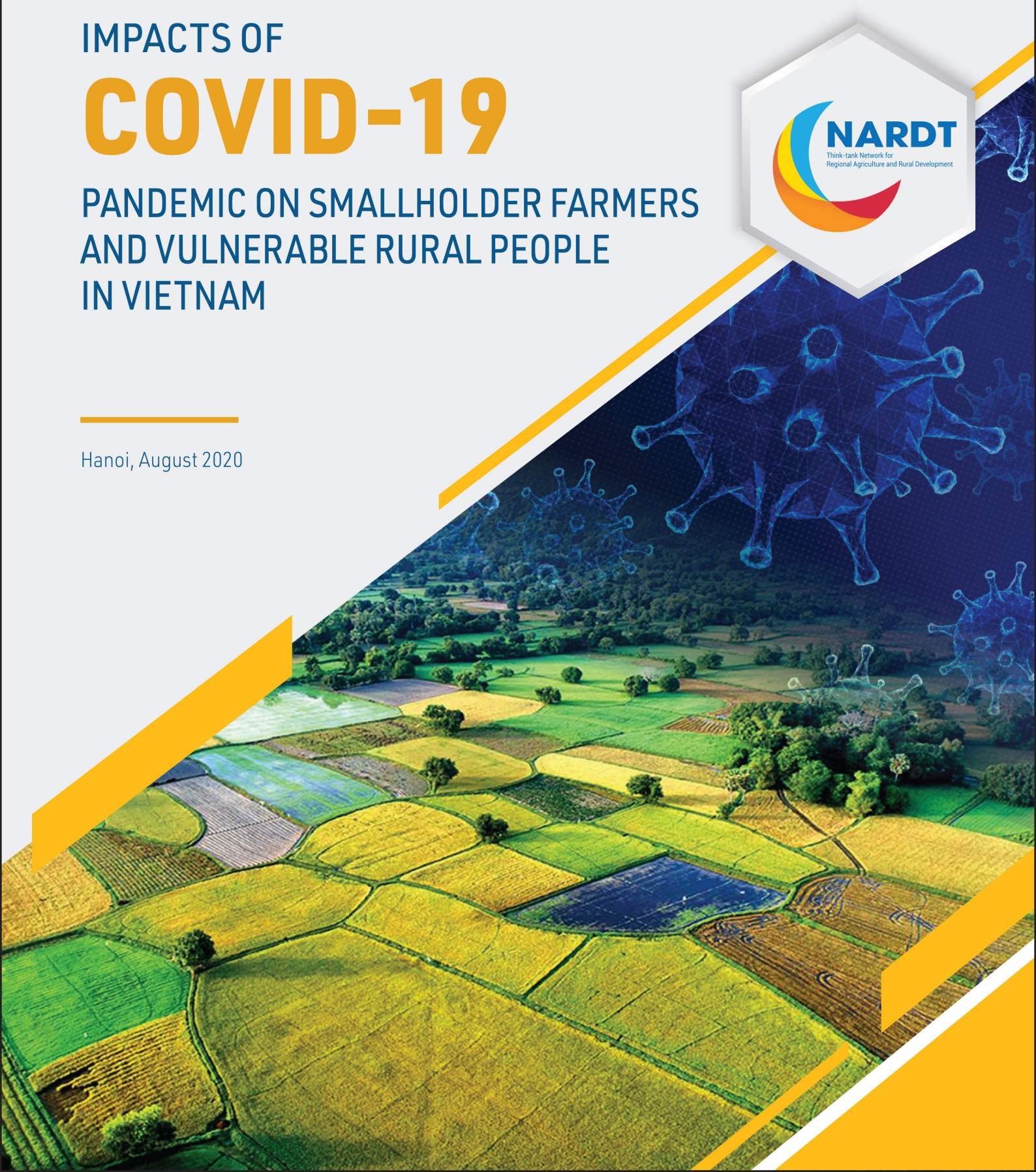


# IMPACTS OF **COVID-19**

## PANDEMIC ON SMALLHOLDER FARMERS AND VULNERABLE RURAL PEOPLE IN VIETNAM

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Hanoi, August 2020





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# ABBREVIATIONS

Abbreviation	Meaning
ACIAR	<i>Australian Centre for International Agricultural Research</i>
ADB	<i>Asian Development Bank</i>
ASEAN	<i>Association of Southeast Asian Nations</i>
COVID-19	<i>CoronaVirus Disease 2019</i>
EU	<i>European Union</i>
EVFTA	<i>European Union-Viet Nam Free Trade Agreement</i>
FAO	<i>Food and Agriculture Organization</i>
GDP	<i>Gross Domestic Product</i>
IFAD	<i>International Fund for Agricultural Development</i>
ILO	<i>International Labour Organization</i>
IMF	<i>International Monetary Fund</i>
IPSARD	<i>Institute of Policy and Strategy for Agriculture and Rural Development</i>
NARDT	<i>Network for Agriculture and Rural Development Think-tanks in Mekong subregion</i>
VHLSS	<i>Viet Nam Household Living Standard Survey</i>





# ACKNOWLEDGEMENTS

Since the beginning of 2020, the world has been coping with a pandemic caused by the new strain of Corona virus (Covid-19), with the number of infected patients reached more than 25 million people which kept increasing daily as no vaccines have been provided. Covid-19 spread to Viet Nam quite early with the first case was announced on January 23, 2020. Up to now, Viet Nam has experienced two waves of Covid-19 infection. In the first wave, Viet Nam only had a total of 330 infected patients after 190 days. The second wave was breaking out on July 22, 2020, after months without new infected cases in the community. By the end of August 2020, the total number of Covid-19 patients in Viet Nam had exceeded 1000, of which the majority were detected immediately upon entry or during quarantine isolation after entry. Provinces affected by the second outbreak have kept the situation under control and gradually loosen the social distancing.

As an open economy, Viet Nam has performed relatively well in terms of quarantine, the pandemic control results of Viet Nam were relatively positive compared to the global and regional context. Both the Vietnamese government and the people have strived to maintain a dual goal of keeping the pandemic under control and the economic growth.

However, the Covid-19 pandemic situation in the world is still complicated, the infection risks may persist and lead to numerous consequences that could delay the global production and consumption. Even when the Covid-19 situation is well under control in Vietnam, the impacts of the global pandemic on the national socio-economic growth and development, including agriculture and rural areas, were enormous and persistent.

Under the framework of the project “**Network for Agriculture and Rural Development Think-tanks for Countries in Mekong sub-region**” (NARDT), the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) collaborated with research experts from NARDT, local partners from the International Fund for Agricultural Development (IFAD) and the Asian Development Bank (ADB) to publish this report on the quick survey “**Impacts of Covid-19 pandemic on smallholder farmers and vulnerable rural people in Viet Nam**”. This report is an attempt to contribute to providing more in-depth and reliable information for decision-making by Vietnamese Government to cope with the consequences of the Covid-19 pandemic.

We would like to express our sincere thanks to IFAD for sponsoring this research, ADB for active involvement and supporting the implementation of the survey. In particular, we would like to thank colleagues at the project management units of the projects funded by IFAD and ADB in Cao Bang, Bac Kan, Ha Giang, Ha Tinh, Quang Tri, Ben Tre, Tra Vinh, Quang Binh, Ninh Thuan, Khanh Hoa, Dak Lak, and Dak Nong for their valuable supports and cooperation during the survey implementation.

# EXECUTIVE SUMMARY

Viet Nam's agricultural and rural development sector plays an important role in the economy. With its strength in agriculture production, Viet Nam has the advantage of ensuring national food security and plays an increasing role in supporting food security for other countries. In addition, Viet Nam's agricultural sector has also created many high-value exports items. With more than two-thirds of Viet Nam's population living in rural areas, rural Viet Nam is an abundant human resource source and a large market for urban and industrial products.

A half of rural household members mainly rely on non-farming jobs, of which about 35% of the members whose main jobs are waged employment and 15% of the members are self-employed. Besides the main jobs, many members have to do extra jobs to earn their living. Among the members whose main employment is agriculture production, 45% of them have part-time non-farming jobs.

With household members whose main jobs are working as hired labor, the livelihoods are mostly unstable. A majority of rural workers moving to urban areas only do simple jobs such as construction workers, "motorbike taxi" riders, porters, helpers, etc., without stability, labor contracts, insurance, nor secured accommodations. Only 19.5% of the rural workers working as hired labor are employed in the formal sector. Whereas, a large number of rural residents migrate and work in the city without resident registration. They are unlikely entitled to the official bailout packages because they are not entitled as local residents.

The crisis caused by the Covid-19 pandemic is a combination of both supply (and supply chain) and demand crises. Disrupted domestic and international supply chains and social distancing measures have made production stagnate. At the same time, the export market was interrupted, consumers also cut down their spending because of declining income and the fear of an uncertain future. In that context, rural residents and farmers are vulnerable to the impacts of the Covid-19 pandemic on the household's livelihoods, income, and welfare.

## **Impacts from the Covid-19 pandemic on Viet Nam's agriculture and rural areas**

### ***Impacts on agricultural GDP***

As of late June 2020, although the whole economy was heavily affected by the Covid-19 pandemic, agricultural production remained quite stable. In the first 6 months of 2020, the whole sector has continued to achieve positive results. Agriculture maintained positive growth, ensured stable food supply, and created a sound foundation for socio-political stability during the Covid-19 pandemic.

### ***Impacts on the agricultural product markets.***

Many countries close borders, restrict imports, causing Viet Nam's agricultural exports to decrease slightly. However, domestic consumption of agricultural products increased sharply thanks to the drastic measures to connect supply - demand of the national and local governments.

### ***Impacts on disrupting the agricultural supply chain.***

The most obvious impact of the Covid-19 pandemic on agriculture is disrupting agricultural supply chains, especially those that have to import a lot of inputs such as fisheries and animal husbandry. Agricultural businesses have suffered from various impacts by the pandemic, including reduced consumption markets, unable to export products, shortage of input materials, and lack of working capital to pay salaries, loan interests, and rental fees, etc. Traditional commercial modes have been dramatically affected by the social distancing, therefore, modern forms of trading, such as e-commerce and innovated agri-product exchange platforms, are growing.

### ***Impacts on rural jobs, especially non-farming jobs.***

The Covid-19 pandemic stagnated agricultural product markets, affecting many agricultural households, especially those producing less essential goods such as flowers and seafood. Moreover, the social distancing to deal with the pandemic infection also affects households participating in non-farm activities, including local businesses, migrant workers in cities, and paid workers in businesses. Economic crisis can make unemployment increase and working conditions more difficult, leading to “returning-to-rural” migration, exacerbating underemployment in rural areas.

The survey by the IPSARD with 1300 rural households<sup>1</sup> showed that 75% of rural households whose members work in enterprises reported adverse impacts from Covid-19 on the employment of family members is affected in forms of being suspended or lost jobs, and reduced income. For rural households with members working in the informal sector, about 83% of surveyed households reported severely impacts on their informal jobs from the Covid-19 pandemic, the income might even drop to zero during the social distancing.

About 35% of agricultural households reported that their farming activities were affected by the pandemic. Input prices for agricultural production were escalated. 60% of the respondents said that the selling price of agricultural products decreased in the first 6 months of 2020. It is noteworthy that 8% of the surveyed farming households had changed agricultural product selling channels, some switched from direct sales to online sale.

The proportion of rural households with members working in enterprises that are negatively affected is very large, reached 74.5%. For households running production and business facilities, the biggest problem is being suspended or closed (60.1%). Among production and business households that hired labor, 13.5% reported that their workers quitted jobs, 51.7% had to dismiss their employees, 21.4% reported labor shortage, and 24.7% had to reduce labor wages and some had to let workers switch to other positions or skills due to the impact of social distancing.

