

AGRICULTURAL INSURANCE FOR VIETNAMESE COFFEE TREES: ISSUES AND ANALYZE THE NECESSITY TO APPLY AGRICULTURAL INSURANCE

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Abstract

Agricultural insurance is a non-life insurance policy where the subjects for insurance are the risks arising from agricultural production and rural life. Vietnam is the home of many crops, the country's agricultural products such as coffee, black pepper, rubber... that have comparative advantages against many other countries in the world, and can generate high export value. In March 2011, Vietnam's Prime Minister issued Decision No.315 on piloting agricultural insurance in 20 province/cities for some agricultural products such as rice crops, shrimps, fish... Nevertheless, many crops and livestock, including coffee, remain out of the scope of the pilot programme. Therefore, based on research and actual implementation of agricultural insurance policy so far, this article is an effort to analyze the necessity to apply agricultural insurance on coffee plantation, such as the risk of the weather, prices, market; analyzing policy framework and implementation for agricultural insurance; the necessity to apply agricultural insurance on coffee plantation and recommendations for deploying agricultural insurance on coffee in Vietnam.

Keywords: Agricultural insurance, Decision No. 315, coffee, implementation, risk, risk management, Vietnam

This research is funded by Vietnam National Foundation for Science and Technology Development (NAFOSTED) under grant number V1.2-2013.01

INTRODUCTION

Agricultural insurance is a non-life insurance policy where the subjects for insurance are the risks arising from agricultural production and rural life, including the risks associated with crops, livestock, supplies, goods, raw materials, factories (Olivier Mahul, 2011 and Duc, 2013). As an agricultural economy, with over 70% of the population currently living in the rural areas, agricultural production in Vietnam has significant importance to the country's political, socio-economic security. In 2012 for instance, the total exports of agricultural-forestry-fisheries in Vietnam reached USD23.9 billion, accounting for 20.85% of the country's total commodity exports. The total exports of goods in 2012 was recorded at USD114.6 billion, a growth of 18% from 2011 figures. Agricultural production faces a number of risks, including prices, weather, epidemics, natural disasters. Statistical records show that such risks cause an annual loss of USD1.8 billion (Le Ben, 2013). Particularly, in the recent years, agricultural production have been under great pressure from nature, with natural calamities and epidemics occurring at an increasing rate and severity. The Vietnamese Government has realized the need to establish a risk mitigation mechanism for agricultural production and agricultural insurance has succeeded in meeting this objective in part (Rosa S.Rolle, 2011). This is a relatively new type of insurance, hence, implementation difficulties remain, in terms of legal framework, implementation, awareness of enterprises and the citizens.

Blessed in agricultural potential, Vietnam is the home to many crops and agricultural products which have comparative advantages against many other countries in the world, and generate high export value, such as coffee, black pepper, rubber... (Thang, Dao and Tai, 2014). Similar to many other crops, coffee is also subject to various risks of weather, price, yield, pesticidal attacks... which generate losses to farmers. Many policies have been enforced in the recent years to support farmers, in the form of assistance on cultivar after floods and storms, debt freeze or debt rescheduling, assistance to destroy infected livestock during H5N1 influenza outbreaks. However, many countries in the world have successfully adopted and implemented risk management and agricultural insurance for livestock and crops. Vietnam therefore needs to conduct research and extend the implementation scope of agricultural insurance and help mitigate the risks faced by farmers. Particularly, it is highly essential that agricultural insurance policies be extended to cover coffee trees.

POSSIBLE RISKS FACED BY COFFEE TREES IN VIETNAM

Vietnam has many regions with climate and soil conditions suited for coffee cultivation, such as Lam Dong, Thua Thien Hue, Quang Tri, Nghe An, Hoa Binh, Son La, Dien Bien provinces. However, the key areas for coffee and Robusta coffee cultivations in Vietnam are Dak Lak, Lam

Dong, Dak Nong, Gia Lai, while Arabica coffee are mainly grown in northern areas such as Dien Bien, Son La, Nghe An and Lam Dong (Quang Huy, 2013). This is because the soil conditions in these areas have greater potential and advantages compared to other regions of the country, with large, levelled areas of basalt soil, sometimes reaching as thick as 100 cm for some layers - which can hardly be met in the other regions of Vietnam. The average temperature of these areas also varies around 20-30°C, favourable for mechanization, large and concentrated production. The areas are particularly suitable for growing industrial crops such as coffee, cocoa, pepper, cashew nuts and rubber trees, as well as for livestock husbandry, therefore, many agricultural products with high economic value and strong competitiveness have been developed in these areas.

