment. Against this backdrop, this paper looks into the Philippines, a country that had imposed one of the world's longest and strictest lockdowns, and how the imposition of tight mobility restrictions in some regions affected the probability of being in informal employment. Using a two-way fixed effects difference-in-differences design on pooled Labor Force Survey (LFS) data, the paper finds evidence that, indeed, extreme lockdowns increase the probability of informal employment for women and not for men. This paper contributes to the literature on the socioeconomic effects of extreme lockdowns and the gendered informalization of employment during recessions.

Keywords: COVID-19, informal employment, lockdowns

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COVID-19 crisis, economic hardships and schooling outcomes

Authors:

Esther Gehrke, Friederike Lenel, Claudia Schupp

Abstract:

We combine phone-survey data from 2,200 students collected in July-August of 2020 with student-level administrative data from 54 schools in four Northwestern provinces of Cambodia to investigate the implications of the COVID-19 pandemic for grade 9 students. These students were particularly vulnerable to dropping out of school prematurely due to the crisis. We find that most students kept studying during the crisis, returned to school to participate in the lower-secondary graduation exam after schools reopened, and transitioned to high school thereafter. However, we also find that students' exposure to the economic downturn had substantial implications: The likelihood that the father experienced income losses due to the crisis is negatively associated with a student's propensity to study during school closure, participation and performance in the final exam, and with the likelihood to transition to high school. In contrast, the likelihood that the mother experienced income losses is positively associated with student studying during the crisis, with participation in the final exam and with transition to high school — potentially because mothers used the time at home to encourage their children to study.

Behavioural Responses to a Man-made Disaster: Insights from a Natural Experiment

(Preliminary: Please do not cite)

Arnab Basu⁺, Ralitza Dimova[§] and Ulrike Grote*

Abstract: This paper analyses the differences in risk profiles and willingness to invest for individuals located in a province that was heavily sprayed by Agent Orange vis-à-vis their counterparts located in provinces minimally affected during the Vietnam War. We ask 3 questions: First, do individuals in the Agent Orange province exhibit higher risk tolerance as compared to their counterparts in non-Agent Orange provinces? Second, does risk tolerance decline over time for individuals in the Agent Orange province in line with a gradual reduction of the harmful effects of dioxin? Third, is our result on differential risk tolerance across Agent Orange and non-Agent Orange provinces robust to a matching test used to wipe out heterogeneity including differences in an individual's potential to relocate out of the affected area? Our results indicate that individuals in the Agent Orange province are more risk loving, have a lower willingness to invest and are less likely to relocate because of higher land holdings and dependency ratio's relative to their non-Agent Orange counterparts.

Keywords: Vietnam, Agent Orange, Risk Profiles, Propensity Score Matching

JEL Classification: C93 (Field Experiments); D1 (Household Behaviour); Q51 (Valuation of Environmental Effects).

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Disability and risk preferences: Experimental and survey evidence from Vietnam ^{*}

Jan Priebe^{*}

Ute Rink[†]

Henry Stemmler[#]

February 21, 2022

We investigate whether experiencing a disability incidence in the household affects individual risk preferences in Vietnam by leveraging: (i) ten years of individual-level panel data; (ii) experimental data from incentivized risk games in the field; and (iii) established methods from psychology (priming) to induce a controlled recollection of disability events. We find that individuals who experience a disability event in their household behave in a more risk-averse manner than individuals without such an experience. The change in risk preferences seems to be enduring as greater risk aversion after a disability incidence in the household does not rebound over time.

Key words: Disability, preferences, priming, Vietnam.

JEL codes: D01, D91, I10.

^{*}We would like to thank the Development Economics Research Groups at GIGA and the University of Göttingen for valuable comments. The paper benefited from discussions with Holger Rau, Gerhard Riener, Stephan Klasen, Krisztina Kis-Katos and Hannah Schildberg-Hörisch. Excellent work in the implementation of the experiments was provided by Le Thanh Ngan and Tham Le Thi. The research was financially supported by the German Research Foundation (DFG) through project RTG 1723 ("Globalization and Development"). The views expressed in this paper are those of the authors alone and do not present the views of GIGA and the University of Göttingen.

