

A RAPID ASSESSMENT OF THE IMPACTS OF THE COVID-19 ON VIETNAM'S COFFEE INDUSTRY



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Table of Content

Executive summary.....	3
1. BACKGROUND.....	4
1.1 Study objective	6
1.2 Study methods.....	6
1.3 Study constraints	7
1.4 Data collection methods and process	7
2. KEY FINDINGS	8
2.1 The perception of uncertainty.....	9
2.2 Impoverishment	14
2.3 Social Impact.....	25
3. RECOMMENDATIONS	26
3.1 A change in the way of engaging.....	26
3.2 A risk sharing mechanism	27
3.3 Post COVID-19 intervention.....	27
Annex A.....	28
Annex B.....	29
References.....	30

EXECUTIVE SUMMARY

In response to the outbreak of the pandemic, development agencies and scientists have conducted studies aiming to measure the impacts of the pandemic on local development. Vietnam Global Coffee Platform (GCP) conducted this rapid assessment, which can be framed as an exploratory study, using data gathered from a wide range of coffee stakeholder categories, from local producers to international buyers/exporters. The aim is to provide a snapshot on the industry in the context of the pandemic and, to form a basis upon which interventions can be made. This assessment argues that, while each of the stakeholder category, such as producers, buyers and exporters, are impacted differently, the poor and ethnic minority households have emerged as the hardest affected ones. This assessment also argues that, as a conventional reaction to the outbreak of the pandemic, the industry's resources tend to be allocated to examine the impacts of the industry on the economic sphere alone, while, impacts are beyond the economic aspect.

With regard to key findings, this assessment found three key findings: perception of uncertainty; impoverishment and social impacts.

Local perception of uncertainty of the coffee industry has significant implications for the industry. Local producers might opt out the industry. Some of the farmers expressed their intentions of shifting to another crop that is less context-sensitive, while others have thought of making a cut down on their coffee production area to give space to grow another crop. In the context of the pandemic, many of the farmers are at risk of impoverishment, which is the second impact this assessment found. While lockdown and social distancing have proved to be effective measures in ceasing transmission of the disease in communities, the measures have resulted in social issues, such as increasing unemployment rate due to many of the businesses shutting down. This is the last, but not least, impact that this rapid assessment has found.

To mitigate impacts of the pandemic, this assessment suggests some solutions including a radical change in the way stakeholders engaging in the industry, establishing a risk sharing mechanism and hands-on intervention in the post-COVID-19 context.

1. BACKGROUND

Vietnam stood as one of the most vulnerable countries for virus spread in the early months of 2020, as the COVID-19 outbreak gripped Wuhan. It shares a 1,500-km border with southern China and is a developing country with a population of circa 97 million people.

Yet, as of 12 July 2020 Vietnam had only 373 confirmed infections, of which 350 (93.8%) were reported as fully recovered. Vietnam has no recorded deaths from COVID-19 and has had no locally transmitted cases for 89 days in a row. Many believed that Vietnam’s success story in combating COVID-19 has useful implications for the international community. There is an important implication drawn on Vietnam’s success story. It is the people’s right attitudes and the government’s rapidity in response that make a difference in the fight against the pandemic than anything else such as GDP and advanced technologies.

Although the pandemic has been contained, its impacts on the Vietnamese society are unavoidable. While to find out how the society is affected or to which extent it is impacted requires examinations, what can be felt is that all the spheres of the society, including economy, are impacted by the pandemic. The impacts on the economy are most apparent. However, the aim of this assessment, which is funded and promoted by the Global Coffee Platform (GCP), is not to examine the entire economy. Rather, it assesses part of it. It looks at how Vietnam’s coffee industry is impacted by the pandemic. The assessment is expected to provide a snapshot about the impacts on the industry, adding to the results found in current studies, which also explored the impacts of the pandemic on the coffee industry. The assessment was implemented in Vietnam’s three major coffee production provinces: Daklak, Gia Lai and Lam Dong.

GCP is a multi-stakeholder platform in which farmer cooperatives, roasters, brands, traders, and civil society groups are brought together to work toward creating alignment and accelerating sustainability in the coffee industry. With the role of mobilizing and engaging actors of the coffee value chain, the GCP in Vietnam funds and coordinates the implementation of this research. The Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), representing the Vietnam Coffee Sector Coordinating Board (VCCB) participates in collecting data, related information and comments for the final report. The report aims to find out how Vietnam’s coffee industry is impacted by the pandemic and in what aspect. The findings also aim to form a research-based basis to develop the industry’s post-pandemic interventions, which are believed to be equally important.

Table 1: Statistics of Production, Supply and Demand Data Statistics: Vietnam’s Coffee Production, Supply and Demand (PSD):

Coffee, Green	2017/18	2018/19	2019/20

Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Vietnam						
Beginning Stocks	1183	1183	763	763	0	2133
Arabica Production	1300	1300	1400	1400	0	1400
Robusta Production	28000	28000	29000	29000	0	29100
Other Production	0	0	0	0	0	0
Total Production	29300	29300	30400	30400	0	30500
Bean Imports	500	500	500	500	0	500
Roast & Ground Imports	400	400	500	500	0	550
Soluble Imports	160	160	160	160	0	160
Total Imports	1060	1060	1160	1160	0	1210
Total Supply	31543	31543	32323	32323	0	33843
Bean Exports	25250	25250	25500	24500	0	25500
Rst-Grnd Exp.	550	550	550	550	0	600
Soluble Exports	2100	2100	2150	2150	0	2200
Total Exports	27900	27900	28200	27200	0	28300
Rst, Ground Dom. Consume	2500	2500	2600	2600	0	3000

Soluble Dom. Cons.	380	380	390	390	0	400
Domestic Consumption	2880	2880	2990	2990	0	3400
Ending Stocks	763	763	1133	2133	0	2143
Total Distribution	31543	31543	32323	32323	0	33843
(1000 HA), (Million trees), (1000 60 KG BAGS)						

(Source: GAIN Report Number: VN 9020)

1.1 STUDY OBJECTIVE

The objective of this assignment is to provide a rapid assessment of the COVID-19 pandemic on Vietnam’s coffee industry by collecting and analyzing information gathered from relevant coffee stakeholders, such as farmers (producer), buyers, and exporters. Based on the assessment’s findings, recommendations for the industry’s future interventions are drawn.

1.2 STUDY METHODS

To achieve the above-mentioned study objective, this assessment randomly explored views and perspectives of participants representing a wide range of stakeholder categories, from farmers, traders, roasters, private, international companies, to public institutions, regarding how they perceive the impacts on the local industry. So, nature of this assessment can be framed as exploratory.

