



Tropentag, September 15-17, 2021, hybrid conference

“Towards shifting paradigms in agriculture
for a healthy and sustainable future”

Credit Access and its Impacts on Small Coffee Farmers in Climate Change Adaptation in Vietnam

PHUONG ANH NGUYEN¹, MIROSLAVA BAVOROVA²

¹*Czech University of Life Sciences Prague, Fac. of Tropical AgriSciences, Czech Republic*

²*Czech University of Life Sciences, Fac. of Tropical Agrisciences,*

Abstract

Coffee is the second most important agricultural commodity in Vietnam after rice in terms of export value. However, the impacts of climate change and conventional farming systems have had severe repercussions for the sustainable growth of this sector. Although adaptation strategies, such as practising water management, intercropping farming, and livelihood diversification, showed many benefits, their application has remained low in small-scale Vietnamese coffee farmers. Part of the reason involves the low accessibility of coffee farmers to agricultural credit. A closer look reveals constraints from the demand side of coffee farmers, especially smallholders, have substantially contributed to such low credit access. One of the main constraints comes from the difficulties of small households in fulfilling bank requirements in which a lack of collateral due to tiny farm size or unclear land ownership concerns is a common reason. Other constraints depend on farmers' attitude towards credit risk alongside their perception of loan repayment and procedures. The study aims to analyse the influences of credit access on coping strategies, namely water-saving techniques and mixed/multi-cropping practices during climate stimuli in Vietnam's Central Highlands. Both quantitative and qualitative primary data will be collected in early 2022. The quantitative data using a structured questionnaires survey includes about three hundred randomly selected respondents, while qualitative data will consist of about 15–20 expert interviews. Logit model will be used to identify the relationships between applying adaptation strategies (dependent variable) and selected farmers' socio-economic characteristics and various types of credit schemes. The effect of credit scheme characteristics, including guarantor, collateral, and interest rate, on adopting adaptation strategies will also be estimated.

The proposed study will contribute to the existing literature on credit access, precisely its effect on smallholder coffee farmers who have highly relied on this financial package to engage in adaptation strategies in Vietnam. The results will help policymakers and non-governmental organisations to adjust their policies to improve credit accessibility and thus increase the level of adopting climate change adaptation strategies among small-scale coffee farmers in Vietnam.

Keywords: Adaptation strategy, climate change, coffee, credit access, intercropping farming, small farmers, Vietnam, water management