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Rainfall Shocks and Risk Preferences: Evidence from Southeast Asia

Authors:

Sabine Liebenehm, Eric Strobl, Ingmar Schumacher

Abstract:

In this article, we investigate whether risk preferences change in response to rainfall shocks and the role of variations in agricultural yields and prices as two potential channels. In the theoretical framework, we model the endogenous formation of risk preferences, combining the standard agricultural household model with the theoretical concept of risk vulnerability. We derive propositions that depict a change in risk preferences under uncertainty in yields and prices triggered by rainfall shocks for a household that is a net seller or a net buyer. For a net buyer household, we expect an increase in risk aversion if shocks increase local agricultural prices. For net sellers, we expect an increase in risk aversion if the yield loss cannot be offset by an increase in local prices.

To empirically test these propositions, we use the TVSEP panel data set of the same 1,005 respondents interviewed across five survey waves between 2008 and 2017 and combine it with historical rainfall data at village level obtained from satellite imagery. Our main measure of risk preferences is a survey-based measure of respondents' willingness to take risk (WTR), whose internal and external validity has been widely tested and confirmed, specifically among a sub-sample of our analytical sample. To measure rainfall shocks, we use the village-specific Standardized Precipitation Index, recommended by the World Meteorological Organization, to monitor abnormal rainfall patterns. We exploit plausibly exogenous variation in the timing, location, and magnitude of rainfall shortages and excesses to identify their effect on risk preferences. In addition, we investigate the role of mediating factors such as prices and yields.

We find that rainfall excesses and shortages decrease a respondent's WTR by 0.224 and 0.141 standard deviation units, respectively. Across different specifications, the magnitude and significance of both effects are remarkably stable. Exploring the effects' heterogeneity across different household groups, we observe the largest decrease in WTR among net buyers. Similarly, for net sellers, both shocks significantly reduce WTR, however, the quantitative effect of rainfall shortages is almost twice the effect of excesses. Results of the mediation analysis suggest that particularly the negative impact of rainfall shortages on WTR works through a reduction in agricultural yields and an increase in local commodity prices. Specifically for net sellers, the results indicate that the yield loss effect is larger than the price rise. Overall, however, the mediation effects of prices and

yields are relatively small, which suggest that other, possibly, non-market effects are at play.

This article contributes, both theoretically and empirically, to the literature that investigates the temporal stability of risk preferences. We developed the first theoretical model in which risk preferences are endogenously determined by shocks for a rural household in an agrarian setting. Being equipped with an individual-level, long-term panel data set, we can investigate changes in risk preferences for the same individuals considering all fixed individual-specific characteristics. Furthermore, the mediation analysis allows identifying agricultural prices and yields as two channels through which the effect of rainfall shocks causes variation in risk preferences. These are two significant improvements both on the internal and external validity front in comparison to the existing empirical studies investigating natural shocks in the developing world.

Transformation of rural development: Case study a rural village in Thailand

Author:

Chompunuch Nantajit

Co-author:

Hermann Waibel

Abstract:

In the past rural villages in emerging market economies in Asia served as cheap source of labour for industrial development. However, as shown by the Covid-19 pandemic rural villages in emerging market economies in Asia continue to play an important role as a safety net and source of own food production. Rural villages can also be an attractive place of living due to low prices of land and generally better environmental conditions as compared to heavily polluted cities. Furthermore, rural villages increasingly offer business opportunities in manufacturing, service and tourism, facilitated by advances in information technology.

In order to provide an empirical evidence of rural village's role and its economic development transformation, we set out three objectives for this paper. First objective is to describe and assess the changes in household welfare and village infrastructure. Second, to revisit the role of migration as a driver of village development in the light of emerging business opportunities in rural areas. And third, to investigate structural transformation processes within the village. We use a two-period village census, conducted in 2009 and 2018 in a typical rural village in Thailand as case study. The panel nature of our data allows us to show the changes in the well-being of households, physical and social infrastructure, village demography, migration and household dynamics. We develop two models using panel households: (i) a two stage least square instrumental variable model to assess effect of migration on household income (ii) a probit model to identify determinant of village dynamics defined by dynamics of household poverty status. From descriptive analysis, we found that wellbeing of rural households in terms of income are double within a decade. However, debt and income inequality has increased and poverty remains high. Households livelihood changed, remittances became less important for households due to income opportunities such as new business within the village and discovery of tourist spot at village surroundings. While small scale agriculture remains their important. The result of first model has confirmed reducing role of remittance. Households without migrants tend to be better off than households relying on remittances. Moreover, factors such as households who use more land to plant field crop, have member work on wage employment, have self-employment and education have positive effect to household income. We found dynamic of household on poverty as one third of

panel household are chronic poor, move in/out from poverty and never poor. The second model identified household's structure with bigger household size, less dependent ratio and higher education, are more likely can move out or stay away from poverty.