As an exploratory assessment, a qualitative approach is most suited. That is why a qualitative methodology as the major strategy for data collection and analysis was applied. For Hutter and Bailey (2011), qualitative methods are especially useful for obtaining an in-depth understanding of the participants’ complex cultural norms as well as their beliefs and behavior. In addition, the methods allow participants of different categories to bring forward how they see the impacts in the context of COVID-19 (Denzin, Norman K & Lincoln 2000). Fetterman (2002) likewise concurs that qualitative methods would allow participants to speak for themselves, presenting their views in their own perspectives. For this reason, Lazarsfeld (1979) preferred qualitative methods when conducting explanatory investigations-based research as they enable the researcher to engage directly with the participants in conversation and interact with

them freely and comfortably, and to explore their views and experiences about the issue under investigation (Hay 2010).

To collect data for this assessment, the Internet-based interview and in-person interview methods were applied for different categories of participants. Structured in-depth strategies, which provide guiding questions and opportunities to explore information in-depth by asking follow-up questions, were used. A combination of the Internet-based method and the in-person strategy provides useful information and data for the assessment.

To be specific, the Internet-based method was mainly used to collect data from key informants representing international and domestic private enterprises. This method saved the participants a great deal of time and energy. While the participants did not have to travel to the interview venues, they could still complete the interviews from their workplace. In so doing, they felt comfortable, safe, independent, and confident.

The in-person interview method was applied to collect information from non-enterprise categories that include farmers and public institutions. One of the advantages of this method was that, it provided both the researcher and participants with an opportunity to interact freely with each other around the questions under discussion. As the interviews took place in the participants' homes, the participants felt confident and comfortable participating in the discussion. The researcher had a good opportunity to collect in-depth information by joining the participants' discussion and by asking follow-up questions. To make the interviews comfortable for both sides, the researcher usually began the interviews with general everyday life issues, such as their children's education or their crops, before moving onto investigating their views of the impacts of the COVID-19 on coffee sector facing them.

1.3 STUDY CONSTRAINTS

As a rapid assessment that was implemented in the context of the pandemic, the implementation of the assessment encountered several constraints, ranging from limited budget, time, to limited access to and between the study areas. Travels to and between the study provinces were a challenge because of the nationwide lockdown and social distancing mechanism. This constraint, which can be viewed as a force of majeure, alongside the others have limited the assessment from providing a more comprehensive snapshot, as well as more in-depth findings of how Vietnam's coffee industry has been impacted by the pandemic.

1.4 DATA COLLECTION METHODS AND PROCESS

To conduct this research, 20 participants from foreign and state-owned coffee businesses in the three study provinces were recruited. The aim was to examine their views and perspectives of the impacts of COVID-19 on Vietnam's coffee industry.

To ensure a variety of views and perspectives, we recruited a total of 200 coffee households, which are categorized into three different groups as follows:

- Group 1: households having less than 1 hectare of coffee production area
- Group 2: households having from 1 to 2 hectares
- Group 3: households having more than 2 hectares

Table 2: Household production per study province

Province	>1 hectare	From 1 to 2 hectares	>2 hectares	Total
Lam Dong	12.5	25.0	62.5	100
Gia Lai	15.8	71.6	12.6	100
Dak Lak	15.5	55.9	28.6	100

It is noted that, the recruited households in this assessment are from different social and ethnic backgrounds (poor, rich, ethnic minority and Kinh families) to ensure the diverse demographic perspectives and views of the participants.

As we highlighted gendered perspectives, male and female participants were recruited to participate in this assessment. In addition, 10 key input suppliers, such as fertilizers and pesticides, were recruited for they are an integral part of the coffee industry. We believed that a combination of such a diverse perspectives and views of different stakeholder categories would provide a more comprehensive and a better insight into the impacts of COVID-19 on Vietnam’s coffee industry.

2. KEY FINDINGS

The report’s argument:

This assessment argues that, while the outbreak of the COVID-19 has impacted the entire Vietnam’s coffee industry, each of its category of stakeholders, such as producers, buyers and exporters, are impacted in different ways and at different levels. This assessment, however, shows that in the context of the disease, the poor and ethnic minority households - the most vulnerable stakeholders in the industry – have emerged as the hardest affected social groups. This assessment also argues that, as a conventional reaction to the outbreak of the pandemic, the industry’s resources tend to be allocated to examine the impacts of the industry on the economic sphere alone, while, as this assessment shows, impacts of the pandemic are beyond the economic aspect. This assessment suggests that, it is vital that resources are allocated to explore non-economic impacts alongside the economic sphere. In doing so, a more adequate assessment of how the coffee industry has been impacted by the pandemic can be achieved.

This rapid assessment found three key findings that form three key themes of the report:

1. The perception of uncertainty
2. Impoverishment and

3. Social impacts.

2.1 THE PERCEPTION OF UNCERTAINTY

The COVID-19 pandemic is affecting every aspect of the Vietnamese people of all walks of life (ICO, 2020). On a narrower scope within the economy, the pandemic has had a significant impact on the coffee industry of Vietnam (Enveritas, 20020). This assessment shows that, when the pandemic befell, as a conventional approach, resources are allocated to statistically measure how the industry is impacted, which is necessary, but far from enough to provide an adequate image of the impacts on the industry. This assessment aims to evaluate the non-economic sphere of the impacts alongside the economic one for it believes that, as argued previously, the impacts of the pandemic exceed the economic sphere, which is viewed by many, including the researcher, as a narrow lens. This assessment confirms that there exists a perception of uncertainty, which can be judged from the psychological lens, among the stakeholders about the future of the coffee industry. This sort of non-economic impact is visible and significant but is ignored in the visited literatures.

167 out of the 200 interviewed participants (83%) in the study provinces reveal that local stakeholders of the industry, from farmers to exporters, are facing a sort of perception of uncertainty about the future of the coffee industry in the context of the COVID-19 that keeps threatening local livelihoods. To shed a light on this sort of impacts, analysis of the participants' responses shows that, the root cause lies in the fact that, while it is known that Vietnam has successfully contained the first outbreak of the pandemic, it is unknown when the pandemic would end globally, so that the local industry can be freed from the current deadlock. The assessment shows that, to a certain extent, many of the interviewees of all categories have lost their confidence in the industry that they frame as highly vulnerable to contextual changes. These participants claimed that, if the deadlock remains for a longer period in the absence of effective interventions, the price the industry would have to pay to restore it from the crisis would be very high. One participant representing the Department of Agriculture and Rural Development (DARD) in Lam Dong province said:

“Well, if the situation continues for any longer, we fear that our entire coffee industry is likely to fall into a crisis”

(Long Nguyen – staff of DARD of Lam Dong province)

In-depth interviews with local and international buyers, including 2nd September Company (SIMEXCO) and Nestle, shows that there is a sort of big doubt in the community about the industry's return to its normality in near future. This sort of doubt can be expressed as the perception of uncertainty. A participant representing SIMEXCO said:

“In this context, we can say or predict nothing for it is not known when the COVID-19 would be clinically combated globally. Until then, we cannot do much, but wait. It will take ages for the coffee industry to get back to normal”

(Mai Hong Nguyen – a sales staff of SIMEXCO)

The pessimistic views of the participant reveal her lack of confidence in a quick return of the industry.