### ***Impacts on income and expenditure, social security, poverty in rural areas***

Paid jobs have been hit very hard because some business services were either suspended during the pandemic or had to be closed. Due to the decline in market demand, the prices of non-essential agricultural products also dropped by 10-15% on average. It is estimated that the Covid-19 pandemic can reduce the income of rural households by 35-40%. Falling income has significant impacts on household expenditure,

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<sup>1</sup> The survey was conducted in May - June 2020 in 12 provinces of Cao Bang, Bac Kan, Ha Giang, Ha Tinh, Quang Tri, Ben Tre, Tra Vinh, Quang Binh, Ninh Thuan, Khanh Hoa, Dak Lak, Dak Nong.

especially in the context that a majority of farmer and rural households have little or no savings, and most of their income has been spent on basic needs even before the Covid-19 pandemic.

The survey conducted by the IPSARD showed that about 56% of rural households experienced decreases in income during the Covid-19 pandemic outbreak from January to March 2020 due to the influence of disease control measures. Households whose main income sources from non-farm activities were most negatively affected: 73% reported income decreases with an average decrease of 46.8%. Among households with main livelihoods from agricultural production, 52% of the households experienced a decrease in income with an average reduction of 29.4%. Among households whose main income is from wage employment, 59% reported a decrease in income with an average reduction of 38.3%. Households in border provinces are more affected: on average, household income in border provinces decreased by 41.4%, and the number in other provinces is 33.4%.

### ***Impacts on rural migrant workers***

According to the survey, 66.3% of households whose workers work far away from home reported suspension or laid-off due to the Covid-19 pandemic. As losing jobs, they have to return to their hometowns, putting further pressure on rural employment to absorb the repatriation workforce. At the same time, when migrant workers' employment declines, their remittances to their families, the main income of many rural households, are also reduced. This has caused significant impacts on livelihoods, food, and nutrition security of the dependents.

### **Rural household's response to the impacts of the Covid-19 pandemic and their access to government support policies**

The survey showed that most of households' coping methods are self-reliant to such an unexpected and severe crisis: spending cuts (95%), using savings, asking relatives and friends for help. Farmers, mostly poor or near poor households, are the most vulnerable group due to their limited self-reliant capacity.

The survey results in June 2020 showed that rural households' access to other forms of assistance is still very limited. Support for income loss for rural households is meaningful, but only 12.8% of surveyed households said that they have accessed or been accessing such assistance. In particular, the rate of access to other forms of support, such as free necessities provision, is very low, less than 5%; about 1% received or applied for supports for business households, including credit supports, debt repayment extension, insurance, tax extension. Meanwhile, agricultural insurance is almost not available.

The main constraints in accessing supporting policy are: taking too long to receive the supports, complicated procedure for enjoying these policies, and the unlikeliness to be feasible for provided benefits, such constraints imply the need for reviewing, checking and redesigning the security policy package so that no beneficiaries are "skipped".

The surveyed households have also proposed the support they wish to receive, including: capital and credit support, vocational training and job promotion, agricultural production materials subsidies, social security subsidies, market development for agricultural products, and facilitation of production and business activities.

### **Recommendations**

In order to provide practical and effective supportive policies that help farmers and rural residents



overcome the negative impacts and take advantage of the economic opportunities following the Covid-19 pandemic, it is important to focus on a number of measures as below:

***Supporting farmers and rural people, so that no-one is left behind:***

Extend debt, reduce interest rates, facilitate new loans for farmers. Quickly review and supplement a number of rural residents to include them in the supported group. Review and design the basis for the stimulus package for the entire economy, stimulate demand through public investment so that people can have jobs and generated income.

***Promote export, open up the market, and pay special attention to domestic market development.***

Continue to promote export, facilitate border trade, guide domestic enterprises to meet quarantine requirements and ensure food safety and hygiene. Provide orientation to further transform to official export channels through marine and airways to minimize the risk of border trade concentration. Support businesses to build linkages with retailers in the domestic market. Link the production areas with the retail systems and consumers through different distribution channels.

***Support investment in logistics services, promote e-commerce, trading platforms.***

It is necessary to study, evaluate and develop a methodical strategy for agri-trade logistics services. Build a system of industrial clusters (warehouse, processing, cold storage, and transportation facilities), connecting production areas to major domestic markets. Promote modern forms of trading such as e-commerce.

***Improve the investment environment to prepare for new investment opportunities.***

Continue to promote administrative reform, complete laws and regulations, improve the doing business environment, prepare infrastructure, train skills for workers, especially young workers in rural areas to catch FDI waves to Viet Nam after the Covid-19 pandemic.

***Conduct research and formulate evidence-based policy making.***

Develop rural and agricultural development strategy for the period 2021-2030 to orient the development of the agriculture and rural sectors in a new context, given the lessons learned from the global crisis caused by Covid-19 and new global trends. Study and propose supporting packages for agriculture sector, recovering and developing agri-processing industries and logistics services for agricultural production. Build monitoring systems to supervise, control and report regularly on national food security.

## I. INTRODUCTION

The agricultural and rural sector of Viet Nam continues to play an important role in the economy. In addition to ensuring national food security and providing raw materials for economic development, rural areas also play the role as an abundant source of human resources. Rural areas are also large consumption markets for industrial products and services. Although the rural population tends to decrease, it still accounts for a large proportion compared to the city area. According to the population census in 2019, about 65.5% of Viet Nam's population lived in rural areas. Rural labor account for 67.4% of the total labor, of which, 35.3% are agricultural labor. Agriculture plays an important role in household livelihoods, especially in poor households.

The Covid-19 pandemic outbreak since the late December 2019, starting in Wuhan city, Hubei province, China, has spread to most countries and territories in the world. The pandemic has spread to Viet Nam quite early with the first case was announced on January 23, 2020, the Government of Viet Nam has immediately set the goal of prioritizing disease control, protecting the people's health and lives, and Viet Nam has basically done well with this goal in comparison with the general situation of the world and other countries in the region. However, Covid-19 pandemic in the world is still complicated, numbers of infected cases and deaths continue to increase. The risk of a pandemic may persist, possibly reappear in Viet Nam. Even if the country can protect the Covid-19 pandemic controlling results, the aftermaths of the pandemic on Viet Nam's socio-economy, including rural agriculture, are still very large and long-lasting.

Crisis caused by the Covid-19 pandemic is a dual crisis of either the supply (or supply chain) side and the demand side. Domestic and international supply chains are disrupted, and social distancing measures make production stagnate. Meanwhile, the export market is interrupted, consumers also cut down their spending due to declined income and fear of an uncertain future.

The report on the quick assessment of "Impacts of Covid-19 pandemic on smallholder farmers and vulnerable rural people in Viet Nam" aims to provide empirical evidences about the impact of Covid-19 pandemic on agriculture and rural development in Viet Nam, with a focus on smallholder farmers and vulnerable rural people. This is a joint effort by IFAD and IPSARD, with support from ADB, contributing to the development of appropriate responses to mitigate negative impacts of the Covid-19 pandemic on agricultural and rural development in Viet Nam, by analyzing contextual analysis, document reviews and quick survey in 12 project provinces of IFAD and ADB.

The report will provide a panorama of Covid-19 pandemic's impacts on agriculture and rural development, findings of the pandemic impacts on rural households' livelihoods, including agricultural and non-agricultural production activities; thereby, identifying priority areas for government policy intervention to mitigate the adverse impacts of the pandemic.

### ***Research methodology***

To achieve the stated objectives, the research applies empirical analysis approach to answer research questions.

Firstly, the research team conducted literature reviews and used the secondary data from GSO surveys, including the Vietnam Household Living Standards Survey (VHLSS) as well as published data gathered from other agencies and organizations about the impact of the Covid-19 pandemic on enterprises,

labors, and economic growth in Vietnam, etc., to answer the question:

- What channels does the Covid-19 pandemic affect the agriculture and rural development in Vietnam?

In parallel, the study combines the available secondary information and the primary information from the quick survey “Impacts of Covid-19 pandemic on smallholder farmers and vulnerable rural people in Viet Nam” conducted by IPSARD research team with more than 1,300 rural households in 12 provinces during from May to June 2020, to respond to these questions:

- Will jobs and income of farmers and rural non-farm households in the first quarter of 2020 change compared to the first quarter of 2019?
- How has the Covid-19 pandemic contributed to these changes?
- Will smallholder farmers and vulnerable rural people be more damaged?
- What is their response to those impacts?

From the initial analysis results, the study applied expert consultation to collect the comments from experts and policymakers on the issues:

- How to help farmers and rural non-farm households effectively respond to the impact of the Covid-19 pandemic and to increase their accessibility to government supports?
- What are policy recommendations to mitigate negative impacts of Covid-19 pandemic on farmers and rural non-farm households in Vietnam?

The scale of the quick survey on Covid-19 pandemic’s impacts on small holder farmers and rural people in Viet Nam:

To assess impacts of the pandemic on smallholder farmers and vulnerable rural populations in Viet Nam, under the support of IFAD and ADB, IPSARD conducted a quick survey of 1300 households in 12 project provinces of IFAD and ADB. The rapid survey was conducted from May to mid-June 2020 to collect primary qualitative and quantitative data on the impacts of the Covid-19 pandemic during the first pandemic outbreak and recovery phase in May and the first half of June 2020.

Survey samples are selected to represent main livelihoods in rural Viet Nam, 17.2% of surveyed households are purely farming households; 50.9% of the surveyed households are farming households with additional income sources such as farm and non-farm paid work, running production and business facilities, etc.; 4.8% of surveyed households have main income source from small and micro self-managed production and business activities; 12.6% of surveyed households are of livelihood sources basing on wage employment; 14.5% of the survey sample are households classified as “other livelihood groups”, mainly single households or have special conditions, mostly living on social assistance, remittances or donations from relatives.

Survey samples were also selected to meet sufficient representation of regions across the country. In which, the number of samples in the Northern region accounted for 33%, the number in Central and Central Highlands region accounted for 52% and the number in the Southern region accounted for 15% of the total sample.

**Figure 1: Map of surveyed areas**

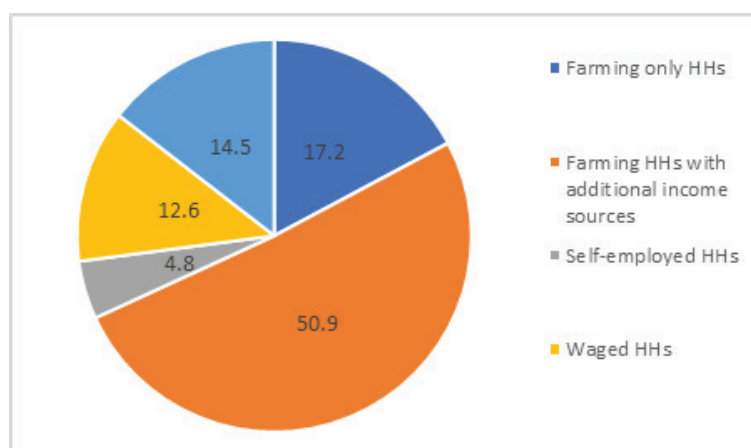
Surveyed provinces: Cao Bang, Bac Kan, Ha Giang, Ha Tinh, Quang Binh, Quang Tri, Ben Tre, Tra Vinh, Ninh Thuan, Khanh Hoa, Dak Lak, Dak Nong.



The samples of surveyed households includes poor households (30%), near poor households (21%) and other households (48%). 49.5% of household representatives responding to the survey are female. 48.6% of household representatives responding to the survey are ethnic minorities.

Survey information was collected via online questionnaires with support from local IFAD and ADB project office staff. Local staff were instructed and explained about the questionnaire structure and sample selection criteria, then, the local staff conducted household interviews and entered survey information into online questionnaires. Survey data shows objective information for a quick assessment on the impact of the Covid-19 pandemic in its early stage on rural livelihoods, households' abilities and measures to cope with the related risks, as well as household feedbacks to government supportive policies.