The paper concludes that the role rural villages in economic development has been underrated. It is recommended that policy makers should design policies that will make life in rural villages more attractive for the benefit of the economy and the environment. However, this study has small cases which challenging to apply econometric analysis. Therefore, next study should find long term panel data with proper cases to identify more role of rural community in development world.

Conflicts of rural transformation: The effects of oil palm expansion in Indonesia*

Elías Cisneros[†], Tobias Hellmund[‡] and Krisztina Kis-Katos[§]

January 2022

Abstract

Globalization and technological advances have helped to alleviate rural poverty worldwide as cash crops have brought about significant rural economic development. While economic well-being generally leads to less social conflict and violence, a rapid land-use transformation will lead to a redistribution of resources and of economic benefits. Promoting rural development can therefore lead to unintended conflicts that diminish the economic benefits. We analyze the impact of Indonesia's oil palm boom on violent crime and community conflict using a yearly panel of almost 30,000 rural villages across 10 years and linking it to variations in remotely sensed oil palm plantation area. By relying on an instrumental variable strategy we show that a 1% increase in oil palm area leads to a 0.11% higher conflict incidence at the village level. Smallholder oil palm expansion results in more violence during the initial stage of plantation establishment, pointing to community-level conflict over land and natural resources. Industrial plantations tend to increase violence a few years later, once they become economically productive and where population increases rapidly. The negative impacts are mitigated in areas that became newly electrified, highlighting that agricultural development can translate into inclusive economic growth when accompanied by public policies.

JEL classification codes: O13, Q15, Q34

Keywords: local violence, conflict, crime; oil palm; economic transformation; land use change; Indonesia

*This study was funded by the Deutsche Forschungsgemeinschaft (DFG, German Research Foundation)–Project ID 192626868–SFB 990 in the framework of the collaborative German-Indonesian research project CRC990. The authors would like to thank participants at the 17th HiCN annual workshop and seminar participants at the University of Göttingen for valuable comments, as well as Joshua Jaeger for excellent research assistance.

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Applying the Routine Activity Approach to Identify Determinants of Rural Crime in Southeast Asia

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Abstract

Rural crime victimization is one of the shocks which pose a major threat to rural households and their well-being in developing countries. We define rural crimes as farm crimes such as theft of tools, farm supplies, crops and livestock, or of motorbikes and household items, as well as burglary or fraud. So far, there is hardly any research available which has focused on rural crime victimization in developing countries, particularly from Southeast Asia. It can have multiple negative effects on the rural population by impeding income and rural livelihoods of the often deprived and poor small-scale farmers, challenging social cohesiveness in rural communities, or creating psychic cost by making people feel unsafe in their living environment. Thus, increasing our knowledge on crime victimization and its successful prevention is expected to have multiple benefits such as increasing the attractiveness of rural areas as a living place and eventually preventing outmigration and contributing to sustainable development. We use the TVSEP panel dataset of 4.400 rural households from Thailand and Vietnam from the years 2016 and 2017 and apply the routine activity approach to identify the determinants of farm crime victimization in rural areas in Southeast Asia. More concretely, we ask (1) To what extent are rural people in Thailand and Vietnam affected by crime? (2) How do they cope with crime? And (3) what factors determine rural crime victimization? The routine activity approach which has been borrowed from criminology, helps to analyze the likelihood of certain crimes in rural areas. It derives from the observation that crime is directly related to daily routines of both victims and offenders, thus resulting in crime opportunities. Next to a motivated offender, a suitable target must be given, and a capable guardian must be absent. Our paper allows to adequately measure its components over time from a single dataset as suggested as a welcome extension of given research. We find that 5.48% of the rural households have been victimized, mainly by theft, over the last 12 months, some of them even more than once. But a large share of households does not take any safety measures. Based on random-effects logit models, we find that living in a rural region with higher levels of inequality and unemployment is positively correlated with the likelihood of victimization. Establishing a good relationship with neighbors appears to play a role in decreasing the risks of victimization. Households with higher levels of crop commercialization and land fragmentation are associated with a higher victimization risk, while households with more livestock and being more specialized in specific livestock types are associated with a lower risk. Moreover, past victimization and exposure to weather shocks are positively associated with the likelihood of being affected by crime. We conclude that social networks and the use of safety measures should be promoted, while in times of weather shocks, more guardianship is needed. Finally, reducing unemployment and inequality helps preventing crime.