Interviews with participants representing local businesses in Gia Lai and Daklak show that, the impacts of the perception of uncertainty about the industry are powerful that many of the community, including the businesses and especially local producers, tend to lose most of their confidence in the future of the industry. These participants claimed that, business strategies or plans for 2020 of enterprises have been put on hold due to the increasing perception of uncertainty. This assessment shows that, although local perception of the uncertainty is hard to measure or statistically justified, its impact on the local coffee community is significant. It is, by and large, feared that, if the pandemic continues shaking the industry, it might end up with disruption of the entire industry.

One female participant representing a private company in Gia Lai said:

“...what we know for sure is that everyone feels so worried about the impacts of the pandemic and we will have to continue to suffer the impacts. We have to wait and see what is next. Our bigger concern is, however, that we are so uncertain about the future of our industry. The longer, the bigger loss. We are unsure of how much longer we can suffer”

(Vu Phuong – manager/owner of the company)

This participant (Vu Phuong) apparently implied that it is not necessarily the economic loss that has resulted in the local concerns. Rather, it is the psychologically gloomy atmosphere in the community that forms even a bigger concern. Analysis of data collected from participants in Lam Dong further shows that, a social gloomy atmosphere in communities can be easily felt. A female participant said that, in the context of COVID-19 everything was possible and impossible. She said:

“We can’t say anything in this situation. Everything could happen beyond our expectations and control. We can’t do anything either for everything is getting stuck now because of the pandemic”

(Lien Le – a CEO of a private company in Lam Dong)

As mentioned above, both the participants (Vu Phuong and Lien Le) revealed a significant level of uncertainty about the future of their businesses. Their views can be linked to the views of other participants, who claimed that it can be said that, the psychological phenomenon that has equally affected the local businesses and residents. According to these participants, it is vital that the psychological phenomenon is explored in full alongside the economic sphere. These participants stressed that, ignoring either would fail to provide an adequate picture of how the industry has been impacted by the pandemic. Analysis of the data showed that, their views are supported by a female participant in Gia Lai province, who argued that examination of the impacts of the pandemic on the local coffee industry from the economic lens alone is

narrow. She went on to add that, attention needs to be paid to addressing other spheres, including the psychological aspect.

She said:

“Hey, it is not just about economic loss that hit the enterprises. Why not talking about another sort of impact? Many are shaken psychologically in the context of COVID-19 without the experience and preparedness to adapt to. To be honest, we do not know what our tomorrows will be like in this situation. There is so little hope. This psychological blow would leave scars in the community people’ brains that could disrupt their confidence in the industry”

(Tuyen Nguyen – a CEO of a private company in Gia Lai)

To continue to explore the local perception of uncertainty, interviews with 67 out of 82 participants (81%) revealed that local stakeholders in the coffee industry such as farmers, businesses and input suppliers, have been psychologically shocked by the pandemic, which, in their views, has exceeded far beyond their ability to respond to. In exploring the reason why outbreak of pandemic has resulted in such a shock, these participants explained that, for local coffee production models have been productivity-driven, local stakeholders, especially farmers and local businesses, were not prepared to respond to global shocks like COVID-19. In other words, none have plan B. Therefore, as the pandemic befell, they were unable to systematically respond or adapt to the impacts.

Analysis of the data collected from two participants representing the international companies (Nestle’ and Olam) in Daklak and Lam Dong revealed that local community has already been overwhelmed with their daily stress. The outbreak of the disease has added a great deal to it, making it harder for them to respond to the impacts of the pandemic.

This participant said:

“In this context, we have enjoyed good coffee harvest and supply here in Vietnam. However, we have little idea about what to do as our business depends wholly on the international market that has been now shut down because of the pandemic”

(Hoang Tran – a senior staff of Olam)

In further finding out why the global pandemic (COVID-19) has impacted the local coffee industry, the interviews with the participants revealed that Vietnam’s coffee industry is largely export-based and is context sensitive. This means any change in the global market or context would have an immediate impact on the local industry. In arguing about the interrelatedness between the domestic and global markets, one of the participants affirmed that local coffee industry’s success is only achievable in a global stable context. This means despite Vietnam’s successful crops and success in containing the COVID-19, there is no guarantee that its coffee industry would be restored. This participant added that, it is vital that the global context is safe,

paving the way for the global supply chain of coffee to be restored or reconnected. This is a pre-condition for the local coffee industry to re-engage in the global supply chain.

Another participant representing a public category in Daklak added that:

“Businesses can do nothing in this context because their strategic markets like US, UK and other countries in EU have been shut down. What they do now is to wait for those countries to re-open their economies. Until then, they can do very little”

(Lan Nguyen – a staff at Daklak Department of Planning and Investment).

This participant’s view can be aligned with the view of the other participant (Hoang Tran), who also argued that, there is an interrelated and interdependent relationship between local businesses and the global stability.

When looking at the level of impacts, analysis of data reveals that, resource-richer stakeholders such as Nestle’ and Olam, are less impacted by the pandemic. This assessment shows that, compared to farmers, the poor, and local small businesses, these stakeholders are far better prepared to deal with global shocks. This could explain why they are lesser affected by the pandemic. Their perception of uncertainty is lesser.

One male farmer in Lam Dong claimed that many of the local farmers in general are already on the extreme end of the hunger spectrum-vulnerable. Unlike the international companies, they are less well-equipped to fend off the pandemic and its multiple impacts. The participant said:

“We are already poor, and now are driven into a poorer situation in the context of COVID-19. We do not have necessary knowledge to deal with the pandemic’s impacts at all. We totally have no idea about what to do and how to escape from the current situation”

(Thang Pham – a coffee farmer in Lam Dong)

The participant added that in the context of COVID-19, while local people were well communicated about the transmission of the pandemic and how to avoid infections, they were poorly prepared to adapt to the new situation or normal. This, in his view, made them bewildered regarding what and how to do to survive the crisis.