**Figure 2: Survey sample by region and income source (%)**



Source: Research team calculations from the survey data

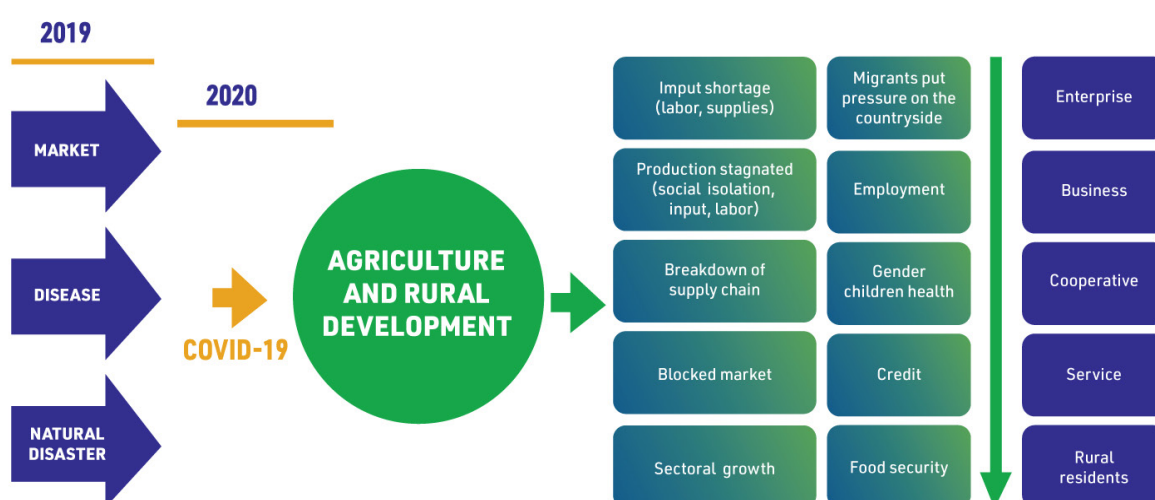


## II. IMPACTS OF THE COVID-19 PANDEMIC ON AGRICULTURE SECTOR IN VIET NAM

Viet Nam's agriculture in recent years has had many remarkable achievements, especially in terms of trade. The market is constantly expanding, the export turnover has grown steadily despite many difficulties and challenges. In 2019, the export turnover of the entire agricultural sector reached a record with USD 41 billion. However, since the beginning of 2020, agriculture has been forecasted to face many difficulties due to climate change, extreme weather phenomena, declining agricultural market - the market for industrial crops has not yet recovered, fisheries received "yellow card", live-stocks are affected by African swine fever, foot-and-mouth disease, etc. In that context, the Covid-19 pandemic adds severe impacts on exports in general, on the export of agricultural products in particular, from the very first days it appeared in China which is an important market for Viet Nam's agricultural products.

Even without the economic crisis caused by Covid-19 pandemic, rural people are already vulnerable to many risks, especially those whose livelihoods rely mainly on agriculture. According to the results of a survey data analysis on household living standards of IPSARD (2016), the risk of agricultural diseases in livestock and plants occurs with the highest frequency, followed by risks of flood and storm. Risks related to drought and fire occur with less frequency, risks related to human disease are rare. On average, more than half of the surveyed households were at risks due to the impact of diseases in agricultural production and nearly a half of them were affected by natural disasters. Households relying mainly on income from agriculture also experience the most shocks (about 33%), compared to households with main income from salaries/wages (about 28%) and households with main income from non-farm activities or wages (about 25%).

**Figure 3: Channels of the Covid-19 pandemic impacts on agriculture and rural areas in Viet Nam**



Source: The author's summary

## 2.1. Impacts on agricultural GDP

In general, during the Covid-19 outbreak, many countries have to cope with crisis and food shortage. But thanks to the good development of the agricultural sector, which is a strong support for the economy in times of crisis, Viet Nam has ensured food security for the people, while supporting other country on this matter. This is an important pillar of stability to allow Viet Nam to prevent the negative effects caused by the Covid-19 pandemic which have occurred in many countries such as the United States, Brazil, etc.

In the context of various challenges caused by natural disasters, pandemics, market narrowing, and the additional impacts from Covid-19 pandemic, agricultural production in Viet Nam is still relatively stable, without any food shortage to people. During the social distancing time, the supply of food and foodstuffs in the country is still plentiful, preventing from food speculation or starvation. According to the report of the General Statistics Office, the agricultural growth in the first quarter was only 0.08%. However, in the second quarter - which is heavily influenced by the Covid-19 pandemic as the Government strongly implemented measures of social distance, the agricultural growth still slightly recovered at 1.72%, helping the sector growth in the first 6 months reach 1.19%.

**Table 1: Gross domestic product in the first 6 months of 2020**

	Current prices		2020 comparison price	
	Total (Billions dong)	Portion (%)	Total (Billions dong)	Growth rate compared to the first 6 months of 2019 (%)
<i>Total</i>	2,576,480	100.00	1,594,140	1.81
<i>Agriculture, forestry, and fisheries</i>	364,732	14.16	230,920	1.19
<i>Agriculture</i>	269,167	10.45	175,363	0.83
<i>Forestry</i>	17,682	0.69	9,607	2.15
<i>Fisheries</i>	77,883	3.02	45,950	2.37

Source: The General Statistic Office (CSO), 2020

It can be said that until the end of the first half of 2020, in the agriculture sector hardly suffers from direct impacts of the Covid-19 pandemic but mainly affected by natural disasters, crops and livestock pandemics, particularly drought and African swine fever. Nevertheless, given the experience in dealing with drought and salinity since 2016, the current harvested rice output has still increased, the husbandry has initially recovered, and seafood and timber outputs have increased significantly, helping the industry's growth recover during the pandemic.

## 2.2. Impacts on the agricultural product markets

Covid-19 pandemic and measures to control the pandemics deployed by Viet Nam and other countries in the world have affected the market, especially the export market. In the agriculture sector, each commodity has born different influences. In the first 7 months of 2020, the total export turnover of agricultural, forestry and fishery products was USD 22.3 billion, declined 2.8% over the same period in 2019; the import turnover was USD 17.2 billion, dropped 4.6%; the trade deficit was nearly USD 5.2 billion, increased 3.8% over the same period in 2019. Of which, the main agricultural product group was USD 10.4 billion, decreased by 4.0%

husbandry was USD 213 million, decreased by 24.9%; aquaculture was USD 4.4 billion, decreased by 6.4%; main forestry products reached USD 6.5 billion, increased by 6.7%. In general, though the export prices decreased with several agriculture products, the export value of rice, vegetables, cassava, shrimp, wood and wood products, cinnamon, and bamboo has increased over the same period. Currently, there have been 6 product groups reached export turnover of USD 1 billion, leading was wood products with more than USD 4.5 billion. Meanwhile, the products experienced in the export value included: rubber (declined by 19.5%), tea (reduced by 7.7%), pepper (decreased by 22.5%), fruit (reduced by 20.2%), and pangasius (declined by 26.9%).

However, it can be said that Viet Nam is still a bright spot as other countries have experiences much more severe impacts. For example, Thailand has seen rice exports in the first four months of 2020 decreased 16% in value and 32% in volume; fruit and pepper exports decreased 34% and 55% respectively. The export price of dragon fruit in Thailand has decreased by 85%. It is forecasted that Thailand's agricultural exports may decrease by up to 22% this year, of which the most affected products are shrimp, vegetable oil, fruits and rice. Filipino and Indonesian farmers had to abandon agricultural products or to use them for fodder. The significant bright spot is that the rice export turnover of Viet Nam in the first 6 months of the year reached USD 1.7 billion, up 17.9% over the same period last year. Rice export price reached the highest level in the past 8 years and there are continuously new orders.

The structure of Viet Nam's agricultural export market has changed. The United States once replaced China as the largest market with the turnover in May recorded an increase of USD 222 million (up by 7.0%), while exports to China decreased USD 675 million (down by 15.5%), to the EU decreased USD 19 million (down by 1.1%). However, in July, the Chinese market showed clear signs of recovery, China was still the largest market for Viet Nam's exports. The accumulated export turnover to Chinese market in the first 7 months of the year reached nearly USD 5.4 billion, decreased 11.1% over the same period and accounting for 24.1% of Viet Nam's export market share; followed by the United States with an estimate of USD 5.2 billion, increased 9.5% over the same period and accounting for 23.1% market share.

Currently, the restriction on the goods circulation imposed by some countries can cause market difficulties for business enterprises. The aviation of many countries has been closing, hindering the circulation of goods. It is forecasted that the export of the agricultural products in the second half of this year will still cope with many difficulties.

Contrary to fluctuations in export markets, the domestic market is very stable. Despite the pandemic, commodity prices are generally stable, demand of consumers are constantly satisfied. The consumption of essential goods may not be affected much, supermarkets even report that rice consumption tends to increase by 30%. Demand for meat products is relatively stable, but pork demand is still very high due to the impact of African swine fever. The demand for vegetables and fruits has stabilized again as the social distancing measure was removed.

### **2.3. Impacts on the agricultural supply chains**

The most obvious impact of the Covid-19 pandemic on agriculture is disrupting agricultural supply chains, especially industries that consume a lot of inputs such as aquaculture (export turnover decreased by 12%). In the first 6 months of 2020, the import of agricultural materials such as animal feed and raw materials decreased by 10.6%; fertilizer import decreased by 9.9%; import of pesticides and raw materials

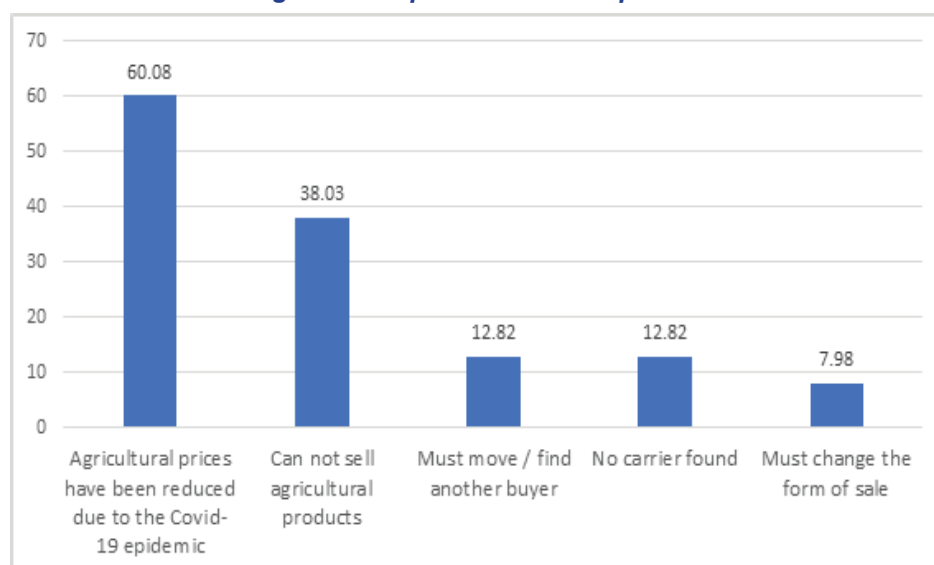
decreased by 25.6%. Import of seedlings from China, the United States, the EU, and many other places has faced with some difficulties. The shortage of supply has made the prices of many domestic animals feed increase. However, agri-enterprises are quite active in finding solutions to overcome difficulties, hence, some sectors can avoid heavy impacts, such as: forestry, cultivation (the export turnover in the first 6 months of 2020 decreased by 2-3% over the same period in 2019).

According to the General Statistics Office, for the first 6 months of 2020, the number of newly registered enterprises decreased by 7.3% with the registered capital decreased by 19% and the number of registered employees decreased by 21.8% over the same period of the previous year. The number of enterprises temporarily suspending business for a period increased by 38.2% compared to the level in the first 6 months of 2019. According to a survey by the Ministry of Planning and Investment, 78.7% of agricultural enterprises were affected by the pandemic, including contracted consumption markets, unexported products, inputs shortage, and the lack of working capital to pay salaries, interest, premise rental, etc. According to the Union of Cooperatives, nearly 70% of their members did not receive seedlings, and experienced a decline in the selling price of agricultural products by 45% compared to December 2019, and a decrease of 40% in agricultural product export turnover to the Chinese market.

