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Abstract
Rice production significantly contributes to farmer income but largely subjects to natural risks; however, there has not been an effective mechanism to mitigate natural risk in rice production. The pilot agricultural insurance program designed for rice crop was implemented to provide rice farmers a mechanism to tackle natural risk in production in different regions in Vietnam. In the Mekong River Delta, An Giang and Dong Thap provinces were selected to implement the pilot program from 2011 to 2013. After the program ended, preliminary results suggested numerous hinderances that likely stop the follow up of rice insurance program nationwide but yet no formal studies provide concrete evidences of the impact of the pilot program. This paper evaluates how rice crop insurance program affects rice farmers in the Mekong River Delta of Vietnam using Propensity Score Matching methods. The results show that the pilot program on rice crop insurance has a significant positive impact on rice farmers’ income and net income. This means rice farmers benefit from participating in the pilot program on rice crop insurance, hence, a market for rice crop insurance should be established as a risk guarantee mechanism to improve rice farmers’ income.

Key Words: rice crop, natural risk, agricultural insurance, Vietnam