To move on, in-depth interviews with farmers in Gia Lai and Daklak added revealed that, the local coffee industry has already been strongly impacted by an abnormally prolong dry season this year (2020). Many of the interviewed farmers lamented that the abnormal weather phenomenon alone has squeezed many of the farmers out economically. The outbreak of the pandemic has just plunged them even deeper into the crisis. This shows that, the local coffee industry is affected by multiple impacts. Scholarly works show that the local coffee industry itself is highly vulnerable to contextual changes. It can be impacted by everything from the

variety of the plant, the chemistry of soil, the weather and the amount of rainfall and sunshine, and even the precise attitude at which the coffee grows. In this specific context, a combination of multiple impacts of the extreme weather and the pandemic have stricken a bigger blow on the local coffee industry. What this assessment also shows is that, while the coffee industry contributes a significant part to Vietnam's economy, the industry lacks necessary capacity to adapt to contextual changes locally and globally. To support this argument, further exploring of the local views and perspectives of the impacts shows that there exists an adaptability gap in the local coffee industry in the context of the COVID-19. This, however, is totally explainable considering the existing production and development model of the industry that, as this assessment shows, is merely productivity and market prone. While such the conventional model has the ability to promote a rapid growth and development of the industry, the approach does not aim to prepare the industry for post-modernism shocks or crises like the COVID-19. Therefore, when a crisis like the COVID-19 befalls, stakeholders of the industry are easily shaken. Data collected from the participants in this assessment can be used to demonstrate this point. Interviews with local residents reveal that they are so worried about the pandemic that has hit them all. In their views, the bottleneck lies in their inability to adapt in the context of the pandemic. One of the farmers said:

"We are so worried because we do not know what to do. We can do nothing but wait and see"

(Y Rieng, Krong Nang district of Daklak)

6 out of 7 (90%) interviewed participants representing the international category (Nestle and Olam), however, revealed that the outbreak of the pandemic is not all a disaster. They argued that, useful lessons could be drawn from the crisis. According to them, the crisis should be seen as an appropriate opportunity for the industry to reshape its focus and development strategy, so that it can better respond to global shocks like the COVID-19. Enhancement of the industry's adaptability should be regarded as a focus alongside the productivity and market-driven goals.

This assessment shows that, it would require an amount of time for the local industry to restore its stakeholders' confidence in the industry. This unquantifiable impact is powerful. To deal with it, it not only requires psychological therapies, but also long-term research-based solutions. This, according to participants, is critical to keep the stakeholders, especially the ones that are hardest impacted, stayed in the industry. To achieve this objective, it is vital to remove the local perception of uncertainty about the local industry as a pre-condition through short-term and practical support packages, such as immediate access to credit support and loans restructuring schemes. This assessment concludes that failure in addressing this sort of psychological phenomenon would affect the stability of the local coffee supply change as a result of some of the participants, for example farmers, withdrawing their commitments from continuing to stay in the industry.

To continue to look at in-depth the participants' responses revealed that, local people's confidence in the stability of future has, by and large, been shaken deeply. One participant from the community said:

"We are so worried not only about getting affected by the virus, but also our future because we have no idea about when the pandemic will end. We think it will take a long time for scientists to find out a vaccine that can stop the transmission of the virus. Until then, we don't know what to do"

(Tran Le – coffee farmer in Gia Lai).

To conclude, it is apparent that local people's uncertainty of when the pandemic will globally end, so that the global economy will be re-opened, can be framed as a sort of psychological challenge facing the local coffee industry. This assessment further points out that, while no one or stakeholder in the industry can tell when the global economy will be re-opened or when the local industry can get back to its normal route, it is the local perception of the uncertainty that continues to add to the impacts on the stakeholders, especially the most vulnerable ones in the industry. This suggests that, in measuring the impacts of the pandemic on the coffee industry, it is necessary to address this non-economic sort of impact – the perception of uncertainty – alongside the economic sphere.

2.2 IMPOVERISHMENT

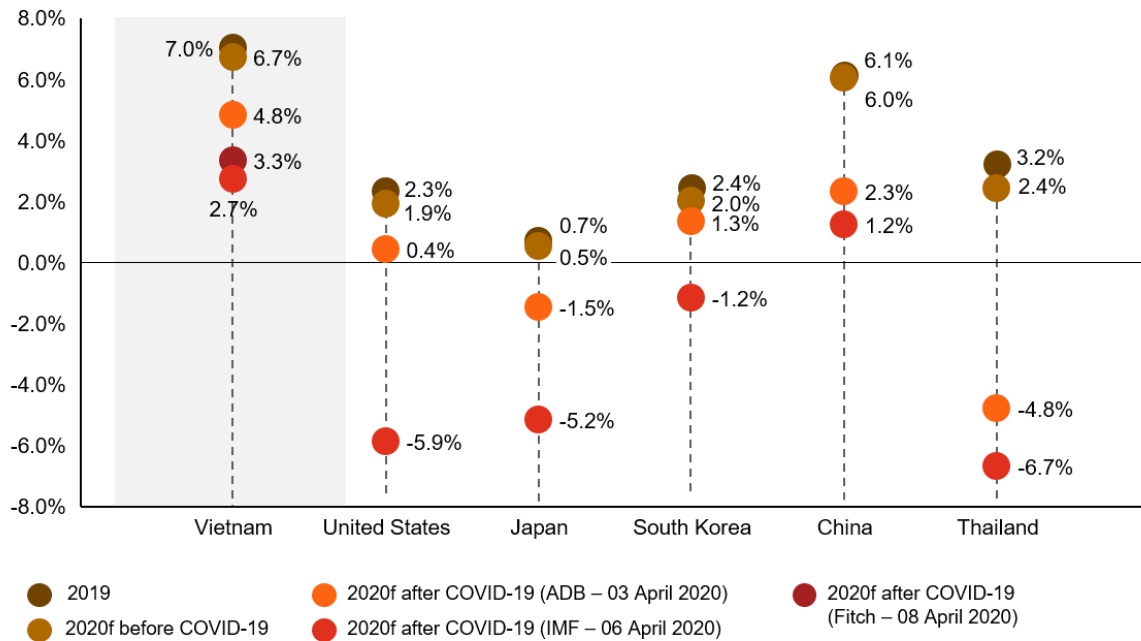
The global outbreak of the COVID-19 virus is having a major impact on international trade (FAO, 2020). Many of the global supply chains, including the coffee, have come to a deadlock due to the pandemic.

In the context of Vietnam, this assessment shows that the outbreak of the pandemic has forced the country to apply a lockdown and social distancing mechanism. While this measure has proved to be effective in containing the transmission of the disease in the communities, such the measure has resulted in bottlenecks in flows of good and services in the markets, including coffee (FAO, 2020). This shows that, a strategy that is effective in dealing with this issue might be ineffective in dealing with another issue.

To begin with, let's take a look at the graphs 0-1 below to get an initial idea about how the pandemic has affected the global economy. As shown in the graphs, as compared to other countries worldwide that are impacted by the pandemic like America, Japan, South Korea, China and Thailand, Vietnam's economic development and growth can maintain its positive growth and development in the context of COVID-19.

Revision of GDP growth forecast of selected countries due to the outbreak of COVID-19

Unit: percentage



Source: ADB, IMF, FitchRatings, PwC Research and Analysis

Figure Error! No text of specified style in document.-1: Revision of GDP of forecast of selected countries hit by COVID-19

(Source: <https://www.pwc.com/vn/en/publications/vietnam-publications/economy-covid19.html>)

The graph below shows that Vietnam’s GDP growth in the first quarter of 2020 was 3.82%, which is its lowest growth since 2010. Literature reveals that nearly 5 million workers and almost 85% of enterprises in Viet Nam have been affected in the context of COVID-19 as of mid-April.

https://www.vn.undp.org/content/vietnam/en/home/library/democratic_governance/Impact_PwDs.html.