DROUGHT'S IMPACT AND MIGRATION IN VIETNAM'S RURAL AND CENTRAL REGION

SUMMARY

There have been a growing number of empirical studies which examine a wide range of impacts of climate variability and extreme events at both macro and micro levels, especially in developing countries where the agriculture sector plays such a vital role in the economies. However, the impact of natural disasters on rural-urban migration has been neglected in an in-depth analysis in the context of Vietnam's rural and natural disaster-prone areas. This empirical research investigates the effect of drought on household crop production, expenditure, poverty, and rural-urban migration of their members in rural areas of central provinces in Vietnam, using survey data collected from The Thailand Vietnam Social Economic Panel, TVSEP, over there years of 2010, 2013 and 2016. To address endogeneity issues from household survey data on household exposure to drought, temperature and precipitation anomalies are constructed and used as Instrument variables (IVs) for the drought variable. By regressing Fixed-effects with instrument variables (IVs), Random-effects with IVs models, the research's econometric result suggests that drought plays a crucial role as a push factor to internal migration instead of having an inconsequential or ambiguous effect as is concluded in some studies. Besides, this study also provides empirical evidence for significant declines in rice crops and consumption per capita further leading to a higher probability of poverty due to exposure to drought.

Key words: Shock, drought, rice crops, consumption per capita, poverty, migration

Confined to Stay: Natural Disasters and Indonesia's Migration Ban

Andrea Cinque* and Lennart Reiners§

November 2021

Abstract

This paper investigates the effects of international migration restrictions on individuals' capacity to absorb income shocks after natural catastrophes. We take advantage of an emigration ban to female Indonesians as a natural experiment. After an array of violent assaults against female servants in Saudi-Arabia, the Indonesian government issued a migration ban in 2011, preventing millions of female workers to migrate as domestic servants to Saudi Arabia. We exploit the exogenous timing of the ban and of natural disasters to estimate the causal effects of the absence of international migration as an adaptive strategy. Using a panel of all Indonesian villages, we compare poverty rates in the aftermath of natural disasters for villages whose main destination is Saudi Arabia against other villages, before and after the migration ban. We find that in villages with strong ex-ante propensity to migrate to Saudi-Arabia, poverty increases in face of natural disasters after the ban, further aggravating the already severe consequences of the natural shock.

Keywords: Migration, natural disasters, Indonesia, Saudi Arabia, mobility restrictions.

JEL classification codes: F22, J61, Q54

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Impact of COVID-19 Pandemic on Income, Asset and Education of Rural Households and their Migrants in Thailand

Authors:

Chawalrath Buranakij, Urairath Jantarasiri, Kamphol Pantakua

Abstract:

The introduction will explain how the Covid-19 seriously affect the Thai rural households and their migrants. First the magnitude of impact on rural households' income and employment is explained by the fact that non-agricultural income, particularly that from the tourist and service sectors, constitute 60% to 70% of the rural household income. Secondly, the increase in number of Covid-19 infected population in the rural areas has been caused by different factors in each of the three waves of Covid-19 pandemic. In the first wave, the problem was because some rural people participated in the Lumpinee boxing stadium, in which the first big cluster of Covid-19 took place in Bangkok. But the situation was rapidly under-controlled. The second wave was caused by the foreign migrants in Samut Sakhon who escaped from the province which was closed down. In the third wave, caused by the new cluster at Klong Toey wet markets and communities and construction sites in Bangkok metropolitan areas, the migrants decided to go home. Some of them were infected and have difficulties accessing to health treatment in Bangkok.

The objectives of the paper are:

- To briefly summarize the literature on economic and social impact of Covid-19 on Thai economy, focusing on the rural households, and government responses.
- To analyse the impacts of Covid-19 pandemic on income, employment, financial assets, and education as well as the responses by Thai households, using both the TVSEP data and rapid survey by the National Statistical Office and the World Bank. The hypothesis is that households in the provinces with large service sector, such as Ubon Ratchanee and Burirum, may be more seriously affected.
- To assess the households' access to government assistance measures, particularly the cash transfer programs. Our aim is to address the issues of unequal opportunity and access, particularly the poor, those in the informal sectors, and those without smartphone.
- To raise further research questions on the issues of health justice. This is the topic of our new project to be financed by the National Research Council.