In the recent years, the rapid growth of Vietnam's coffee cultivation in terms of coverage, yield and output has brought about tremendous benefits to the socio-economic development of coffee-planting provinces and farmers, and also positioned Vietnam as the world's second largest coffee exporter. The total area for coffee cultivation has reached over 539,800 ha, most of which is situated in Dak Lak with 202,500 ha, followed by Dak Nong with 116,350 ha, Gia Lai with 78,000 ha, Lam Dong with 145,700 ha, and Kon Tum 13,200 ha. There are around 100 coffee processing enterprises, only 10% of which are processing roasted and ground coffee, powder coffee, and instant coffee (MPI, 2014). Thus, these key provinces in coffee cultivation have all exceeded the national plan by hundreds of thousands of hectares, in which Dak Nong has exceeded by 40,000 ha, Dak Lak and Lam Dong each have exceeded by over 30,000 ha... (Quang Huy, 2003).

The provinces within this key region (the Central Highlands) have reduced the coffee cultivation area to only 447,000 ha, in which Dak Lak shrank to 170,000ha, Lam Dong to 135,000ha, Gia Lai to 73,000ha, Dak Nong to 69,000ha, accounting for 89.4% of the country's total coffee planting area. Under this circumstance, the Ministry of Agriculture and Rural Development of Vietnam has required that the provinces within the key coffee planting areas, mainly located in Central Highlands, Southeast, Central Coast and Northwest, to gradually review and eliminate coffee planting areas in regions with unsuitable ecological conditions, to align with the country's overall plan, as well as to prevent spontaneous coffee cultivation outside of the planning areas. In order to do this, coffee-planting provinces should devise concrete plans for review and classification of existing coffee areas, based on which they will formulate roadmaps, solutions, policy mechanisms to support farmers and coffee enterprises in coffee replantation or in switching to other crops, including annual replanting from 15% to 20% of coffee areas (MARD, 2013).

With the advantages in the staple crops mentioned above, if this area could be developed into a large-scale agricultural commodity sector in parallel with a competitive processing industry based on high productivity and quality, then it might become a regional hub for processing and exporting high quality and competitive agricultural products in the domestic market, the region as well as in the world. This will then foster the supporting industries and services to flourish, accelerate urbanization, develop new rural areas and contribute to poverty reduction in the area. Despite the current turbulences in the global economy and the impact of the world financial crisis, the consumption of Vietnamese key commodities such as coffee, tea, cocoa has been steadily growing through the years. This is considered as a favorable sign for provinces in the region to deepen the consumption of their products in the domestic market in the next period. Export markets have also presented many favourable conditions, especially ever since Vietnam joined the WTO and in the upcoming years, the country will conclude and implement Free Trade Agreements with the EU, with the Customs Union of Russia-Belarus-Kazakhstan, the Trans-Pacific Partnership Agreement (TPP), while the ASEAN Economic Community officially takes effect from December 2015... However, in spite of the benefits generated by economic integration pacts, the Vietnamese coffee remains exposed to price risks – dependency on acquisition, processing and market demand usually result in volatile prices, and create risks for Vietnamese farmers in the road to socio-economic development.

It is a fact that the development of coffee cultivation in the recent years has raised many issues on sustainable development and farmers' income, a result of out-of-control expansion that led to water resource depreciation, increased deforestation and negative environmental impact in general. On the other hand, coffee together with other crops have also been fighting with floods, droughts, desertification... caused by climate change in the recent years. Limited water resource, natural disasters and epidemics occurring at increasing frequency and severity have caused serious damage to livestock and crops, including coffee. For coffee trees to produce high yields and quality, these need to be planted on rich basalt soil and more importantly, there has to be adequate irrigation in the dry season, reaching up to 2,000 – 2,500m³ of water per season (there are around 3-5 irrigation periods every year, depending on when the rainy season arrives). As reported by the Department of Agriculture and Rural Development of Dak Lak, the coffee planting areas with access to surface water self-irrigation are around 40,000ha, or only 23% of total existing coffee areas, and the remaining areas have to be irrigated by groundwater. However, in the dry season, Dak Lak exploits on average 1.5 million m³ of groundwater per day for personal use and production, 90% of which are for coffee irrigation. It is the over-exploitation of groundwater by coffee farmers that has caused serious depreciation in groundwater resources, many areas have suffered a 3-5m loss compared to the

average of a few years before. As a consequence, many coffee planting areas have been affected by drought and thousands of hectares of coffee have lingered on for years, causing huge losses to farmers. For example, as a result of extensive drought in Dak Lak in 2011, dried coffee areas reached 10,415 ha, the majority of which were outside the national planning areas, with poor soil and far from water resources, resulting in huge losses to farmers