As shown in the diagram 0-2 below, Vietnam’s first quarter GDP went down sharply in the context of COVID-19. This is to show how powerful the impacts are on its economy.

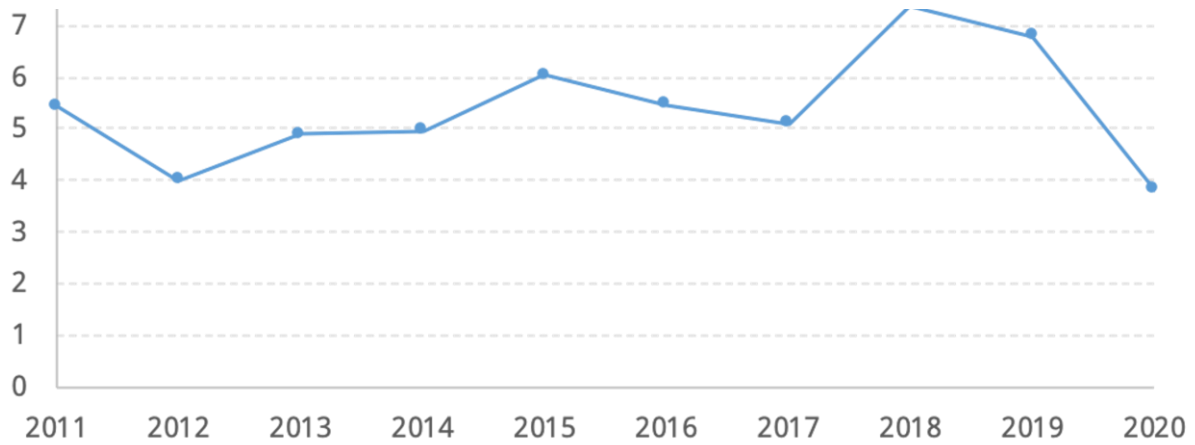


Figure Error! No text of specified style in document.-2: Viet Nam’s GDP growth in Q1, year over year, 2011-20

(Source: Viet Nam’s General Statistics Office, Social and economic situation data, 2011-2020)

To narrow down to the impacts of the pandemic on Vietnam’s coffee industry as the aim of this assessment, the figure 0-3 below shows that, Vietnam’s coffee industry has been seriously impacted by the pandemic when the country’s access to its traditional import markets, such as US, UK, France, Spain, Germany and Japan, is almost blocked due to the disconnection of the global coffee supply chain. Statistics in the graph below (figure 0-3) shows that, Vietnam’s coffee export to most of its strategic markets are negative in the context of the pandemic. The country is only able to maintain its limited exports to Spain and Germany. This is an example that shows how impactful and devastating the pandemic is on Vietnam’s coffee industry.

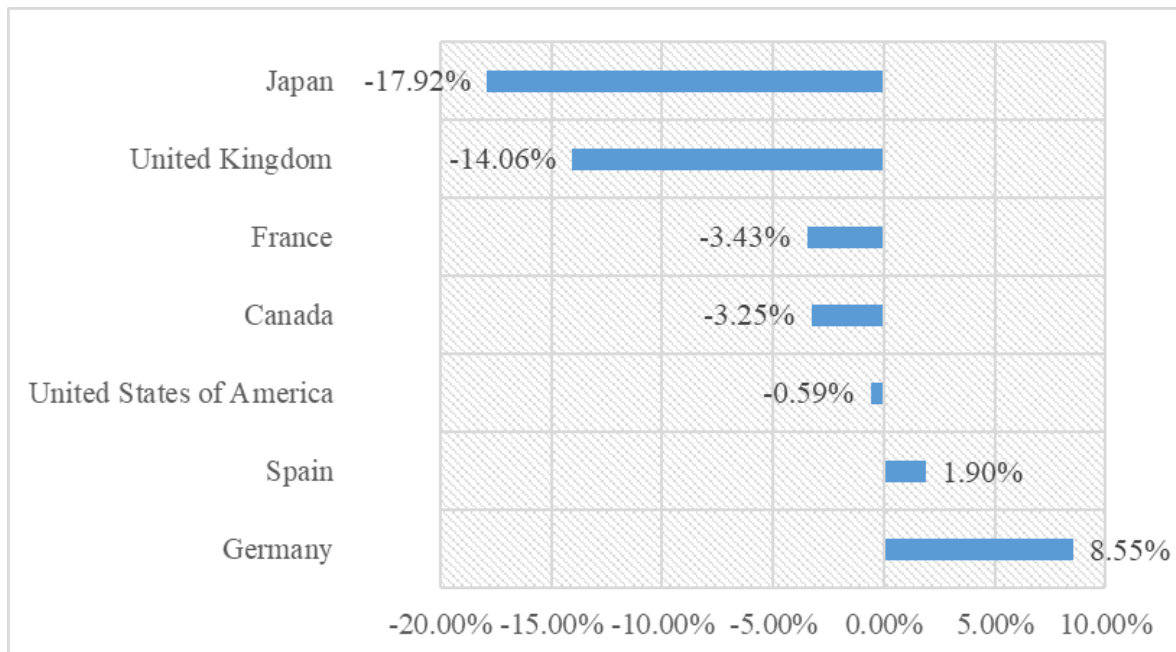


Figure Error! No text of specified style in document.-3: statistics of Vietnam's reduced exports into its strategic markets in the context of COVID-19 (Source: Enveritas).

This assessment shows that, in addition to the impacts on Vietnam’s exports, the outbreak of the COVID-19 has made it harder for local producers (farmers) to access loans from banks. As showed in table 3 below, 7% of the interviewed respondents claimed that, they had difficulties in accessing credits, while 4% of the participants said that they were not able to access credit in the banks due to the banks’ temporary closure due to the transmission of the virus in communities. The table also reveals that, in the context of the pandemic, local travels are difficult. This all shows that the impacts of the pandemic on local coffee industry is powerful and multifaceted, one leads to another.

Table 3: difficulties in accessing resources

Difficulties	% of respondents’ choice
Access to credit	7%
Closure of banks	4%
High rate of interest	1%
Travel limitation	1%

(Source: Enveritas 6/2020)

In further exploring local views and perspectives of the participants regarding the impacts of the pandemic on their industry, this assessment shows that, apart from the difficulty in accessing credit or loans from the banks as analyzed previously, local coffee households find it difficult to access basic key inputs for their coffee areas, such as fertilizer, due to the disconnection of the supply chains of the inputs. As showed in table 4 below, 14.1% of the households whose production area is under 1 hectare claim that they have had difficulties in accessing the inputs because of the disconnection of the supply chain as compared to 19.5% of the households whose areas are from 1 to 2 hectares. The statistics in table 4 also shows that, while 18.4% of the households whose area is under 1 hectare have had difficulty in accessing the input due to the increase in the price of the input, 9.3% of the households whose area is bigger than 2 hectares claimed that they have had difficulty in accessing the input as a result of the increase in the price of the input.

