

JUSTUS-LIEBIG-



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Access to Credit and Household Income in the Northern Mountains of Vietnam

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PREFACE

This volume provides a comprehensive analysis on the issues of rural credit conducted in the Northern Mountainous Region of Vietnam. The study has been carried out within the “Agricultural Economics and Related Sciences” program at the University of Giessen, Germany. A crucial advantage of this study is that it combined various econometrics tools using data collected from the national household surveys to examine the extent to which credit serves the poor, with regard to access constraints and income impacts.

The empirical findings reveal that the poor, especially the poorest households are still underserved by overall rural credit. The Agribank credit tends to provide to wealthier households and informal credit serves households that are closer to and above the relative poverty line. Subsidized credit successfully targeted the poor, implying that governmental subsidies are necessary to reach the poor. Credit accessibility analysis has highlighted the importance of social capital and agricultural extension services in determining credit accessibility by rural households. Whereas a significant increase in household income can be achieved through accessing commercial and informal loans, there is no significant increase in all income components for associated recipients of subsidized credit. Based on the findings of the study, a set of policy implications aimed at improving poverty targeting and credit access can increase the impact of credit on reducing poverty in a sustainable manner.

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