On the other hand, for each newly planted hectare of coffee, the total costs to be incurred until harvest may reach up to VND150 million, a relatively big investment compared to other industrial crops such as pepper, rubber. Nevertheless, coffee is an easy crop to deal with, farmers are well experienced in cultivating them and the output is relatively stable while coffee prices in the recent years have remained at around VND40 million/ton. It was because of these facts that in the recent periods, the farmers in the Central Highlands have rushed to unplanned expansion of coffee planting areas, growing them even in unsuitable places, hence, extending the coffee planting areas of Central Highlands to over 500,000 ha, causing shortages in water resource.

Clearly, the environmental and climate impacts over agricultural production and over the farmers have posed an urgent need to formulate solutions that might help mitigate their devastating consequences. The Government has tried to reduce the damages by providing technical or financial support. Every year, the government and financial institutions spend thousands of billion Vietnam Dong in assisting farmers in the aftermath of natural disasters. Such activities, however, could only help people to regain minimum life needs but are far from helping farmers recover production costs. It is, thus, crucial to find solutions that are capable of providing timely economic support for farmers and help them restore their living standards and carry on production activities.

International experience has shown that, agricultural insurance is a very effective instrument which can act as a "shield" against risks in agricultural production. Deploying agricultural insurance today is necessary as it will create a legal framework, including insurance mechanisms and State support policies for farmers in cases of loss, helping insurance companies diversify their insurance products and activities, and eventually contributing to the realization of the State and the Party's socio-economic goals.

POLICY FRAMEWORK AND IMPLEMENTATION FOR AGRICULTURAL INSURANCE IN VIETNAM

As analyzed above, agricultural activities are frequently confronted with a variety of risks, from direct risks (natural disasters, epidemics) to indirect ones (market, price). To reduce such risks, governments have usually developed macroeconomic policies and mechanisms that help

orientate the market, and create favorable conditions for agricultural production. Some mechanisms mainly involve the acquisition and temporary stock-up of agricultural products, aimed at curtailing the price drops of agricultural products on the domestic and international markets (Thang and Duc, 2014). Governments can also set up ceiling prices and floor prices for each agricultural product; explore new and reliable export markets; or promulgate quality control regulations. Nevertheless, these measures are mainly orientative in nature and can only minimize indirect risks, while being unable to generate direct benefits for agricultural producers when faced with weather risks. Risks in agriculture are often complicated and hardly predictable, and when these take place, the losses to the agricultural sector in particular and to the farmers in general are more than often very severe. Joining agricultural insurance programmes will help to mitigate these risks, and the risks faced by farmers in the production process will be transferred to insurance companies. Farmers will, therefore, be at peace of mind during production and trade, ensuring better income and livelihood for themselves and their families.

As an effort to stabilize agricultural production, reduce the impact of natural disasters and epidemics, improve the living standards of rural population, the State has regarded agricultural insurance as a component in the national strategy for rural development. The Official Document of the 10th Party National Congress stated: "Formulate a mechanism for agricultural insurance to actively provide compensation for losses caused by natural disasters or adverse fluctuation in prices, especially for food". In order to develop agricultural insurance, the Resolution No.26-NQ/TW of the 7th Conference of the 10th Party Central Committee noted: "Pilot agricultural insurance, ensure a minimum standard of living for rural residents". As a contribution to sustainable agricultural development and social security, the Official Document of the 11th Party National Congress echoed: "Develop appropriate forms of insurance for the agricultural sector"

On this basis, the Government has created a legal framework for the management and business operations of insurance companies. Vietnam has enacted a legal framework for agricultural insurance policies. The Insurance Business Law 2000, amended and supplemented in 2010 provided that: Agricultural insurance is a non-life insurance policy, but even though the Insurance Business Law has taken effect, no guidance document on agricultural insurance has been developed yet.