Table 4: impacts on households as a result of the disconnection of the input supply chain:

Production area	Interrupted access to inputs	Unable to purchase the inputs as expected	Increase in input price	Purchase from other suppliers	Other
<1 hectare	14.1	7.7	18.4	0.0	6.7

1-2 hectare	19.5	8.3	7.2	0.8	5.7
>2 hectare	7.8	7.3	9.3	0.7	1.6
Total	15.3	7.9	9.5	0.6	4.7

To move on, this rapid assessment points out that, 134 out of the 200 interviewed households, (67%) revealed that their coffee production has, by and large, been heavily impacted in many ways and on different aspects by the pandemic, including productivity in the years to come due to this year's inability to access resources. 100% of the interviewed participants confirmed that, the pandemic has resulted in a sharp decline in their 2020 incomes and the years to follow (Enveritas, 2020). To be specific, this assessment shows that, 77% of the interviewed households said that their coffee production-based income in 2020 has decline sharply. According to these participants, this has a negative implication for the future of the industry. They explained that the decline in this year's incomes would not only result in a decline in their incomes in the years to come but would also have a negative impact on the entire coffee industry for the long run. This is because many of the households would have to cut down on their investment in their coffee cultivation as a result of the reduction in their incomes. To be specific, they might apply a lesser amount of fertilizer for their areas than needed. This would then affect the productivity of their crops. It would be difficult for local households to escape the vicious circle that has been created in the context of the pandemic. In other words, the pandemic would keep many in the captivity of poverty for years in the post-pandemic period.

Table 5: forecasted households' income per area in 2020:

Production area	Increase	Decease	Unchanged	Total
<1 hectare	0.0	80.0	20.0	100
1-2 hectare	5.8	80.8	13.5	100
>2 hectares	10.3	69.2	20.5	100
Total	6.3	76.6	17.1	100

While it requires further examination to correctly measure the impact degrees brought about by the pandemic among the interviewed household categories, this assessment shows that the percentage of the impacted households does not necessarily reflect the amount of the production area they own. As showed in the table 6 below, the difference in the percentage of

the impacted households in the context of the pandemic is very slight. For example, as showed in the table 6 shows that, while 68% of the households whose production areas are under 1 hectare is impacted by the pandemic, 66.7% of the households that own from 1 to 2 hectares are impacted. The statistics further reveals that the difference is also slight between the provinces under study. For example, while the percentage of the impacted households in Lam Dong is 62.5%, that in Daklak is 61.5.

Table 6: % of impacted households per production area:

Production area per province	% of the impacted households
<1 hectare	68.0
1-2 hectares	66.7
> 2 hectares	63.0
Lam Dong	62.5
Gia Lai	68.4
Daklak	61.5

This assessment shows that, as the households have perceived clearly the risk of impoverishment as a consequence of the pandemic, 39.7% of the households whose production area is under 1 hectare revealed that, they would cut down on their daily expenditure as compared to 25.6% of the households having from 1 to 2 hectares and 39.1% of the households having more than 2 hectares of production area. Statistics in table 7 further shows that, while 10.4 of the households whose production area is under 1 hectare revealed that they would seek external support sources in the context of the pandemic, only 6.4% of the households having more than 2 hectares revealed that they would choose this sort of support.

Table 7: Households' methods of responding to the decline of incomes in the context of the pandemic:

Response methods	<1 hectare	1-2 hectares	>2 hectare	Total
Cut down on expenditure	39.7	25.6	39.1	31.7
Use savings	14.1	8.9	16.8	12.0
Borrow from friends, relatives	0.7	5.7	1.0	3.6

Seeking other livelihoods	2.3	5.0	0.4	3.2
Sell properties	0.0	0.5	0.0	0.3
Borrow from bank	1.1	4.3	4.2	3.7
Seek support sources	10.4	5.3	6.4	6.4
Adjust business	2.4	0.8	3.5	1.8
Not respond	0.0	2.1	2.0	1.7

As mentioned previously, this assessment shows that the main reason why the households of different amount of production areas have chosen to respond to the impacts of the pandemic differently is because they all have perceived the high risk of impoverishment. This can reinforce the previous argument that the impacts of the pandemic are powerful and devastating.

To move on, representatives of Olam and Nestle in Daklak shows argued that, as an export-based industry, Vietnam’s coffee sector is context-sensitive. The closure of its most strategic markets (Japan, US and Europe) as a measure to limit transmission of the virus has hit its coffee industry. Global decline in consumption has led to local consumption has been on the decline in the context of closure or lockdown that has eventually resulted in deadlocks of other local supply chains, such as input suppliers. This all has added to the sluggishness of the local economy in the context of the pandemic. This argument can be linked to the previous analysis that shows that in the context of the pandemic, local households are challenged with the inability to access basic inputs for their coffee gardens. The participants from Olam and Nestle went on to add that, this is an example that shows the interrelatedness of the economies, as well as the dependency of the local economy upon the global stability. One of the participants said:

“Well, many of the households have escaped poverty and/or are near poor households. Now it befalls the pandemic. We fear that many of the farmers will fall back into poverty in the context of COVID-19”

(Hang Hoang – staff of Olam in Daklak)

When it comes to the potential risk of impoverishment as an impact of the pandemic, the participant from Nestle argued that, if the pandemic continues for a longer period in the absence of effective interventions of the industry, in all likelihood, many of the local stakeholders, especially the poor, would be impoverished. This assessment shows that in addition to the perception of uncertainty as mentioned above, impoverishment is another

impact brought about by the pandemic. This participant explained that, the risk of impoverishment has become more visible as the pandemic continues. Many of the local residents/producers, who have already been economically vulnerable, would be among the first social groups to be victimized by the impact. This participant's perspective can be well aligned with that of the participant from Olam, who placed the emphasis on the importance of maintaining a stable global context as a pre-condition for the local coffee industry to survive. In arguing about the dependency of the local economy on the global context, this latter participant added that, the re-activation of the global coffee supply chain as quickly as possible would help to save the local community people from the risk of impoverishment.

This assessment shows that, it is apparent that in arguing about the risk of impoverishment of the local community people as an impact of the pandemic, both of the participants (from Nestle and Olam) stressed the dependency of local economy upon global economy. Their views can be perfectly aligned with the view of the vice chairman of Vietnam Cocoa and Coffee Association, Mr. Phan Xuan Thang, who claimed that, in the first quarter of 2020, Vietnam only exported 474,000 tons of coffee, earning \$801 million. As compared to the same period of the year before (2019), Vietnam's export of coffee has declined by 3 per cent in volume and 5.6 per cent in value year on year in the context of the pandemic. According to him, one of the reasons for the decline in the export is that Vietnam's main import markets such as the UK market, has decreased by half in the first quarter of 2020, compared to the same period of last year to \$13.5 million due to the pandemic (<https://vietnamnews.vn/economy/715431/coffee-industry-to-face-more-losses-in-q2.html>).