The social distancing has caused significant impacts to traditional trading methods; thus, modern forms of trade, e-commerce, and innovated exchange centers are developing, and this is really an important trend to be promoted in the coming time. Many food suppliers reported strong increases in the revenue from selling online and through the internet bases.

At household level, the survey “Impacts of Covid-19 pandemic on smallholder farmers and vulnerable rural people in Viet Nam” also indicated that agricultural product consumption was also affected, about 60% of the respondents said their prices for agricultural products decreased during the period from January to the end of June 2020, at the same time, there were some farming households could not sell their products, so they must be stored or left to rot or spoil. In particular, 8% of surveyed agricultural households change the form of agricultural product consumption, some gradually switch to online sales.

**Figure 4: Impacts of the Covid-19 pandemic on agricultural product consumption**

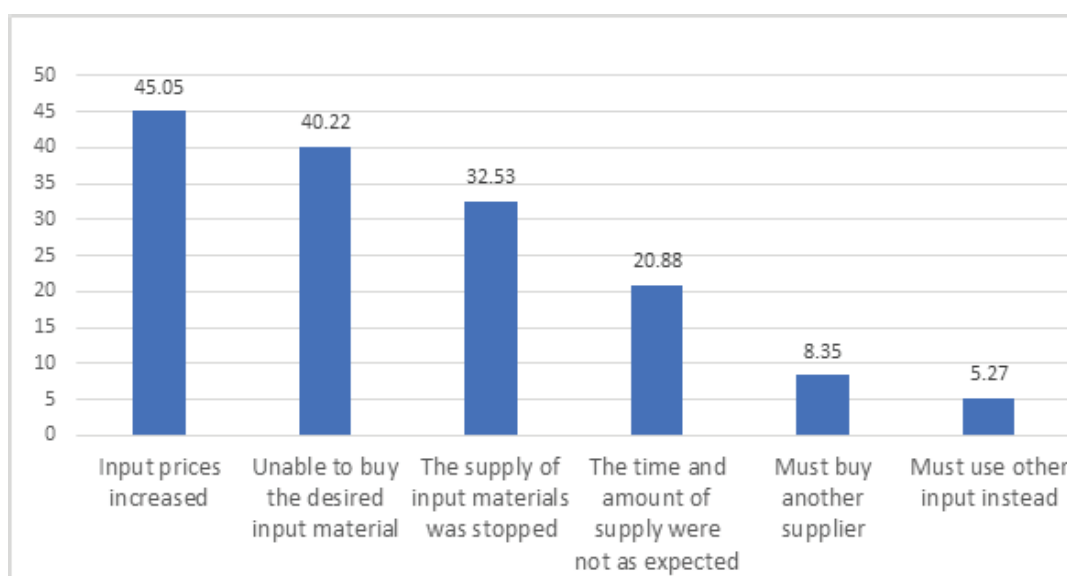


Source: Research team calculations from the survey data



Besides, input prices also increased. 45% of the agricultural households surveyed could not buy fertilizers and pesticides with the desired quantity or had to switch to other sources. 40.5% of agricultural households could not buy the required inputs, 32.5% had difficulties due to the interruption of the supply of input materials, and 20.8% encountered obstacles due to undesirable time and supply amount. 8.35% encountered obstacles due to undesirable time and supply amount, and 5.27% encountered obstacles due to undesirable time and supply amount.

**Figure 5: Impacts of the Covid-19 pandemic on agricultural input trading**



Source: Research team calculations from the survey data

### III. IMPACTS OF THE COVID-19 PANDEMIC ON THE RURAL AREAS

The Covid-19 pandemic is an additional blow to the already challenging and risky life of the rural people. And this time, it not only affects agricultural income due to weak purchasing power, but also badly affects non-farm income as service activities are ceased. In addition, many rural people work in cities and industrial zones will return their homeland during this time and will put a remarkable pressure on the general household expenditure, while remittance from non-farm income is decreased.

Recent studies of international organizations such as FAO, ACIAR, ILO pointed out that the synergistic effects of the pandemic shock causing the shortage of production inputs and labors, i.e.: many importers, especially ones that import raw materials are affected; distribution channels are stagnant or disturbed, supply chains are broken, markets are congested, etc., these factors all affect the growth of the rural and agricultural sector.

In particular, for rural households, impacts on gender issues and health also need to be paid attention, especially food security, nutritional security, and woman and children health.

However, as there are few cases of Covid-19 in rural areas, the rural social condition is more stable, local production and consumption are less affected than in urban areas. Producing and trading facilities that have connection with urban areas and export related goods and services are more affected, mainly by declining consumption markets.

#### **3.1. Rural households' livelihoods in Vietnam**

According to calculations by the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) based on the VHLSS 2018, the group of rural households whose livelihoods rely on both agricultural and paid employments accounts for approximately 30% of the total number of households in rural areas. The second most popular group of rural households is the group of purely agricultural livelihoods, but the proportion of this group tends to decrease, from 21.4% in 2002 to 16.1% in 2016. Meanwhile, the number of households relying purely on paid jobs is currently tends to increase, from 8.5% in 2002 to 15.3% in 2016. The rest are households of mixed jobs of farming and self-employed (running businesses), or farming and waged jobs and running small businesses or unemployed/ not working. As such, rural households by employments are very diverse. The Covid-19 pandemic stagnates the agricultural market, affecting many agricultural households, especially those producing non-essential goods. Whereas the social distancing to prevent the Covid-19 virus transmission also affects rural households participating in non-agricultural activities including local business activities, workers working in cities both as contracted and seasonal workers, which account for a large proportion. Among the firms affected by the Covid-19 pandemic, 66.8% of them had to cut, reduce working time, or adopting rotating breaks with their current workers, 39.5% reduced wages, 18.9% reduced the number of employees (GSO, 2020).

Viet Nam is a country with a large population of a relatively young population pyramid, and in a period of "golden population structure" with abundant human resources. On average, Viet Nam has about one million people each year entering working age. Under normal conditions, a large workforce is a valuable resource for production and economic development. However, in the crisis conditions, production is shrinking, this is a social challenge with the burden of unemployment and underemployment.

Industrialization and urbanization continue to promote the mobility of rural-urban labor. The share of the urban workforce to the total workforce has increased significantly in recent years, from 23.1% in 2000 to 35.2% in 2019.

According to calculations by IPSARD from VHLSS 2018, the proportion of rural household members whose main jobs (the job occupies the most time) are non-farming, accounts for 50%<sup>2</sup>, of which about 35% of rural household members mainly rely on waged jobs, and 15% of rural household members mainly rely on self-employed jobs. Besides the main jobs, many members have other seasonal jobs. Of the total rural household members whose main jobs are farming ones, 45% have seasonal non-farm jobs.

Although 35% of the household members whose main job is to work as hired labor, their work is also very precarious. Most rural workers moving to urban areas only do manual jobs such as construction, “motorbike taxi”, porters, helps, etc., without any stability, contracts, insurance, or accommodation. According to the VHLSS 2018, only 19.5% of the rural workers are hired to work in the formal sector (i.e.: with contracts and insurance). Although there have been many changes to the residence regulations, allowing people migrant more freely in the country, the requirement of urban residential registrations is still a hindrance. Therefore, as a matter of fact, there are still a large number of migrant people living and working in cities without official residence registrations. They are most unlikely to entitle to the official bailout packages because they are not included in the local census of the cities.

Economic crisis can make unemployment increase and working conditions more difficult, leading to “return-to-rural” migration, exacerbating underemployment in rural areas. This phenomenon happened in the financial crisis period 2008-2009 and is completely possible to repeat this time.

### **3.2. Impacts of the Covid-19 pandemic on rural household employment**

To assess the impact of the Covid-19 pandemic on rural household employment, the study divided into four main groups of employment, including: farming jobs, business employment, self-employment (running business production activities) and informal employment.

The survey results with 1,300 rural households in 12 provinces were conducted by IPSARD show that households whose members work in enterprises are severely affected. 75% of surveyed households whose members work in enterprises reported that household members’ employment was affected during the pandemic until the end of June 2020. Most jobs in enterprises were affected in the form of suspension or job loss, and reduced income.

For households with members having informal employment, without social insurance, nor labor contracts, about 83% of surveyed households report that their employment is severely affected by Covid-19, especially during the implementation of social distancing, the income is sometimes zero.

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<sup>2</sup> This rate is only calculated in the total number of members aged 15 and over. In the VHLSS, each household member was asked for the Main job (which takes up the most time), and the Seasonal job (which takes up less time).

**Table 2: Proportion of rural households affected by the Covid-19 pandemic by type of employment and household group (%)**

	<i>Farming job</i>	<i>Business contracted jobs</i>	<i>Self-employed</i>	<i>Informal jobs</i>
<i>Total</i>	35.2	74.5	63.3	83.0
<i>Border provinces</i>	38.8	64.2	71.1	86.8
<i>Other provinces</i>	28.7	89.3	28.9	77.1
<i>Poor HHs</i>	36.5	77.5	45.9	81.5
<i>Non-poor HHs</i>	34.1	71.4	71.6	84.8
<i>The head of household is male</i>	38.0	75.5	66.7	80.8
<i>The head of household is female</i>	32.0	73.3	60.2	85.3
<i>Kinh Ethnic</i>	35.0	80.6	62.5	82.2
<i>Ethnic minority</i>	35.4	68.1	64.0	83.6

Source: Research team calculations from the survey data

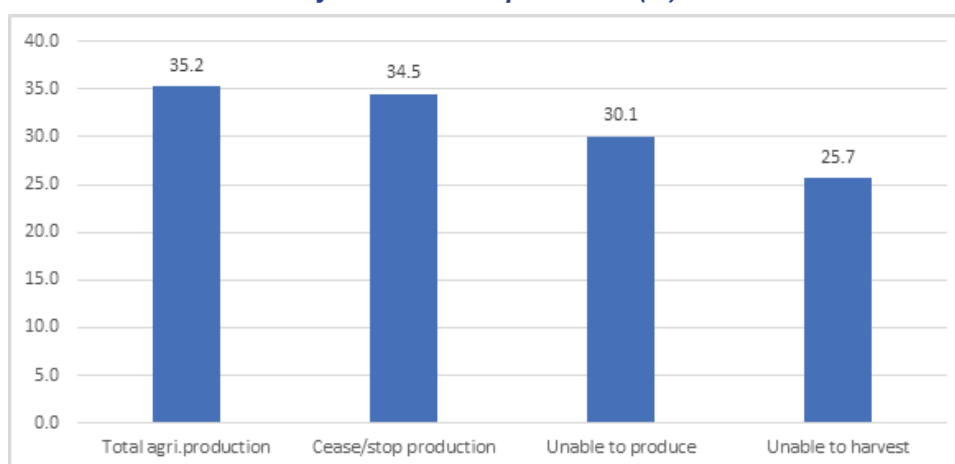
According to the result conducted from the survey, self-employment of non-poor households is affected the most (76.9%); among the poor, informal employment is affected the most (53.9%).

In terms of rural households in border provinces and other provinces, self-employed and informal employment of households in border areas are more affected, with the rates are 71.1% and 63.2%, respectively.

In terms of gender, the impact of the Covid-19 pandemic on income of the head of the household was nearly the same between men and women. The difference in the impact of the Covid-19 pandemic on the employment of ethnic groups (including Kinh and ethnic minorities) was also not large, except for the most significant difference in the impact of Covid-19 on employment in business: 80.6% of the respondents in Kinh group were affected by the Covid-19 pandemic, while the corresponding rate for the ethnic minority was 68%.