Making smart choices – Behavioural traits and resilience to environmental shocks among farming households in Thailand

Rasadhika Sharma, Robyn Blake-Rath and Ulrike Grote

Keywords: Resilience; Household Decision-Making; Environmental Shocks; Behavioural Traits; Farming Households

Climate change, in the form of intensified environmental shocks, adds significantly to the existing challenges of small-scale farming households in emerging economies. Households can adopt various response strategies, based on their resilience capacity, to mitigate the impact of shocks on their overall welfare. These can be categorized as absorptive, adaptive or transformative, depending on the intensity of change that they entail. Absorptive strategies aim at persistence and reducing the direct impact of a shock. Adaptive strategies imply incremental changes, while transformative strategies lead to deeper transformational responses and address structural causes of vulnerability. Furthermore, the chosen strategies cannot always be considered as positive as they could negatively impact the household's welfare outcomes in the future. Therefore, the decisions pertaining the household's choice of response strategies demand more attention. A better understanding of this decision-making process can aid in designing policies and developing programmes that encourage the choice of smart response strategies among households and promote agricultural resilience. Literature identifies household financial capital as an important determinant of its resilience capacity and hence response strategy. However, evidence on the role of human capital, especially behavioural traits, is scarce. Additionally, most findings on behavioural traits and resilience are based on data from developed countries and may not hold in the context of emerging economies. Therefore, the aim of this paper is to investigate the role of behavioural traits in the household's choice of response strategies to environmental shocks in rural Thailand. In particular, we examine how behavioural traits influence the decision of households to adopt (i) absorptive, adaptive or transformative and (ii) positive or negative response strategies.

We use primary household level data on around 2000 households from the Thailand Vietnam Socio Economic Panel from 2017 and 2019, in combination with spatial rainfall data to obtain causal effects. We consider a set of response strategies such as diversification of crop patterns, use of child labour, migration, and selling of productive assets to capture the diverse nature of responses adopted by the households. After categorizing these strategies, seven measures of behavioural traits, namely, openness, conscientiousness, extraversion, agreeableness, and neuroticism (Big Five Model) as well as risk preference and patience are included in the analysis. A Generalized Structural Equation Model (GSEM) together with Seemingly Unrelated Probit regressions are used in order to estimate not only the total effect but also the indirect effects. Our results show that droughts do not always directly influence the chosen response strategy, but rather have an effect through mediating factors such as behavioural traits. We also find that household income is a consistent predictor for both traits and response strategies. As a result, the role of behavioural traits should be acknowledged in policy and intervention designs and investments in soft skill development as well as education to foster long-term smart choices should be promoted in order to enhance the resilience of small-scale farming households in developing countries.

Resilience against shocks in developing countries: Evidence from panel data for rural Southeast Asia

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^a *Institute for Environmental Economics and World Trade, Leibniz University Hannover, Königsworther Platz 1, 30167 Hannover, Germany*

Abstract

The question “How resilient are rural households?” is becoming an important research issue, especially in the context of climate change and extraordinary events such as the Covid-19 pandemic. The resilience of rural households against shocks is now placed at the top of the discussion agenda, along with fighting climate change, for sustainable development. The reason is that unexpected shocks are significantly driving rural households around the globe into poverty. The global extreme poverty is forecasted to rise due to the disruption of the Covid-19 pandemic compounded by regional conflicts and climate change pushing millions of people to extreme poor. This type of events might further hinder the implementation and achievement of the Sustainable Development Goals by 2030. Studies on household’s resilience capacities and shock coping strategies are rather unbalanced. While the coping strategies of rural households are well-examined, evidence on resilience capacities against shocks is scarce. Besides, available research on household’s resilience capacities pays more attention to identify the determinants of resilience capacities leaving the examination of their impacts nearly untouched. One reason is that there is a lack of data for socio-economic studies, especially panel data, which incorporate the concepts of resilience. Our study, therefore, aims to fill these research gaps. In this study, we use a balanced panel data from the Thailand – Vietnam Socio-Economic Panel (TVSEP) to estimate the resilience capacities of rural households and communities and examine the effects of resilience capacities on mitigating shocks’ impacts and improving household welfare. Our sample includes the data of 1324 identical households from Thailand and 1363 identical households from Vietnam collected in 2010, 2013, and 2016. We employ a generalized structural equation model (GSEM) to estimate two latent variables representing resilience capacities at household and community levels. The results from the GSEM models show that households and communities in Thailand have higher resilience capacities than those in Vietnam. Regarding the second research question, we use improved resilience capacities to estimate their correlation with shock losses in different terms, namely total losses from shocks, losses from covariate shocks, and losses from idiosyncratic shocks. The results from fixed-effects estimations show that an improved resilience has a significant and negative correlation with shock losses. This finding implies that higher resilience capacities help reduce the adverse impacts of shocks. Besides, better resilience capacities can also prevent rural households from reducing their consumption to cope with shocks. Our results further show that the improved capacity of household and community resilience can help rural household increase food expenditure and reduce medical expenditure.