To move on, a participant from DARD of Daklak province claimed that the global outbreak of the pandemic has further showed how vulnerable the local export-based coffee industry is in the changing global context. He went on to argue that, while an export-based industry can grow and develop rapidly by increasing exports, the industry is highly vulnerable to a sort of contextual change. In his view, the outbreak of the COVID-19 is an example that can be used to demonstrate this point. According to this participant, the vulnerability of the industry on any degree might impoverish local communities. To mitigate the impacts brought about by the pandemic on local economy or the community's risk of being impoverished, the participant from DARD argued that, it is vital that stakeholders of the industry, especially the hardest impacted groups like the poor households, be provided with immediate access to necessary livelihood opportunities to survive the crisis.

One of the interviewed farmers in Lam Dong said:

"We are also poor and just rely on coffee. Now, as you see everything is in a deadlock. We can't work on our land nor for others for cash because of the pandemic. It is really very hard for us to survive the crisis"

(Nguyen Ly – Lam Dong province)

In continuing to explore the impacts of the pandemic on the local coffee industry, this assessment demonstrates that the impacts vary among stakeholder categories. In other words, some stakeholders are harder impacted than others. This assessment shows that the level of impacts depends largely upon the stakeholders' ability to respond to the impacts. To be short, the bigger the ability, the lesser the impacts are. What this assessment has found is that, the level of impacts is related to two key variables - poverty and ethnicity. Put it another way, there is a relationship between these variables and the level of impacts of the pandemic on the local economy. By and large, this assessment shows that, the poorer the families, the greater the impacts are. Also, as compared to the majority Kinh (Vietnamese), the ethnic minority households are harder hit by the pandemic.

This assessment found out that, 87% of the interviewed ethnic minority households are either poor or close to poor households. This means that, the poor and the ethnic minority people could be framed as the same one category. Their access to resources, including finance and other sorts of therapies in the context of the pandemic, is limited. A participant representing the district of people's committee in Daklak said:

"It is always the poor, and the ethnic minority people that are the hardest hit by the pandemic. They can be easily pushed back into persistent poverty again"

(Lam Nguyen – staff at Krong Nang People's committee)

A female farmer in lam Dong said:

"As you see, we, ethnic minority people, totally live on agricultural crops. The outbreak of the pandemic stops us from going out. We can't work on our land nor for others for a living. Everything suddenly became inaccessible now. We don't know what to do for a living"

(H' Nhim – coffee farmer in Lam Dong).

Analysis of the views of these two participants further reinforce the argument that in the context of the pandemic, it is the poor or ethnic minority people that are the hardest impacted social group. They are among the first that can be impoverished by the impacts brought about by the pandemic.

In further unpacking the relationship between the level of impacts and the two variables, this assessment reveals that, in contrast with the non-poor and the majority Kinh, in a non-pandemic context, the poor and ethnic minority group is already economically vulnerable. In other words, this latter social group often encounters financial difficulties in their daily lives. So, in a crisis context, they are easily to be knocked-out. They totally lack necessary skills and knowledge that they can use to bounce back from the impacts. However, as showed by this assessment, the root cause lies in their lack of power to fight back the impacts in the context of post-modernism and or adapt to a post-COVID-19 situation. This fundamentally explains why

when the COVID-19 befell, they are strongly shaken and are among the hardest hit social groups.

Before moving on to shed a light on the difference between the level of impacts among the stakeholder categories, interviews with local farmers revealed that, they have been affected by multiple impacts, including the inability to access resources and extreme weather phenomenon. A farmer said:

“Nobody here can get rich thanks to coffee alone because, as you can see, coffee price is going down, while the price of fertilizer etc. is on the increase. This makes our coffee-life become more challenging. Also, this year, we have been hard hit by a very abnormally prolong dry season. Now comes COVID-19!”

(Lam Tran – coffee farmer in Krong Nang district of Daklak)

This participant’s view can consolidate the previous argument that the local coffee industry is already highly vulnerable.

Regarding the difference between the level of impacts among the stakeholder categories, this assessment shows that, in contrast with the poor or the ethnic minority category, the rest, including businesses, has a better ability to adapt to contextual changes. For example, in the context of COVID-19, while the entire industry is affected, businesses are lesser impacted for they have more experience, skills and expertise that they can use to respond to the impacts. In addition, as compared to individuals, businesses are prioritized to access the Government initiated support resources, including its financial packages. This alongside others better enables the businesses to bounce back from the impacts.

This assessment invited Mr. Chung Do, the representative of GCP in Daklak, to participate in providing his views and perspectives regarding the impacts of the pandemic on Vietnam’s coffee industry. A one-hour long discussion with him provided useful insights into how the industry is impacted by COVID-19. Chung Do argued that, while it is important to provide short-term responses to assist the most affected stakeholder categories, such as the poor households, to show the industry’s solidarity with them and to mitigate impacts facing them, it is critical to provide post-pandemic long-term solutions to promote the industry’s sustainability in the context of the fast changing world. To illustrate his point and strengthen the argument he made, Chung Do referred to the past incident of the local coffee industry in the early 2000s when many of the farmers lost their confidence in the coffee industry because of the coffee’s downward spiral. In response to the price crisis, many of the farmers had cut down on their coffee areas to grow another cash crop that they believed would be less context-vulnerable than coffee, while having the ability to provide immediate income. This assessment shows that, this argument of Chung Do can be aligned with the responses collected from the households. To be clearer, table 8 below reveals, households (13.4) whose production area is under 1

hectare, implied that they would cut down on their production areas in response to the impacts of the pandemic.

To close up the discussion, Chung Do concluded that, if the farmers lose their confidence in the industry again, the same incident would be likely to happen as it used to in the early 2000s. He, however, stressed that the price the industry would have to pay might be double. His argument can be aligned with implications of the participants (from the public and international categories), who claimed that the painful incident in the early 2000s, which had impoverished many, should remain a valid lesson for the industry in the context of COVID-19.