### 3.2.1. The impact of the Covid-19 pandemic on household agricultural employment

**Figure 6: The proportion of rural households having agricultural employment affected by the Covid-19 pandemic (%)**



Source: Research team calculations from the survey data

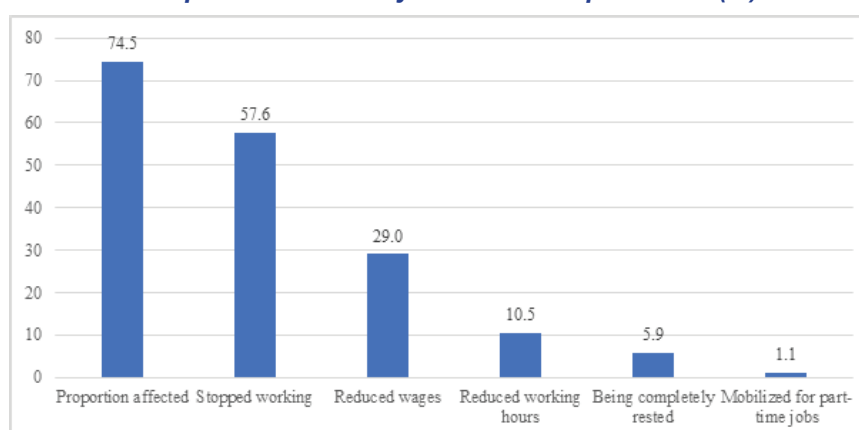


35% of the surveyed households with agricultural jobs report that their farming activities have been affected by the pandemic. Of which, 34% of households have temporarily stopped their agricultural production activities due to social distancing, for example unable to cultivate or harvest. Some households working as hired labor outside the communes cannot go to other communes to work. In the context of the disease outbreak, the local authorities of the communes do not allow people to move to other regions to reduce the risk of infection, which is also a major impact channel to agricultural employment.

### 3.2.2. The impact of the Covid-19 pandemic on household employment in enterprises

The households with members working in enterprises are greatly affected, with a proportion up to 74.5%, mostly due to being suspended from work, reduced wages, reduced working hours, in addition to a few are mobilized due to the different needs of each business (Figure 7).

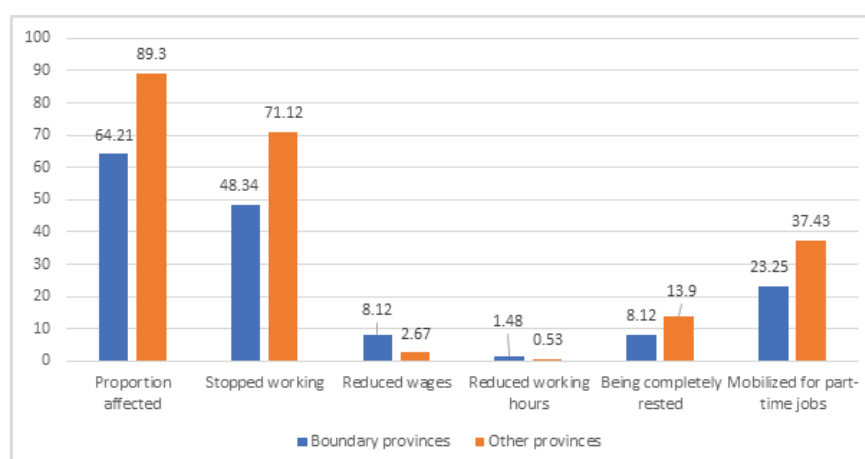
**Figure 7: The proportion of rural households having their employment in enterprises affected by the Covid-19 pandemic (%)**



Source: Research team calculations from the survey data

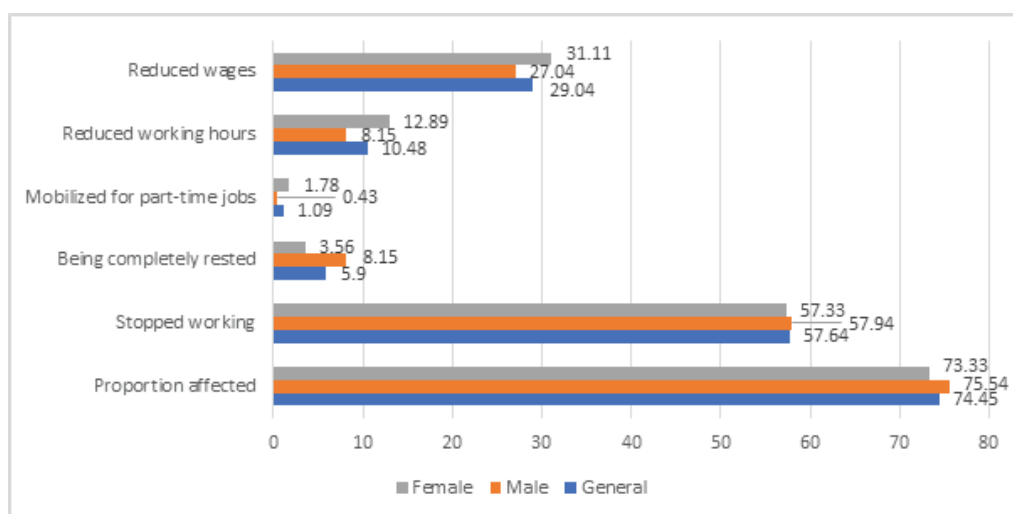
To assess the impact of the pandemic on rural households' firm employment, the study also made a comparison between border provinces and other provinces (Figure 8). The results show that employment in enterprises of surveyed households in other provinces is more affected (about 90% is affected; of which, about 71.1% are suspended from work) compared with the corresponding figures in border provinces (about 64.2% and the rate of being suspended from jobs is 48.3%).

**Figure 8: The proportion of rural households having their employment in enterprises affected by the Covid-19 pandemic by border province and other provinces (%)**



Source: Research team calculations from the survey data

**Figure 9: The proportion of rural households having their employment in enterprises affected by the Covid-19 pandemic by gender of respondents (%)**



Source: Research team calculations from the survey data

Figure 9 shows that due to the impacts of the Covid-19 pandemic, the percentage of female workers with reduced wages and reduced working hours in business was about 4% higher than the corresponding rate for male. While the proportion of male workers who were completely rested was 4% higher than female workers.

**Figure 10: The proportion of rural households having their employment in production and business establishments affected by the Covid-19 pandemic (%)**



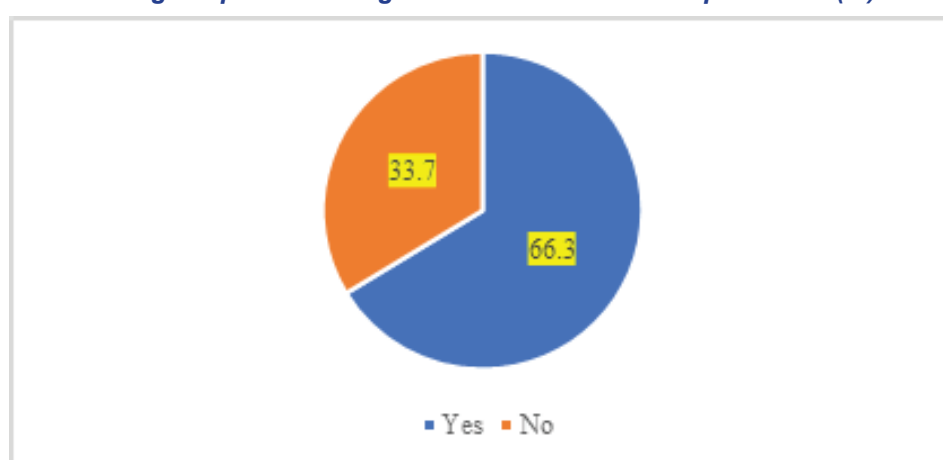
Source: Research team calculations from the survey data

For households with production and business establishments, the biggest problem they had to deal was suspension or closure (60.1%) (Figure 10). Households with production and business establishments that employed laborers, accounting for about 18.3% of the total surveyed households, 13.5% of households in this group had laborers quit their jobs by themselves, 51.7% must let their laborers quit their jobs, 21.4% suffered a shortage of labor due to the social distance, 24.7% had to reduce their labor salaries, and others must let their laborers transferred to other jobs.

### 3.2.3. Impacts of the Covid-19 pandemic on rural household migrant workers

Rural migrant workers are particularly vulnerable and are less likely to receive insurances (social insurance, health insurance, unemployment insurance, etc.). The survey results conducted by IPSARD showed that about 66.3% of households with far-off workers were suspended/ resigned due to the Covid-19 pandemic. When they lose their jobs, they have no choice but return to their hometowns, which will put pressure on rural jobs to absorb the repatriated workforce. At the same time, when migrant workers' employment declines, their remittances to their families, the main income of many rural households, are also reduced. This has a significant impact on rural issues such as livelihoods, food security and nutrition of the dependents.

**Figure 11: The proportion of rural households with migrant workers being suspended/ resigned due to the Covid-19 pandemic (%)**



Source: Research team calculations from the survey data

### 3.3. Impacts of the Covid-19 pandemic on income and spending of rural people

#### 3.3.1. Impacts of the Covid-19 pandemic on rural households' income

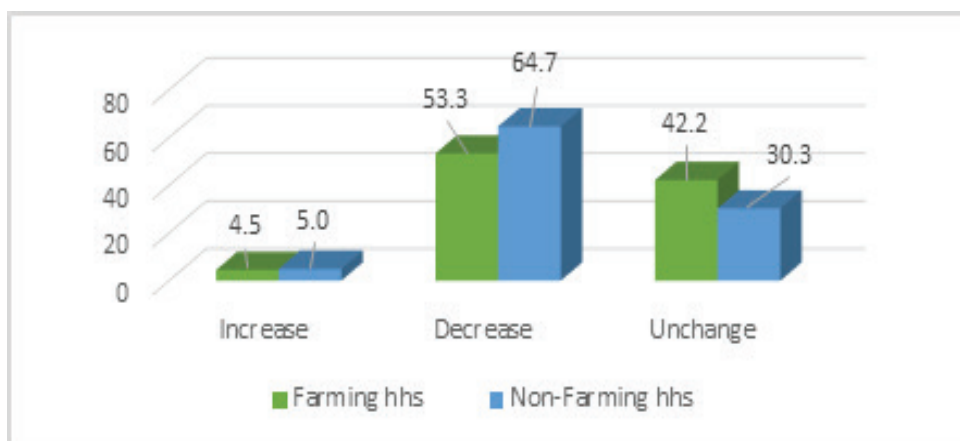
According to the GSO, in 2018, the annual per capita income in urban areas reached VND 67.5 million, and in rural areas it was VND 35.9 million. So, the average monthly income of rural people is about VND 3 million. Of the total income of rural people, about 22.7% is from agriculture, the rest 77.3% is from other activities, of which 44.6% is from wages and salaries, from on-the-spot non-farm jobs is about 20% and 12.5% is from other sources.

The income picture shows that the social distancing due to the Covid-19 pandemic will strongly affect farmers' income. In the short term, due to the closure of non-essential business stores and shops, on-the-spot non-farm income, accounting for 20% of the rural people's income, will be affected. In addition, the external wage and employment activities will also be strongly affected. Some business services will also be stopped. And this main rural household income source will be greatly reduced. Due to lower market demand, the prices of non-essential agricultural products also dropped, thus, the rural household income may also be declined.

Survey results show that about 65% of non-farm households experienced income decreases during the Covid-19 pandemic outbreak from January to March 2020 and in the later period as a result of the disease control measures (Figure 12). In the surveyed localities, most households - especially those with

small production and business activities - are greatly affected. The survey data also showed that a minor number of agricultural households producing rice and vegetables had an increase in income due to the increase in rice and vegetable prices as essential needs of society during the survey period.