Therefore, faced with the demand for agricultural development in Vietnam's economy, and based on the Resolution of the Party Central Committee on agriculture, rural areas and farmers, on the Insurance Business Law dated March 01, 2011, the Prime Minister issued Decision No. 315/QĐ-TTg guiding the piloting of agricultural insurance programmes for 2011-

2013 with the aim towards a legal framework for deployment of insurance activities in agriculture. However, as agricultural insurance is now in the pilot phase, its geographical coverage remains restricted. According to Decision 315, agricultural insurance schemes are only implemented in 20 provinces/cities with the focus on three main areas: yield insurance for rice; livestock insurance for cattle, pigs and poultry; aquaculture insurance for catfish, basa fish, tiger shrimp, white shrimp (Article 1, Clause 5, Decision 315/QD-TTg). Other insurance schemes for other crops and animals have not yet been implemented in practice while agricultural risks in Vietnam are on the rise.

Box: Legal framework for agricultural insurance premium subsidy in Vietnam

Prime Minister's Decision No. 719/QD-TTg dated June 5, 2008 on assistance policies for livestock and poultry epidemics prevention and response;

Prime Minister's Decision No. 1442/QD-TTg dated August 23, 2011 amending and supplementing some articles of Prime Minister's Decision No. 719 QD-TTg dated June 5, 2008 on assistance policies for livestock and poultry epidemics prevention and response;

Prime Minister's Decision No. 142/2009/QD-TTg dated December 31, 2009 on assistance mechanisms and policies for cultivar, livestock breed, aquatic ___ to help resume production activities in areas affected by natural disasters and epidemics;

Prime Minister's Decision No. 49/2012/QD-TTg dated December 8, 2012 amending and supplementing Article 3 of Decision No. 142/2009/QD-TTg dated December 31, 2009 on assistance mechanisms and policies for cultivar, livestock breed, aquatic ___ to help resume production activities in areas affected by natural disasters and epidemics

Pilot implementation of agricultural insurance according to Decision 315/QD-TTg deployed in 20 provinces/cities has produced good initial results. As reported by the Ministry of Finance, after three years of implementation, pilot activities in agricultural insurance has achieved encouraging results, with total insured value estimated at VND7,747.9 billion, in which: for rice VND2,151 billion, for livestock VND2,713.2 billion, and for fisheries VND2,883.7 billion. The total insurance premium was recorded at VND394 billion, in which: fisheries VND218.175 billion (representing 55.37%), rice VND91.919 billion (23.33%), and livestock VND83.906 billion (21.3%). There were 304,017 households/organizations involved in agricultural insurance, including 233,361 poor households (accounting for 76.8% of total households insured), 45,944 near-poor households

(15.1%), 24,711 normal households (8.1%), and one agricultural production organization. The implementation of agricultural insurance schemes has helped stabilize production activities and livelihood for the people, as well as complemented the implementation of social security policies (Dong Bien, Hien Anh and Ministry of Finance, 2014).

After the pilot phase, the Government has instructed for Decision 315 to keep moving forward and continue implementation. This means that Vietnam's legislation on agricultural insurance need to be further improved to ensure effective implementation.

Bao Minh Insurance Corporation has deployed agricultural insurance policies in the Central Highlands of Vietnam since 2011 in the form of weather indicator insurance, the period of applying weather indicators extends from January to March for coffee planting areas. Regardless, the effectiveness of agricultural insurance policies for coffee remains limited even though Vietnam's coffee planting areas are concentrated in Central Highlands. Insurance premium are relatively high, reaching up to VND5 million/ha, which will raise total investment per one hectare of coffee by 1-10%. As said by Nguyen Minh, a coffee farmer in Dak Lak: "At current fertilizer prices, the farmer needs around VND50 million investment for the next crop year. Buying coffee insurance means that they have to add up 1-10% investment costs. Obviously, this would be a cause for hesitation" (Duy Hau, 2011).

Implementing agricultural insurance has clearly helped achieve the target of supporting agricultural producers to actively overcome and get compensation for financial losses as the consequences from natural disasters, epidemics, contributing to the stabilization of social security in rural areas, and promoting agricultural production. Nevertheless, actual deployment of agricultural insurance in Vietnam in the past period has presented certain difficulties and obstacles:

Firstly: The subject and scope of application remain quite extensive; the financial assistance mechanism is well defined in Decision 315 but as the nature of Vietnam's agricultural production is small, scattered production frequently affected by complicated and unpredictable natural disasters and epidemics, it has been very difficult to determine the exact losses. Also, the lack of coordination between risk management agencies, insurance companies and farmers mean that information exchange between provinces and insurance companies are limited. Furthermore, there is a shortage of official staff in charge of and experienced in agricultural insurance, causing difficulties for companies to carry out risk management activities, to monitor compliance with production and cultivation procedures, standards; or to assess and determine diseases, epidemics, and losses...