Table 8: Coffee households' potential plans in response to the impacts of the pandemic:

Plan	<1 hectare	1-2 hectares	>2 hectares	Total
Reduce coffee production area	13.6	12.9	15.0	13.6
Increase coffee production area	0.0	5.8	7.1	5.3
Reduce production of other agricultural crops	0.5	0.0	0.1	0.1
Increase in production of other agricultural crops	0.3	2.3	0.6	1.5
Change livelihoods/crops	1.4	6.9	1.1	4.4
Seek non-agriculture livelihoods	8.0	2.3	4.6	3.9
Adopt new livelihoods	0.0	1.2	1.8	1.2
Others	9.1	2.2	5.3	4.2

Table 8 also shows that, different households tend to choose a different way in response to the impact of the pandemic. For example, some of the households revealed that they would choose to seek other types of livelihoods within the agricultural field, while some others expressed their needs to seek non-agriculture-based livelihoods. This all shows that, in the context of such a devastating pandemic as the COVID-19, local households choose to respond to the impacts in a different ways to survive the crisis, depending upon their actual context. This assessment

shows that, they have perceived the visible risk of impoverishment that could be framed as a major impact of COVID-19 on the local coffee industry.

2.3 SOCIAL IMPACT

As discussed previously, the impacts of COVID-19 on Vietnam has exceeded beyond the economic sphere, which, as many claimed, is a narrow lens. They hit the country socially. This is understandable for all aspects of the society are interrelated and interdependent.

At the outbreak of the pandemic, Vietnam's economy has witnessed a significant increase in job loss in all of its industries, including the coffee industry. According to GOS (general office of statistics), while ten million workers were affected by COVID-19, five million have lost their jobs (<https://vietnamtimes.org.vn/10-million-vietnamese-workers-affected-with-5-million-lost-jobs-due-to-covid-19-19743.html>).

Participants in the provinces under study, by and large, argued that, while workers in state-owned coffee businesses could keep their jobs, those working in the private sector, such as café shops, were not able to do so due to social distancing mechanism and the lockdown that has resulted in in part or in full closure of the businesses of this type at different points of time.

Analysis of participants' response revealed that, workers in informal businesses like café shops were among the hardest hit group. When the shops shut down because of the lockdown and social distancing (ILO, 2020), workers in these businesses were laid off without being informed of when they could return to their jobs. This assessment shows that, this is a common problem facing workers in the informal businesses. The workers in these businesses, who are framed as seasonal workers, are highly vulnerable in the context of the pandemic because they do not have working contracts with the businesses. This means they are unable to access any legal financial support from their employers, while they are unable to access the government's 62,000 billion support package either due to their eligibilities. This assessment shows that, this adds to their vulnerability in the context of COVID-19 because they find it hard to survive the crisis without a paid job. One female young work in a café in Daklak said:

"We were told that the café would cease its business as a result of the social distancing and the country's lockdown. We have no idea when we could return to our job at all. Hope, would not be too long. We were seasonal workers. We did not sign a contract with our employer. So, we left the job without any financial support. We heard about the government's package, but we don't think we are eligible to access to the package."

Analysis of the data collected from female participants revealed that the pandemic has generated a gendered impact. While the outbreak of the virus has declined households' incomes, the traditional expectations on women/wives seem to remain unchanged. This means that, women are expected to ensure basic services for families, such as education for children

and quantitatively and qualitatively and sufficient daily food for the family. While the expectation is apparently not reasonable, such expectation has added to their growing stress on women. One female participant claimed that, there should be a common understanding that it is unrealistic to economically maintain a normal family life in the context of the pandemic. She said:

“In the context of COVID-19, I could not go out to work for cash to contribute to the family’s budget. There is a lot of pressure on our shoulders regarding maintaining a normal life for the family”

(Lan Nguyen – a female farmer in Krong Nang of Daklak).

What this assessment aims to point out is beyond quantifiable results as a consequence of job loss. This research points out that, while the increasing rate of job loss as a consequence of a sluggish economy in the context of COVID-19, the pandemic affects communities socially. It challenges the government’s slogan that no one is left behind in the context of COVID-19. Job loss has led to other social problems, such as a change in consumption patterns (FAO, 2020), reduced consumption, impoverishment, hunger, poverty, insecurity and increasing debts. These along with other elements would add to the sluggishness of the economy or even a crisis, adding to the impacts on Vietnam’s coffee industry.

3. RECOMMENDATIONS

As previously mentioned, the aim of this research is to provide research-based recommendations. There are three key recommendations as follows:

3.1 A CHANGE IN THE WAY OF ENGAGING

- This research has found that, one way to better enable the stakeholders to engage in their coffee industry is to change the way they engage from productivity and benefits-driven perspective to adaptability-based. This research argues that, the enhancement of stakeholders’ adaptability in the global changing context will better enable them to better respond to potential global level impacts or shocks like COVID-19. One way to increase their adaptability is investing in improving preparedness of the most socially and economically vulnerable stakeholder category, who, in this case, are the poor, women and ethnic minority coffee farmers/producers.
- The industry should adopt and promote a new code of conduct that include the risk sharing, gender equality, solidarity, social responsibility, togetherness and responsiveness to leverage the resources, mitigate the risks and further develop sustainable partnership.

3.2 A RISK SHARING MECHANISM

- This research shows that, while the contemporary context of the globe provides many opportunities for the coffee industry to develop, the coffee industry is highly vulnerable to contextual changes that often go beyond its ability to respond to. In most cases, including this, the most vulnerable stakeholders such as farmers/producers are hardest hit, while they are left alone in the crisis. To assist them to cope with the changes, a risk sharing mechanism is of help. All stakeholders should develop a practical and effective mechanism that has the ability to respond to impacts of the context, such as a risk sharing mechanism.
- The industry should established a producers-oriented mechanism to understand their needs and expectations in the context of COVID-19 to develop immediate and longer-term responses and supports to them.

3.3 POST COVID-19 INTERVENTION

- At the industry level, it is critical that stakeholders adopt a new system of production that promotes improved attitudes, methods, practices, ethnics and models when they engage in the coffee industry. Adoption of the system would help the industry mitigate risks and improve its ability to fight against impacts of global shocks.
- At the macro level, the Government should provide a mechanism that allows for flexibility for the industry to quickly respond to the impacts of the pandemic on the industry, as well as for the industry to intervene in the post COVID-19.
- It is important the issue of gender and empowerment be addressed to help the industry to avoid vulnerability in the event of contextual changes.

ANNEX A

Tables of research participants by province:

Research participants in Daklak

No	Participant category				Total	Gender	
	Public	International	Input providers	Households		M	F
	6	3	3	70	82	50	32

Research participants in Gia Lai

No	Participant category				Total	Gender	
	Public	International	Input providers	Households		M	F
	4	2	4	45	53	23	30

Research participants in Lam Dong

No	Participant category				Total	Gender	
	Public	International	Input providers	Households		M	F
	3	2	3	55	63	32	31

ANNEX B

To collect the required data for the research, we developed and applied a nine-step research approach as follows:

Step	Name of step	Note
1	- designing online questionnaire and pre-test it	
2	- inviting participants to engage in the research	
3	- conducting field visits to the study site to collect data	
4	- taking analysis of data	
5	- writing up study report drafts	
6	- collecting feedback and inputs into the draft	
7	- presenting the study results and collecting feedback	
8	- finalizing the study report	
9	- disseminating the final report among stakeholders	

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