**Figure 12: The proportion of rural HH with increased, decreased, or unchanged income (%)**



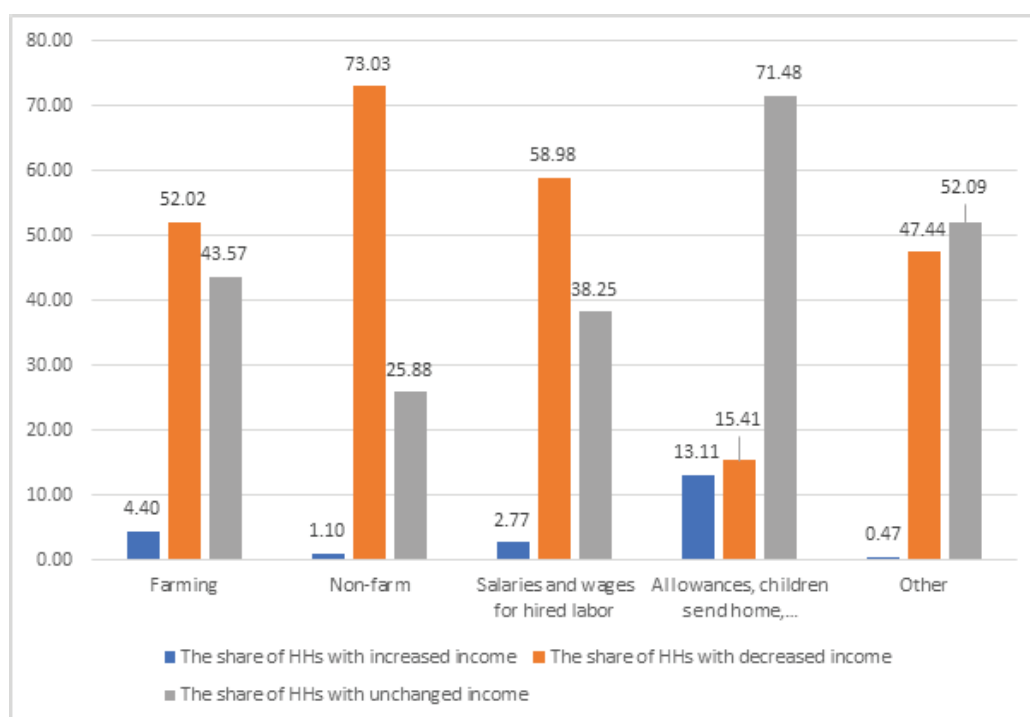
Source: Research team calculations from the survey data

**Note:**

\* Non-farming households are those that do not have farming activities, mainly work as hired labor and have small production and business establishments.

\*\* Farming households are ones engaged in agricultural production, which can be purely agricultural households or have additional non-agricultural income sources.

**Figure 13: Impacts of the Covid-19 pandemic on rural household income by main livelihood (%)**



Source: Research team calculations from the survey data

Figure 13 presents the results of the survey on the impact of the Covid-19 pandemic on rural household income by main livelihood activity. Those whose income is mainly from off-farm activities are the most negative affected: 73% had a decrease in income with an average decrease of 46.8%; More than half of the households reported that their wages and agricultural income were affected with an average decrease of 38.3%. Among the households with the main livelihood from agricultural production, 52% of the households experienced a decrease in income with an average reduction of 29.4%. Among households whose main income is from wage employment, 59% reported a decrease in income with an average reduction of 38.3%. The rapid assessment results are similar to a survey result of the Ministry of Labor, Invalids and Social Affairs that agricultural household incomes are less affected by the pandemic than other households.

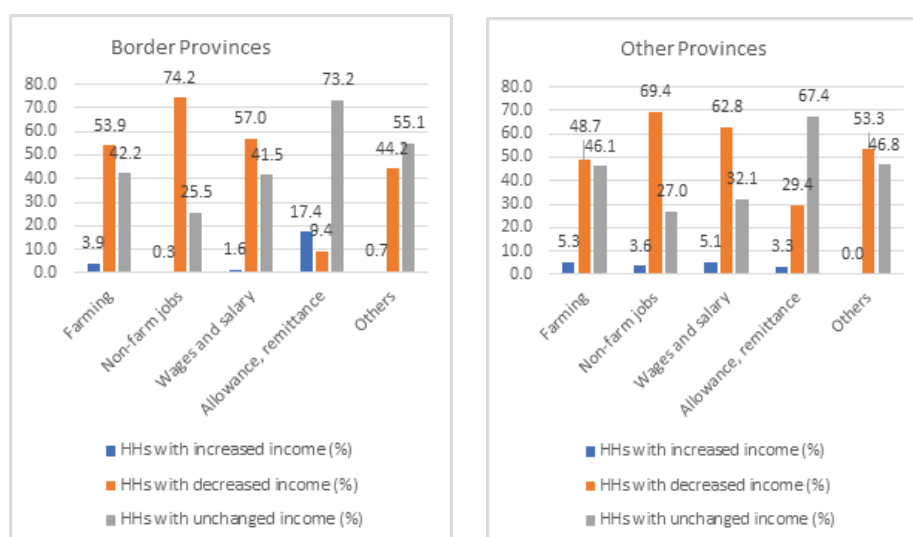
The study also shows differences in the effects of the pandemic on income of households in border provinces and other provinces. Average household income in border provinces decreased by 41.4%, and in other provinces decreased by 33.4%. The specific reduction by income sources is as follows:

For surveyed households in border provinces, during the Covid-19 pandemic to the end of June 2020, 29.9% of surveyed households reported decreased income from farming, 49.7% of households with non-farm activities experienced a decrease in income, the rate of reduction or loss of income for households with income from wages and salaries was 46.2%, 42.5% of households having income from remittance and social allowances also experienced income decrease, and 38.5% said that households have reduced income from other sources.

For surveyed households in other provinces, 28.5% of households experience a decrease in income from farming, 37.6% decrease in income from non-farm activities, 24.7 decreased income from wages and salaries, 31.1% reduced income from pensions and remittances from their children, and 45.2% of households with income from other sources decreased during the Covid-19 pandemic to the end of June 2020.

Thus, households near the border areas, especially those working as hired labor in the service sector are more affected by the Covid-19 pandemic, on average, the income reduction of these households is 41%; while the income reduction of households in the other provinces is 32%.

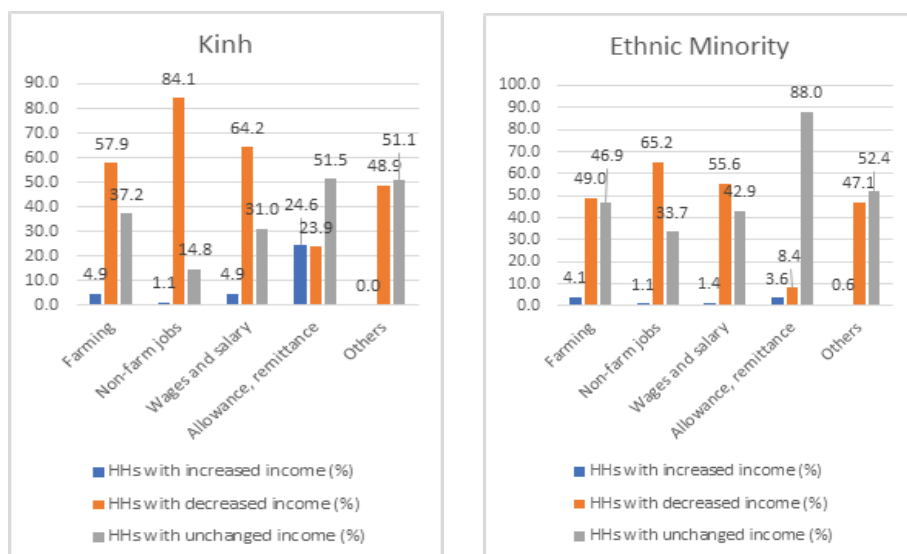
**Figure 14: Impacts of the Covid-19 pandemic on income sources in border provinces and other provinces (%)**



Source: Research team calculations from the survey data



**Figure 15: Impacts of the Covid-19 pandemic on income sources by ethnic group (%)**

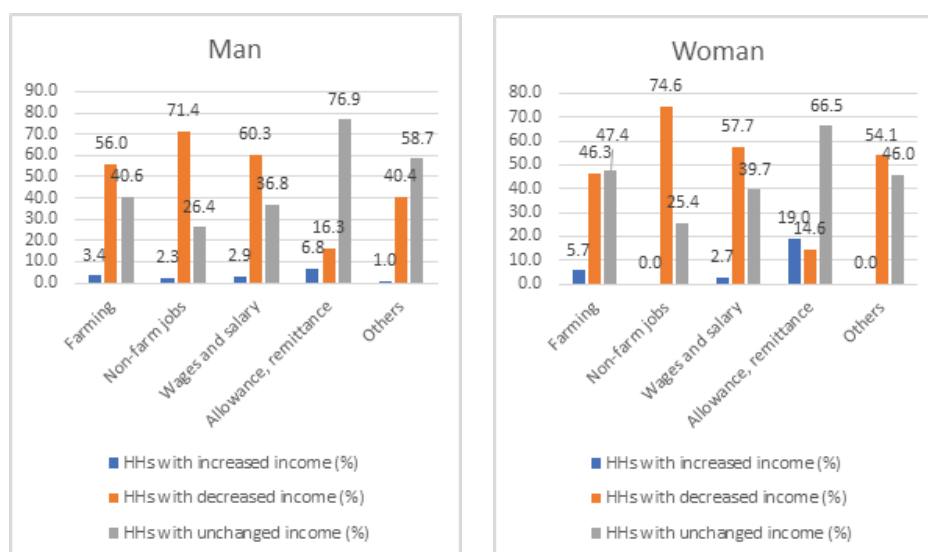


Source: Research team calculations from the survey data

Figure 15 presents that income from farming, non-farm jobs, wages and salary of the Kinh group are all more negatively affected by the Covid-19 pandemic than the ethnic minority. 84% of Kinh households experienced a decrease in their income from non-farm jobs while the corresponding proportion of the ethnic minority group was 65%, the corresponding figure for non-farm jobs was 57.9% compared to 49%, and with wages and salaries was 64% and 55.6% respectively.

In contrast, the income of ethnic minority group from allowance and remittance remained almost unchanged (88% of respondents), compared with 51.45% for the Kinh group, about 25% of households in the Kinh group had a reduction in their income from allowance and remittance as their children working away from home.

**Figure 16: Impacts of the Covid-19 pandemic on income sources by gender (%)**



Source: Research team calculations from the survey data

The impact of the Covid-19 pandemic on household income did not differ much by the gender of respondents - only from 4 to 10 percentage (Figure 16).

### ***3.3.2. Impacts of Covid-19 pandemic on rural households' spending***

Such income decrease has a great effect on household spending. According to the VHLSS in 2018, urban people use 62% of their income for spending; this rate is 69% for rural residents. 43% of urban residents' expenditure is spent on food while this rate of rural residents is 45%. Thus, with reduced income, in general, rural households can only afford spending for their basic needs. In fact, some households still have savings and may have to use this resource. However, the annual accumulation of rural households is not much, it is only about VND 10 million/ household on average. With this accumulation level in one year, rural households can afford expenditures at a moderate level (more than VND 2 million/ person/ month in rural areas, according to the 2018 VHLSS) for about 4 - 5 months, provided that there are no unexpected expenditures, such as medical examination and treatment or any spike in prices.

Such estimation is for a rural resident of an average living standard. Whereas there are many low-income households in rural areas. Incomes of poor and near-poor households in rural areas even cannot cover their living expenses, so they have to borrow or rely on subsidies from relatives, friends, the government or other organizations. These households will face many difficulties in crisis time. In recent years, many rural households have improved their jobs by diversifying production, looking for non-farm jobs, working as a hired labor, etc. However, the Covid-19 pandemic is affecting all aspects of economic and social life, hence diversifying the "traditional" livelihoods does not work much.