Keywords: Resilience; reported shocks; panel estimation; GSEM; control function.

Weather shocks, recall error and health

Annika Herr¹, Soschia Karimi¹, and Julian Wichert¹

¹*Leibniz University Hannover*

February 2022

Abstract

A growing body of literature indicates that heat stress and precipitation deficiencies can pose a critical threat to human health, particularly in less developed countries with low coping capacities and high exposure. A frequently used source to identify drought periods is self-reported data and as such it can be subject to misreporting. The aims of this study for rural Thailand are twofold. First, we shed light on the recall of drought events by linking survey data with objective meteorological data. Here, an anomaly in the survey design serves as a natural experiment. Due to random exclusion, the interview interval for one province was shorter than in the other province. We find that a shorter time interval between surveys has a large positive effect on households correctly reporting a drought event. Second, we find a strong negative impact of droughts on health applying high-dimensional fixed-effects regressions over seven panel waves. We also find that households with internet or smartphone access exhibit milder negative health impacts of a drought. Additional to better access to information, a larger network potentially helps affected households to get support from network members who were not affected by the drought.

JEL-classification: Q54, I15, C83

Keywords: Natural disaster, health, drought, recall, survey design

Macroeconomic Expectations and Consumer Sentiment During the COVID-19 Pandemic: The Role of Others' Beliefs

Dzung Bui*, Lena Dräger†
Bernd Hayo‡, Giang Nghiem§

February 7, 2022

Abstract

This paper investigates the effect of information about cross-country ratings of the government's and the public's reaction to the COVID-19 pandemic on consumers' macroeconomic expectations and sentiment. We conduct consumer surveys with randomized control trials (RCTs) in two waves in Thailand and Vietnam. The information treatments have the strongest effect when the information shown contradicts consumers' prior beliefs. In the first survey, conducted when the first lockdown was eased, treatment effects are stronger in Vietnam, causing more optimistic expectations and sentiment. In the second survey, conducted at the start of the second wave of infections, treatment effects are stronger in Thailand, causing a more pessimistic outlook.

Keywords: Consumer sentiment; COVID-19; randomized control trial (RCT); survey experiment; belief updating; macroeconomic expectations; Thailand; Vietnam

JEL classification: E21; E37; E71; D84; D83

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The effects of information sharing on moral hazard in credit markets: Evidence from a randomized evaluation in the Philippines*

Kristina Czura[†], Matthias Fahn[‡], Lisa Spantig[§]

January 25, 2022

PRELIMINARY - PLEASE DO NOT CIRCULATE

Abstract

Moral hazard in the credit market is an important determinant of loan repayment performance. We study the effects of information sharing among lenders on moral hazard in the credit market, in particular on effort provision and investment choices of borrowers. We use information campaigns to randomly vary knowledge of a credit registry among 6,000 microcredit borrowers in the Philippines and build a theoretical model to guide our empirical analyses. For this analysis, we combine weekly repayment records with detailed survey data collected before and after the intervention. Information about a credit registry appears to increase effort and reduce monitoring, and the effects on effort provision are more pronounced in groups with higher social capital. While we find no effects on investment size, we document a clear shift from high risk - high return investments to low risk - low return investments. We show that these effects are mostly driven by the inherent reminder effect of such interventions, that also highlight the importance of repayment, rather than the information about the credit registry itself.

*We thank seminar and conference participants at the University of Essex, WEFIDEV, Spring Meeting of Young Economists, RCT Conference at Monash, LMU Development Workshop and LMU Brown Bag Seminar. Lisa Spantig acknowledges funding through the International Doctoral Program 'Evidence-Based Economics' of the Elite Network of Bavaria. The experiment was registered at the AEA RCT registry, AEARCTR-0002346. It has been approved by the Ethics Commission of the Department of Economics, University of Munich (Project 2016-05, approved 03.02.2016).

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Career goals and investments in education: Experimental evidence from Cambodia *

Esther Gehrke [†] Friederike Lenel [‡] Claudia Schupp [§]

January 31, 2022

VERY PRELIMINARY DRAFT. PLEASE DO NOT CITE OR CIRCULATE.

