

# The Economic Crisis Hits The Urban Poor in Indochina



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In this edition of I-TRAK™, we ask poorer urban women in Vietnam, Cambodia and Laos about the impacts of the global economic crisis on their household employment, incomes and expenditures over the last year.

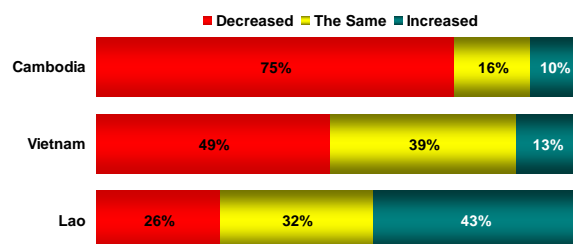
I-TRAK™ Research Design: Random selection of 600 women aged 25 and over ,spouse /head of household, with a total household monthly income <\$300, in Hanoi & HCMC (Vietnam), Phnom Penh (Cambodia) & Vientiane (Laos).

## Changes in Household Income

Overall 50% of poorer urban households in all three countries report that their total household incomes have decreased from June 2008 to June 2009, reaching a high of 75% of households in Cambodia.

The urban poor in Laos in contrast are benefiting from continued economic growth, with 43% experiencing a growth in income over the last year.

Trends in total household income June 2008 to June 2009



Income trends vary by type of income. Wage labor income seems more resilient to the recession. Small business income is decreasing noticeably more often than income from full-time wage labor in all three countries. Decreasing small business income is a particularly common problem in Cambodia, whereas, part of the Laos success story is greater access to full-time wage labor, with mostly steady or rising incomes.

Income Trends Small Business/ Full Time Wage Labor June 09			
	Vietnam	Cambodia	Laos
<b>Small Business Income June 09 Compared to June 08</b>			
Not Applicable	39%	11%	47%
Decreased	38%	69%	15%
Same	17%	14%	23%
Increased	6%	6%	15%
<b>Full Time Wage Labor Income June 09 Compared to June 08</b>			
Not Applicable	40%	53%	30%
Decreased	20%	15%	7%
Same	34%	27%	25%
Increased	6%	5%	38%

Among households with at least one member earning income from full-time wage labor, 13% reported a member retrenched during the last year, 20% in Cambodia, 13% in Vietnam and 11% in Laos, a major blow to income for these households.

## Affordability of Basic Needs

A bright spot, for now, is that the vast majority of households in Vietnam and Laos report being able to afford sufficient daily food, despite decreasing incomes for some. In Cambodia in contrast, many still cannot afford sufficient daily food beyond rice.

Percent of Households That Can Afford Sufficient Daily Food June 09			
	Vietnam	Cambodia	Laos
Rice	100	83	100
Fish	96	56	88
Chicken	88	27	83
Fruit & Veg.	99	52	98

However, in Vietnam and also Cambodia over 50% of households report most foods are now becoming less affordable.

Other basic household needs are also becoming less affordable. Transport and medical services are now less affordable for 30-50% households in all countries. In Cambodia and Vietnam 40-50% also report power and water utilities are now less affordable than last year.

## Outlook

Despite the current climate, most respondents see setbacks as temporary and are fairly optimistic for their household incomes next year.

In Vietnam 38% foresee an increase in their income and 47% their income as steady, Cambodia 37% foresee an increase in income and 41% as steady, and in Laos 67% foresee an increase and 28% income as steady.

## What Does This Mean?

The global recession is reducing the already meager household incomes of many of the urban poor in Indochina, particularly in Cambodia and Vietnam. Impacts are uneven as illustrated by the contrasting case of Laos.

Income from full-time wage labor seems more secure and less likely to decline than small business income in all countries.

The urban poor would benefit from increased opportunities for full-time employment and improvements in the small business environment to buffer the negative impacts of the recession.

For more information about I-TRAK™ - contact:

Vietnam – rodolphe@indochinaresearch.com

Cambodia – Laurent@indochinaresearch.com

Laos – Chansada@indochinaresearch.com