### ***3.4. Impacts of the Covid-19 pandemic on social security and poverty***

Since 2010, the status of health care access for Vietnamese people has always been maintained at 40% of the population having medical examination and treatment within 12 months. Specifically, this rate is about 38.2% in rural areas, in 2016. The rate of rural people with health insurance tends to increase rapidly, gradually decreasing the gap with urban areas. In 2004, 35.2% of rural people had health insurance. In 2016, this figure has increased to 77.6%. However, the direct costs of health services that rural people have to pay tend to increase quite rapidly over time. In 2002, the average rural household's direct health care expenditure reached VND 122.3 thousand/ household/ month and increased to VND 256.3 thousand/ household/ month in 2016 (at constant 2010 prices). Although all medical expenses caused by Covid-19 virus are currently covered by the state budget, other medical expenses are not subjected to any further exemption or reduction. Therefore, if living conditions are more difficult, and health risks are higher, it will be a challenge for rural people, especially the group of people without health insurance, poor households with no saving, no land, and neither alternative livelihood.

Although many policies have been issued and many organizations have been established to strengthen the safety net and social support, the results of the survey on rural household resources show that most of rural households have to be self-reliant to cope with risks they face. Although recently, the proportion of households dealing with risks on their own has decreased slightly, but still accounts for 90%. Households affected by natural disasters, pests and diseases, agricultural product price shocks, food shortages or input materials prices, are more likely to recover than households experiencing shock due to human disease, injury or death, unemployment, loss of land, and unsuccessful investment. According to

the VHLSS 2016 survey, in self-reliant risk coping mechanisms, many households reduce their spending (62%), use their savings (17%), or receive support from relatives and friends (16%). Only a small fraction (about 1%) of households receive insurance payments. However, the impact of this crisis is very wide, making it difficult for households to receive support from relatives and friends. Therefore, the role of the Government in ensuring social security in this pandemic is very important.

Thanks to effective poverty reduction policies, in recent years, the poverty rate of Viet Nam has reached remarkable achievements. According to the Ministry of Labor, Invalids and Social Affairs, in 2018, the whole country had about 1.3 million poor households (accounting for 5.23%), of which over 1.2 million households were in rural areas<sup>3</sup>. Due to the Covid-19 pandemic aftermaths, household incomes will be affected, especially poor households with low saving, so the rate of falling back into poverty is likely to be higher. In addition, the number of near-poor households is also quite high with 1.23 million households<sup>4</sup>, this is a high risk of falling into the poor group unless there are special support policies on income and job creation.

**Figure 17: Impacts of the Covid-19 pandemic on income sources by household poverty status (%)**



Source: Research team calculations from the survey data

Assessing the impact of the Covid-19 pandemic in terms of poor and non-poor households, the survey data showed that there was no significant difference in the income impact of poor and non-poor households. Average income of poor households decreased 37.1%, non-poor households decreased 39.7%. The number of poor households whose income from farming is affected is 58.3% of the total number of poor households surveyed, this figure of the non-poor group is 54.8%. However, it should be noted that poor households are already faced with many difficulties, although the relative reduction in income is only equivalent to non-poor households, in poor households may even find it more difficult to meet the minimum need for food, clothes, and accommodation, and will be more difficult to recover from the pandemic aftermaths as they have no saving

<sup>3</sup> According to the multi-dimensional poverty line applicable for the period 2016-2020

<sup>4</sup> According to Decision 1052 / QD-LĐTBXH dated July 19, 2019

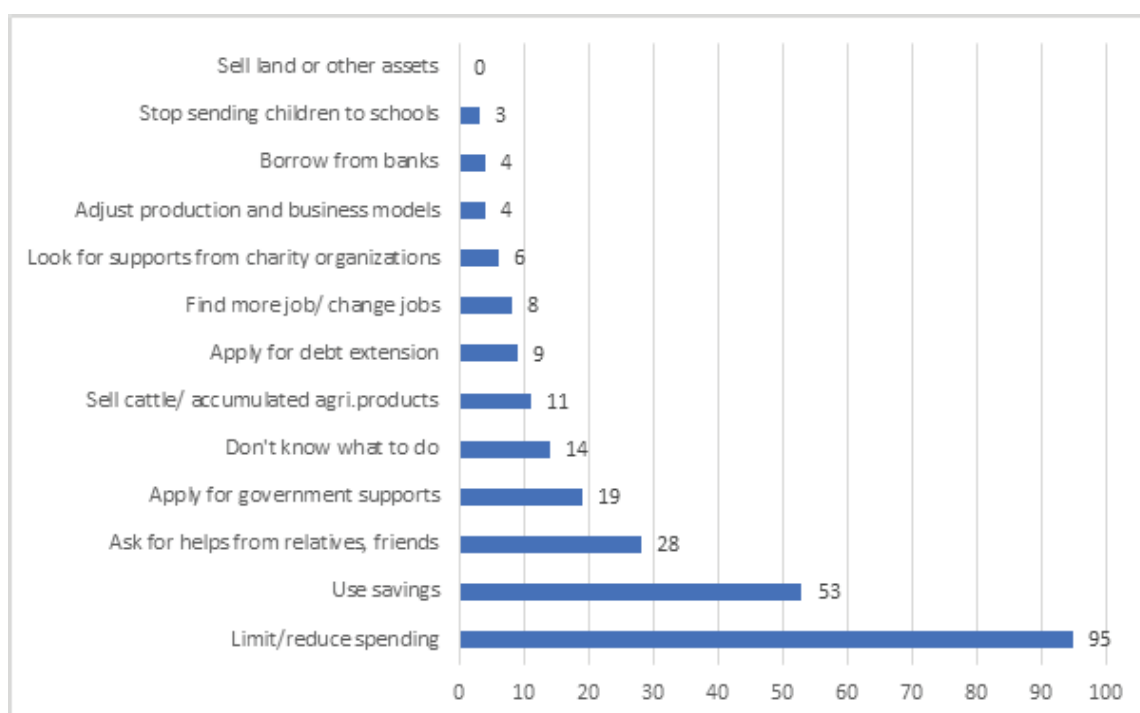
## IV. THE RESPONSE OF RURAL HOUSEHOLDS TO THE IMPACTS OF THE COVID-19 PANDEMIC AND THEIR ACCESS TO GOVERNMENT'S SUPPORTING POLICY

### 4.1. The response of rural households to the impact of the Covid-19 pandemic

Pandemic happened unexpectedly; most households were very passive. The first response of the household is to cut spending (95%), use their savings (53%), and ask for government support (19%). Notably, there is a very small rate of 3% of survey household had to let their children dropping out of school, it is a social phenomenon that needs further attention and there should be an in-depth study on this issue.

It can be seen that households' coping methods are mostly self-reliant against this very sudden and serious crisis, with much more severe and lasting effects than the 2009 crisis (Figure 18).

**Figure 18: The proportion of households applying specific measures to cope with the Covid-19 pandemic (%)**

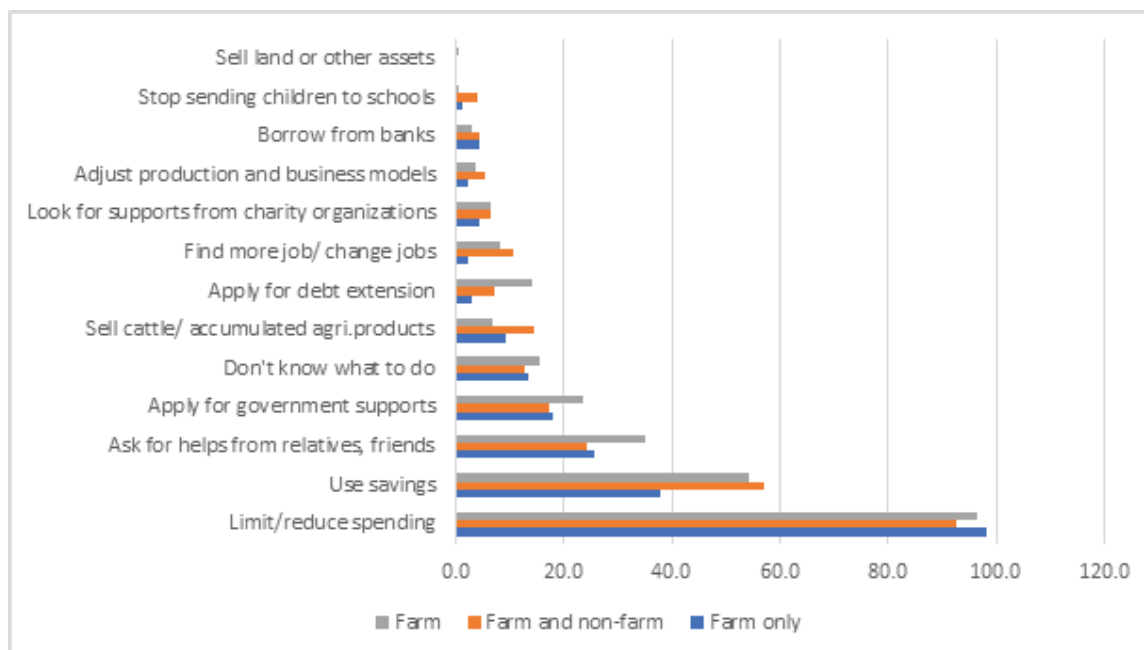


Source: Research team calculations from the survey data

The responses of household groups by source of livelihood (non-farm, farm and non-farm, farm only) in Figure 19 shows that purely farm households have the strongest reduction in spending due to their very low income, while most of their spending is for necessities. The ability of the purely farm households to use their savings to cope during this period is also much lower than that of the other two groups, as their savings are very little or even no savings (according to VHLSS 2018).

On the other hand, the proportion of non-farm households having to postpone loan repayments is greater than the corresponding rates of the other two groups because the majority of non-farm households previously needed to borrow more to mobilize capital for production and business activities. These are factors that need to be explored further from this quick survey.

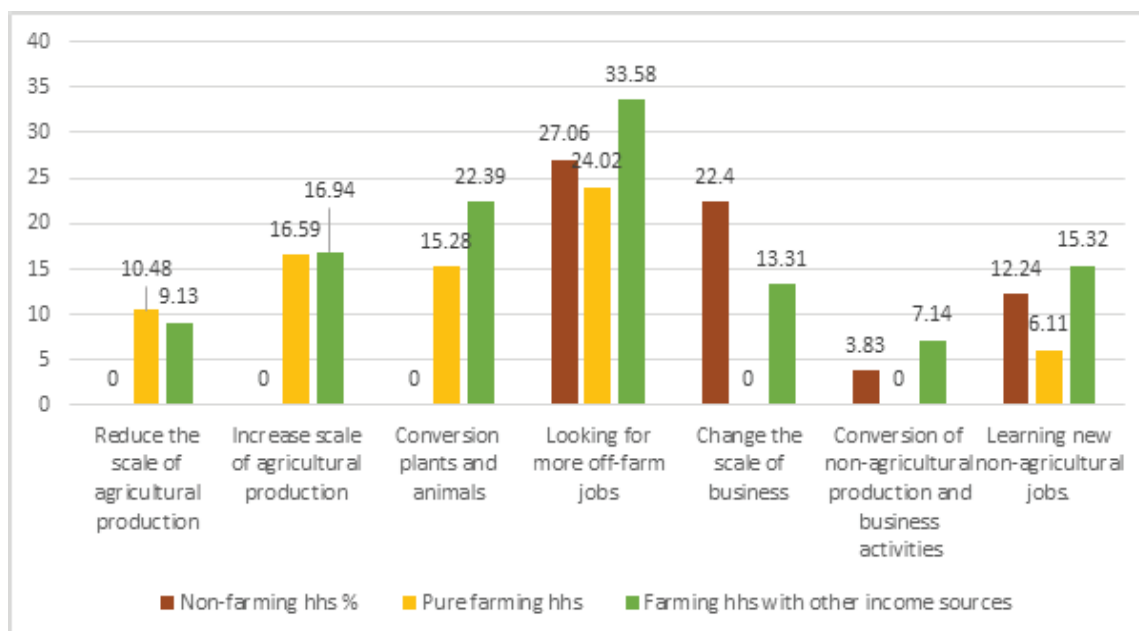
**Figure 19: Responding of rural households to the impacts of the Covid-19 pandemic by main source of livelihood (%)**



Source: Research team calculations from the survey data

The survey results also show the difference in livelihood plans to overcome this difficult period among groups by income sources.