Abstract

We analyze whether an interest exploration tool – combined with information about potential careers, paths to higher education and financing options – can provide guidance to students in rural Cambodia, help them develop long-term career goals and thereby motivate them to continue with school. We target the intervention to adolescents in grade 9, who are about to decide whether to enroll in high school. The intervention was conducted just before schools were closed for a period of six months due to COVID-19. We use survey data, as well as individual-level administrative data obtained from treatment and control schools to track educational decisions during and after school closure. Our findings suggest that the intervention had no effects on average on high-performing students and unintended effects on low-performing students. Treated low-performing students are less likely to study during school closure and more likely to work for pay; they are also less likely to apply for high school scholarships, perform worse in the final exam and are less likely to transition to high school. It seems our intervention made low-performing students more realistic in their expectations and aware of alternative career paths.

Keywords: Aspirations; Career guidance; Education; Cambodia

*This paper is an outcome of the research project ‘Social Networks’ financed in the scope of the RTG 1723 by the German Research Foundation. The design of the experiment and the interpretation of the results benefited greatly from discussions with Rith Sarakk at PEPY Empowering Youth, as well as Som San and Khlok Yem at Child’s Dream. We are grateful for their continuous support and feedback. The discussions with Veronika Geyer, Julianna Nielson, and Till Grüneberg contributed to the design of the RCT. We thank Alexandra, Avdeenko, Jana Cahlikova, Thomas Ginn, Renate Hartwig, Clément Imbert, Anett John, Ingrid Hoem Sjursen, Amma Panin, Eva Raiber, Lisa Spantig and Susan Steiner for feedback on the design and the interpretation of findings. The work also benefited from comments of members of the Chair of International Policy at the University of Göttingen, participants at the GDE Conference 2021, the GlAD Conference 2021, the EEA congress 2021, SEEDEC 2021 and the C4ED seminar. We thank Aiko Schmeisser, Chhern Sreyneang, Chhly Chaktokrong, Hong Sarith, Hong Sarou, Khann Rada, Khoeut Sochea, Kouth Sochampawatd, Phon Loem Bobon, Sin Chanita, Teung Seila, Touch Hean for excellent fieldwork assistance. This RCT obtained ethical approval by the Ethics Committee of the University of Göttingen (IRB approval date February 11, 2020) and was pre-registered with the AEA Trial Registry (Trial ID: AEARCTR-0005460).

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Poster Presentations

A Renminbi Block for East Asia? A Re-evaluation of Business Cycle Co-movements

By Louisa Grimm

Osnabrück University
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Rolandstr. 8, Osnabrück, Germany

April 2022

In the East Asian region, the predominant role of the USD is increasingly being challenged by the RMB. Furthermore, international trade with China has increased substantially. Against this backdrop, various types of new currency arrangements have been discussed, up to fixed exchange rates in an RMB currency bloc. This paper re-evaluates earlier literature that draws upon the classical criterion of optimal currency areas. It analyzes co-movement in quarterly real GDP data for China and 10 East Asian countries from 2000Q1 to 2021Q1. Contributions to the literature lie in the consideration of the seasonality of GDP data and the joint modeling of common cycles and common seasonal factors. The results reveal very little evidence of synchronized cycles; only at higher orders does some evidence of codependence exist for Korea, Hong Kong and Taiwan, which contrasts with earlier studies using de-seasonalized data that found more evidence of common cycles.

Keywords: Codependent Business Cycles, Serial Correlation Common Feature, Seasonality, Renminbi internationalization, Optimum Currency Area

JEL Codes: C32, E32, F36

Optimization of Decentral Renewable Energy Systems for Developing Countries

Author:

Maria C.G. Hart

Abstract:

In light of increasing electricity demand, depleting fossil fuels, and the aim to become ecologically more sustainable, stakeholders in developing countries are faced with the complex task of implementing reliable, affordable, and low-emission energy systems. Therefore, this work evaluates how to aid them to make reasonable inferences about an optimal energy composition considering location-specific circumstances in developing economies. For this purpose, a simple decision-support tool is developed on the basis of the simulation software NESSI. The program is tuned to also account for the peoples' needs in developing countries. Further, additional electricity generating and consuming components are implemented, and electric load profiles for three representative villages of different economic circumstances are synthesized from survey data. Their analyses indicate that this approach is suitable for the pre-design of energy systems in developing countries and that the software's follow-up is purposeful.