Secondly: Risks of natural disasters and epidemics in agricultural insurance are considered "catastrophic" in nature as the scope and severity of financial losses are huge, going beyond the

financial capacity of insurance companies, therefore, the appointment of participating insurers as well as of re-insurers is a serious issue when formulating re-insurance contracts.

Thirdly. Some households and organizations are only “testing out” insurance schemes. There is limited public awareness on the importance of agricultural insurance as a risk management instrument in agricultural production. Small, scattered production with the majority of cultivation techniques and production procedures based on experience and spontaneity also cause risks and difficulty in assessing the subjects of insurance. A general mindset is to insure only those risks with a positive chance of occurring (Gia Long, 2013).

RECOMMENDATIONS FOR DEPLOYING AGRICULTURAL INSURANCE ON COFFEE

As previously said, the agricultural sector plays an important role in Vietnam’s socio-economic development thanks to the comparative advantages of its agricultural products against those of other countries in the world. For various provinces of the country, coffee contributes greatly to socio-economic development and helps improve the income and living standards of farmers. However, as the risks associated with coffee cultivation are increasing, there is an urgent need for wider coverage of insurance mechanisms over coffee trees. Since 2011, Bao Minh Insurance Corporation has deployed weather insurance for coffee trees in the Central Highlands. The results, however, have been modest due to the country’s weak and inconsistent legislation on agricultural insurance (Bach Van, 2014 and MOF and Duc, 2013). There is, thus, the need for revising, supplementing and completing policies and legislations on agricultural insurance, including clear specification of the role of the State – the enterprise – the farmer, has become more urgent than ever.

- Agricultural insurance policies should be implemented in the form of Public-Private Partnerships (PPP);
- The subjects of insurance need to be extended from the current livestock and crops, not only limited in accordance to Decision 315 on pilot implementation of agricultural insurance.
- Enfore agricultural insurance under voluntary and compulsory schemes;
 - Extend the implementation of multi-risk agricultural insurance, apart from indicator-based insurance already implemented;
 - Extend the implementation scope of indicator-based agricultural insurance. The Government’s Decision No.315 has specified risks and risk management in the case of loss – although this applies to only subjects under the pilot agricultural insurance programme, it should be regarded as the basis for implementing insurance over coffee trees. Under this principle, farmers affected by risks of natural disasters such as storms, floods, droughts, excessive cold, damaging cold,

frost and other natural risks, or with epidemics including influenza, blue ear disease, foot-and-mouth disease, brown planthopper pests, rice grassy stunt virus and other pests and epidemics (Article 1, Clause 7, Decision No. 35/QD-TTg) will receive compensation according to existing regulations or based on weather indicators, epidemics and output relevant to the losses.

- Improve the State's oversight and financial assistance in agricultural insurance over coffee trees;
- The State should enforce risk management mechanisms and provide support to insurance companies on risk management techniques during risk assessment and compensation payment for farmers.

In order to successfully implement and extent the coverage of agricultural insurance in general and coffee insurance in particular, the author would like to propose the following:

Firstly, agricultural insurance policies should be incorporated into agricultural restructuring schemes. To help implement Vietnam's agricultural insurance policy effectively, agricultural insurance programmes should go in hand with the agricultural restructuring process through value enhancement and sustainable development, especially for coffee trees. Deployment of insurance programmes should be inclusive, mobilizing the participation of all socio-economic agents, from central to local levels. International experience has proven that agricultural insurance should be fostered via Public-Private Partnership schemes and jointly managed mechanisms that can promote the role of civil societies and associations (Decision No. 899/QD-TTg, 2013).

Vietnam is currently under economic restructuring, including agricultural restructuring for sustainable development. One of the solutions for agricultural restructuring suggests that farmers and agricultural enterprises need to cooperate with scientists to carry out research and direct investment in order to modernize the production process, technologies and equipment to promote higher productivity and more efficient use of natural resources. On the other hand, the State should actively review, amend and supplement agricultural production plans (cultivation, husbandry) by exploiting product advantages, regional advantages and ensure effective implementation of green growth and climate change response strategies. While carrying out agricultural restructuring, the State should continue to enforce policies supporting farmers (poor and near-poor households) to join value chains and agricultural insurance schemes for risk mitigation.