**Figure 20: Rural household livelihood plan in the coming time**



Source: Research team calculations from the survey data



The orientation of changing livelihood models of purely farm households is lower than that of the rest of the groups (Figure 20). Some agricultural producers said that they will try to be self-reliant by increasing the size of their farming to ensure their food needs. Notably, all of three groups have a relative proportion (from 20% to over 30%) of households wanting to find more non-farm jobs when the economy returns to a new normal state.

#### 4.2. Rural households' access to government supporting policies

The survey focused on assessing rural households' accessibility to the VND 62,000 billion support package and State policies to help people overcome the impact of the Covid-19 pandemic.

**Table 3: Proportion of rural households having access to supporting policies to respond to the Covid-19 pandemic (%)**

Support	Total	Pure farming HH	Agri.HH have other income sources	Non-farm HH
Additional support for priority HH	34.7	38.9	27.7	43.5
Support for loss of income	12.8	11.4	8.0	21.2
Support basic necessities for free	4.2	2.2	4.4	4.9
Support for business	1.6	-----	0.7	3.3
Extension for bank loan payment	1.2	0.9	1.5	0.9
Loan from Social Policy Bank with interest rate of 0%	1.5	0.9	1.9	1.2
New loans with preferential interest rates at Commercial Bank	0.6	0.9	0.9	0.0
Reduce interest rates on loans	0.5	-----	0.6	0.5
Tax payment extension (VAT, CIT, PIT)	0.4	-----	0.0	1.1
Unemployment insurance	0.3	-----	0.3	0.5
Extension of land rental payment	0.2	0.4	0.2	0.0
Others	0.1	0.0	0.0	0.2

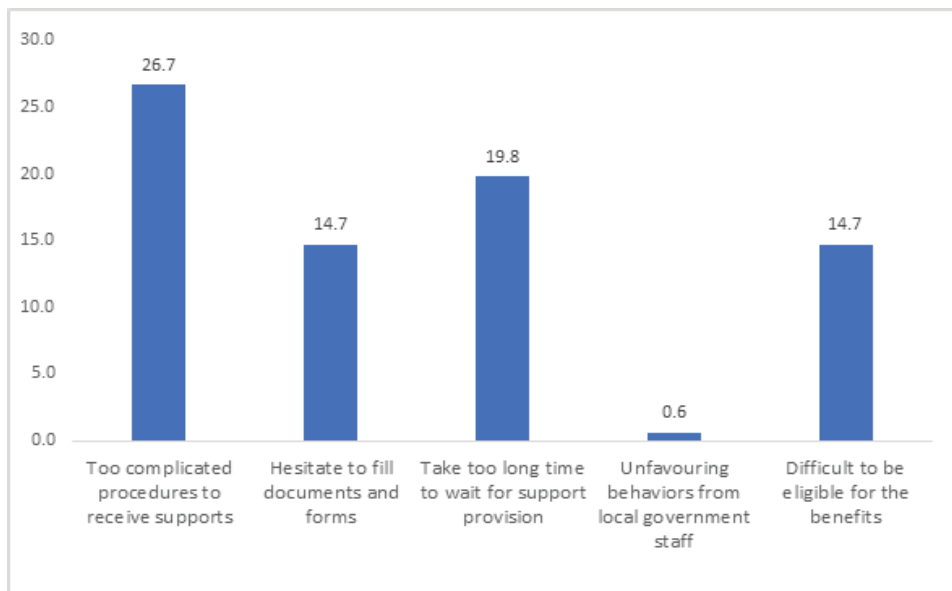
Source: Research team calculations from the survey data

Table 3 shows that in addition to relatively accessible forms of support for policy beneficiaries, with the highest rate of 43.7%, rural households' access to other forms of assistance is still very limited. Supports for loss of income for rural households is essential, but only 12.8% of surveyed households, on average, said that they have been or are accessing this form of support. In particular, the rate of access to other forms of support is very low, less than 5% (providing free necessities) and the reported access to other supporting forms are only around 1% (support for business households, others in forms of credit, debt payment extension, insurance, tax payment extension, etc.), agricultural insurance is almost non-existent.

In addition to government supports to policy beneficiaries so that no one will be left behind, trying to help difficult households through this period, it is possible to see that solutions to help rural people and especially farmers return to a new normal state is still very limited.

From the responses of rural households, the survey results have pointed out a number of causes of the limitations in access to supportive policies as shown in Figure 21.

**Figure 21: Difficulties in accessing state supports (%)**

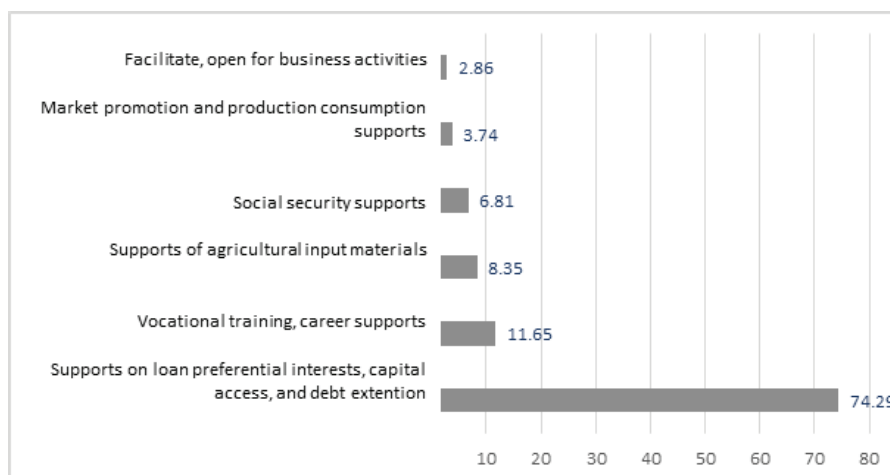


Source: Research team calculations from the survey data

One of the reported difficulties was that the time for receiving the support was still quite long, this could be explained that the local governments need time to review to avoid unnecessary support creating wasted resources and inequality between households. However, it is also noticeable with rural households' judgment that "the procedure for accessing these policies is complicated" and "difficult to be eligible for the benefits", which imply that it is necessary to review and redesign the supporting package so that the targeted beneficiaries are not "dropped-out".

Given the difficulties in accessing government support policies, the surveyed rural households proposed the support policies they would like to receive in order to overcome the effects of the pandemic and restore resilience in the next stage.

**Figure 22: The proportion of rural household proposals for policy support (%)**



Source: Research team calculations from the survey data

As Figure 22 shows, the biggest need is still related to capital and credit policies (74.3%). Next is the desire to access vocational training and employment support policies (11.7%), agricultural production materials support (8.4%), and social security allowance (6.8 %), supporting in finding markets for products and facilitating the reopen of production and business activities which were temporarily closed to enforce the social distancing as preventing disease infection.

## V. CONCLUSION AND RECOMMENDATIONS

The Covid-19 pandemic may last longer than expected, in fact, there are signs of its recurrence in Viet Nam and other countries in the world. Trade between countries is forecasted to still face many difficulties, transaction costs will increase. The IMF warned that this global recession was the deepest since the Great Depression in 1930, global GDP growth fell by 4.9%, global trade fell by 11%. However, international organizations are optimistic with forecasts about Viet Nam's economy with GDP growth in 2020 at the range from 2.7% (according to IMF) to 4.1% (World Bank). In 2021, GDP is forecasted to increase to 7.0 - 8.7%. However, the economic recovery process takes time, depending on the recovery of international trade, especially with key partners such as China, Korea, Japan, the United States, the EU and Russia.

Agriculture and rural areas are very vulnerable to fluctuations and risks. The biggest risks are natural disasters, pandemics, and market risks. In terms of pandemics, it mainly happens to livestock, poultry and seedlings, while the risk of disease affecting human health is also present, but it is the first time of pandemic scale like Covid-19. The global economic crisis caused by pandemics and pandemic control measures also had many impacts on the Vietnamese economy in general and the agricultural sector in particular, through the economic slowdown, affecting considerable income and livelihoods of agricultural workers and rural people.

The market for agricultural, forestry, and fishery products and agricultural materials may continue to face many difficulties. Domestic demand for food can be recovered when people's daily life returns to normal, but it is difficult to reach pre-pandemic levels as tourism takes a long time to recover, especially international tourism. Consumption patterns may change - frozen, dry, processed and long-term goods may have higher demand. Demand for agricultural raw materials for the processing of non-essential consumer goods may recover more slowly. The riskier business environment makes investors have more concerns as investing in agriculture.

Although the effects cannot be avoided, it can be said that at this time, Vietnamese agriculture and rural areas have made a very important contribution to ensuring food security and social stability. The countryside is a very good premise for the urban informal workers in the context of pandemics.

The Party and State, ministries have proactively provided valuable support policies and solutions to help the people of the whole country and rural people in general to overcome this difficult period. For the agricultural sector, besides maintaining production to ensure supply, ensuring national food security and social stability, it is necessary to take into account the recovery in the coming period, taking advantage of post-pandemic opportunities, and drawing lessons for effective strategies in the coming period. In which, it is necessary to focus on the following measures:

### **5.1. Support farmers and rural people so that no-one is left behind**

- Debt rotation, interest rate reduction for farmer households' loans. Facilitate new loans so that farmers can continue to produce in time, supply goods for domestic and export demand, and recover economic growth.
- It is necessary to quickly consider cover some additional rural groups (including farmers, small business households, informal sector workers, women, and children) in the supports under Resolution 42 of the Government.

- Precisely review and design the stimulus package for the entire economy, stimulating the demand through public investment so that people can have jobs with income, to help the country return to the new normal state.

### **5.2. *Promote export, open up the market, pay special attention to the domestic market***

- Continue dialogues to promote exports, unbound border trade with Chinese market, guide domestic businesses to meet Chinese requirements on quarantine and ensure food safety and hygiene. Provide orientation to transform more to official exports through marine and air ways to reduce the risks of too dependent on border trade.
- Prepare to be ready for exports to the US, EU, Japan, South Korea, ASEAN markets, etc., to take advantage of the opportunity that these countries will import more after the Covid-19.
- Support businesses to build connecting channels with retailers in the domestic market. Link the production area with the retail system and consumers through different distribution channels.
- Prepare to be ready for exports to the EU as EVFTA comes into effect.

### **5.3. *Support investment in logistics services, promote e-commerce, trading e-platforms***

- It is necessary to have research, evaluation and building a methodical strategy for logistics services for agricultural trade. In particular, focus on storage, processing, cold storage and transportation systems.
- To build a system of centers connecting production regions to major domestic markets, with logistics systems for border trade.
- Prioritize, support and have special policies for businesses to invest in logistics service systems.
- Promote modern trading forms such as e-commerce and gradually build agricultural products exchange platforms. Building e-commerce markets, connecting agricultural suppliers with large e-commerce systems.

### **5.4. *Improve the investment environment to prepare for new investments when there are opportunities***

- Continue to promote administrative reform, complete the legislation, laws and policies, improve the investment environment to welcome the wave of foreign enterprises entering Viet Nam after the Covid-19 pandemic.
- Prepare plans, infrastructure for foreign businesses to be ready to invest.
- Provide vocational training for young workers to meet the needs of businesses.

### **5.5. *Conduct research and formulate evidence-based policies***

- Carry out in-depth assessment on the impact of the Covid-19 pandemic on different agricultural products, especially on enterprises and farmers' households.
- Develop a strategy for agricultural and rural development in the period 2021-2030 to orient the development of the agriculture and rural sector in a new context, especially with lessons from the global crisis caused by Covid-19, and preparations for new global trends.



- Study and propose supporting packages for agriculture, first of all to restore the livestock industry, overcome the Yellow card and develop the fisheries sector, restore and develop the processing industry and logistics services for agricultural production.
- Develop a system to monitor, control, report and warn regularly on national food security.

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