LUND UNIVERSITY

School of Economics and Management

Master's Programme in Economic Development and Growth

The Impact of Social Capital on Financial Accessibility in Rural Vietnam

Master Thesis

by

Miguel Jiménez and mi6201ji-s@student.lu.se

The study of the impact of social capital on economic outcomes is currently on the rise. Social capital is a multidimensional concept hard to grasp. This paper makes an attempt to comprise such range of dimensions and analyzes its impact in a potential channel for growth, financial development. Three rural based provinces of Vietnam are the places where this analysis takes upon. Vietnamese society is deeply embedded in Confucianism values, yet the entire country has undergone a series of socioeconomic reforms in the last decades which may be challenging such values. This paper finds evidence that these reforms have had a positive impact on financial development through the encouragement of one of these dimensions, group membership.

EKHS42

Master's Thesis (15 credits ECTS)

(May) (2021)

Supervisor: Tobias Karlsson

Examiner: Alexandra López-Cermeño

Word Count: 16913

The Effect of Crisis Management During the COVID-19 Pandemic in Thailand on Satisfaction and Health

Author:

Kim Caroline Rothert-Schnell

Abstract:

This study tests the applicability of the political business cycle with regard to the implementation of politician's pre-election tools during the pandemic on a local level in Thailand. It is tested if being in a pre- or post-election period influences the village inhabitants' overall life satisfaction, their mental health and their satisfaction with the crisis management by the village head. Using data from the Thailand Vietnam Socioeconomic Panel (TVSEP) conducted in the panel waves 2016 and 2020, complemented by data from a telephone survey conducted between May and July 2021, the analysis is based on a sample of 219 village heads. In order to analyse the satisfaction and mental health outcomes, the sample is expanded to include 2,112 villagers from the 219 different villages. The findings suggest that an election taking place in the near future negatively influences the probability of a village head convening a village committee meeting and the probability of a village head communicating information with regard to COVID-19 related issues themselves or via their assistance face-to-face. These findings are in line with the PBC theory while the other findings are mostly not significant or not in line with the PBC theory. However, a major limitation of this study is that this study's calculation of the time until the next election, is not representative for all villages due to the village heads' term of office not always corresponding to the official election cycle. Therefore, the results must be revised and validated using reliable data on the timing of the next election which could be obtained through the next TVSEP survey.

Opportunity or Necessity Entrepreneurship? Non-Farm Self-Employment in Rural Northeastern Thailand

by Steffen Bauerochse, Nicolas Schäder and Leon Worbs, Leibniz University Hanover

Abstract

The Opportunity-Necessity Entrepreneurship-Model (ON-Model) is considered the most widely used model for dividing self-employed persons according to their motives for starting a business. Opportunity entrepreneurs start a business because they recognize an opportunity, while necessity entrepreneurs start a business out of necessity. The empirical evidence on this model has so far been clearly dominated by studies on countries in the Global North. The aim of this paper is to extend the empirics on the ON-Model for the Global South based on the eighth wave of the Thailand Vietnam Socio Economic Panel (TVSEP) survey. Selected statistical analyses are employed to test which factors influence the decision to become self-employed in rural provinces of northeastern Thailand. In addition, it is examined to what extent the motive to start a business as well as other factors allow for drawing conclusions about business success, as it has been demonstrated in the Global North. Sociodemographic characteristics and family experience with start-ups is shown to be a decisive factor influencing the probability of starting a business. The subdivision of the self-employed according to the ON-Model contributes to the explanation of entrepreneurial success and is equally suitable as in the Global North. However, there is a need for further research to investigate non-agricultural self-employment in rural areas of the Global South.

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Dams for Water Supply and Electricity Generation: Impact on Selected Determinants of Sustainable Development Goals in South-East Asia

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Abstract

Dams can foster regional economic development and the infrastructure, but they come at a high cost for the environment and society. The impact of dams for water supply and electricity generation on selected determinants of SDGs of the rural population in Vietnam are examined in this thesis. The greater the distance between the household and a dam, the higher the probability of the households to be multidimensionally poor, having no access to improved sanitation and no access to electricity for lighting. As a result, the distance to the dam has an impact on SDG 1, SDG 6 and SDG 7. Besides that, this thesis confirms previous concerns about an unequal distribution of costs and benefits. The downstream living population tends to benefit from reduction of multidimensional poverty and an increase in access to improved sanitation. The upstream population tends to lose in terms of less access to electricity, safe drinking water and food security. There is no impact on SDG 3 for rural central Vietnam.

Keywords: Dams, SDGs, Multidimensional Poverty, MPI, TVSEP, Vietnam