Secondly, legislations on agricultural insurance should be completed to provide a clear legal framework for insurance companies to operate in, and they should specify the financial mechanism, subjects of insurances, contributing premium (State support/farmer's contribution), establish risk management mechanisms (distinction between State support in natural disasters

and risks eligible for compensation under agricultural insurance policies), mechanisms regulating agricultural reinsurance, regulating the role of insurance companies, cooperation mechanisms between the State and agricultural insurance companies in risk assessment and multi-risk insurance policies...

Thirdly, risk management mechanisms for coffee trees should be established. Total coffee-planting areas are significantly large but as the scale of each cultivating area remains small, coffee as well as other crops are confronting with the risks of weather and pestilent attacks. To ensure the rights of the insured, the State should take the lead in the following activities: Provide support to insurance companies in production monitoring, declare and confirm natural disasters and epidemics; Conduct research and promulgate procedures for prevention of natural disasters, epidemics in agricultural production; Provide support and guidance to provinces in revising and completing cultivating procedures that are suitable with local conditions; and Monitor works on natural disasters and epidemics prevention, insurance exploitation, ensure compliance with production and cultivation procedures.

Bao Minh Insurance Corporation has been involved in the pilot programme of weather insurance over coffee plants. It has been revealed that insurance companies need a national database on weather indicators where companies and farmers can use as reference to purchase insurance packages and estimate losses when the risks insured take place. Bao Minh Insurance Corporation had been using the weather news bulletin of Central Highlands Weather Center as the basis for determining compensation schemes.

Fourthly, the State should establish disaster risk funds which can provide assistance to farmers when confronted with “national-level” natural disasters and epidemics as the scope and financial loss incurred in these events exceed the financial capacity of insurance companies and farmers. Nevertheless, disbursement of financial assistance from agricultural insurance should follow the provisions on agricultural subsidy of the World Trade Organization (WTO). State support in agricultural production within the framework of WTO commitments can be classified into three types: Green box, Blue box, and Amber box (Chinh, 2011 and Duc, 2013). The Green box is designed for other assistance schemes that do not distort trade, while the Blue box includes provisions on assistance for goods restricted by production volume, and the Amber box consists of provisions of agricultural assistance measures.

Fifthly, the State should formulate policies to support executive staff and staff directly involved in agricultural insurance programmes and working with insurance companies, including coffee insurance schemes (the State should extend the scope of training assistance and include coffee trees within the list of crops eligible for insurance premium support). Assessment of risks

and compensation are difficult tasks, thus, it is essential to provide intensive training for insurance staff in order to achieve better outcomes of insurance policies.

Sixthly, there is a need to raise public awareness on existing legislations and on the benefits of agricultural insurance, particularly of coffee insurance schemes based on weather indicators. Farmers are yet accustomed to purchasing agricultural insurance due to limited awareness and complete reliance on God's will, while damages incurred by natural disasters are usually huge and catastrophic and the income level of most farmers do not allow them the capacity to apply for insurance packages. The State and insurance companies, therefore, need to work on raising public awareness on the outstanding benefits of agricultural insurance policies.

CONCLUSION

Agricultural insurance is an effective instrument for risk management in agricultural production. Risk assessment and management in agriculture, however, are usually complex and highly dependent on the specific characteristics of agricultural production in each area, each region, each crop and livestock. It can be said that, implementation on the piloting of agriculture insurance for coffee trees to contributed to achieving the objective of assisting farmers to overcome the impacts of and cover financial losses caused by natural calamities and epidemics, thus helping to ensure social wealth fare in rural areas and boosting up agricultural production. However, legal framework for agriculture insurance for coffee is still incomplete and the outcome is limited. It is urgent to amend and complete policies, laws on agriculture insurance as the basis for implementation with the roles of the Government, the business and the farmer clearly defined. Especially, the State should enforce risk management mechanisms and provide support to insurance companies on risk management techniques during risk assessment and compensation payment and subsidy to the premium for farmers/ the coffee plantation farms.

Deploying agricultural insurance schemes and helping famers to access such programmes will help mitigate the risks and losses associated with natural disasters and epidemics for coffee farmers in particular and for agricultural production in general. Effective implementation of agricultural insurance schemes will contribute to minimize the risks of adverse impacts of weather conditions, epidemics to livestock, crops, harvests, and help stabilize the lives of rural farmers and modernize the agricultural sector and rural areas.

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