

**PROJECT INFORMATION DOCUMENT (PID)  
ADDITIONAL FINANCING**

Report No.: PIDA13564

<b>Project Name</b>	Additional Financing to Livestock Competitiveness and Food Safety Project (P151946)
<b>Parent Project Name</b>	Vietnam Livestock Competitiveness and Food Safety (P090723)
<b>Region</b>	EAST ASIA AND PACIFIC
<b>Country</b>	Vietnam
<b>Sector(s)</b>	Animal production (60%), Health (30%), Agricultural extension and research (10%)
<b>Theme(s)</b>	Rural services and infrastructure (38%), Rural policies and institutions (36%), Other rural development (26%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P151946
<b>Parent Project ID</b>	P090723
<b>Borrower(s)</b>	State Bank of Vietnam
<b>Implementing Agency</b>	Ministry of Agriculture and Rural Development, Agriculture Project Management Board- Ministry of Agriculture and Rural Development
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	30-Jan-2015
<b>Date PID Approved/Disclosed</b>	02-Feb-2015
<b>Estimated Date of Appraisal Completion</b>	19-Jan-2015
<b>Estimated Date of Board Approval</b>	29-May-2015
<b>Decision</b>	

**I. Project Context**

**Country Context**

Vietnam's 89.7 million people sustain and are sustained by an economy that has grown at 7-8 percent annually for more than two decades. The agriculture sector accounts for 22 percent of GDP and generates more than 60 percent of employment. The livestock sub-sector's contribution to agriculture sector product is expected to rise rapidly from its current 26 percent (6 percent of total GDP) to about 42 percent by 2020. Pig production, the most significant livestock industry, currently contributing about 71 percent of the sub-sector's total. Trends within the livestock sub-sector and its structural relationship to the rural sector and the national economy that were in play when LIFSAP was designed have continued and been strengthened by ongoing developments in Vietnam. Rising incomes have continued to stimulate rapid growth in demand and farmers have responded

strongly to increase animal holdings and lift productivity and production but are unable, as yet, to satisfy fully the domestic demand for meat, milk and other livestock products.

### **Sectoral and institutional Context**

Rising output and demand for livestock products. Increasing incomes have induced demand for livestock products to rise rapidly over the past ten years. Vietnam's average income is expected to continue to rise apace from the current US\$ 1,400 to US\$ 3,400 per person by 2020, with the middle and affluent classes expected to more than double, from 12 to 33 million; this rising affluence will be spread around the country and will go well beyond the two major economic centers of Hanoi and Ho Chi Minh City. Continuing increases in purchasing power of the population will create great scope for expansion of the livestock sub-sector as demand for all types of meat rises. As the total quantity of meat consumed continues to rise, so does the demand for safe foods. Future productivity and profitability for the livestock industry will therefore depend as much on improving quality as on boosting the quantity of meat production. Average annual meat consumption is now about 40 kg per person and is expected to reach 57 kg by 2020. The Ministry of Agriculture and Rural Development (MARD) estimates that total meat consumption will grow to 2020 at 2.9 percent yearly, with that of pork at 2 percent, of poultry at 5 percent and of cattle/buffalo at 11 percent. Consumption of pork is expected to increase from 32 to 48.7 kg per person by 2020.

Vietnam's livestock sub-sector has grown consistently at 5-6 percent annually despite economic crises and continues to meet the great majority (93-94 percent) of domestic demand. Table 1 shows the pig and poultry populations and their production of meat. Total meat production has increased from 2.0 million tons in 2000 to 3.3 million tons in 2007 and to 4.3 million tons in 2013, with average annual growth of 7.5 percent. Pork and poultry are very important to the supply of meat, providing respectively more than 70 and 15 percent of total production.

The gap between domestic production and demand in 2013 was met by imports, including 78,000 MT of chicken. Production of pork meat slightly exceeds demand at present; however, future demand is expected to outpace production and Vietnam will remain reliant on pork imports to fill the gap between supply and demand. The supply/demand balance and the coming tariff reductions under the ASEAN Free Trade Agreement in 2015 will place increasing pressure on Vietnam's livestock sub-sector, especially the pig and poultry industries, to become more efficient and competitive, including improve quality and safety, to meet consumers' expectations.

## **II. Proposed Development Objectives**

### **A. Current Project Development Objectives – Parent**

The project development objectives (PDOs) are to increase the production efficiency of household-based livestock producers, to reduce the environmental impact of livestock production, processing and marketing, and to improve food safety in livestock product supply chains (mainly meat) in selected provinces.

## **III. Project Description**

### **Component Name**

Component A: Upgrading household-based Livestock Production and Market Integration  
**Comments (optional)**

**Component Name**

Component B: Strengthening Central-level Livestock and Veterinary Services  
**Comments (optional)**

**Component Name**

Component C: Project Management and Monitoring and Evaluation.  
**Comments (optional)**

**IV. Financing (in USD Million)**

Total Project Cost:	55.00	Total Bank Financing:	45.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			10.00
International Development Association (IDA)			45.00
Total			55.00

**V. Implementation**

The implementation arrangements established for the parent project will be as for the AF, with the PCU that has successfully overseen planning and operations to date continuing its current roles including overall coordination, provision of technical assistance to project provinces, overseeing the quality of implementation and ensuring compliance with Bank policies and guidelines, notably for fiduciary and safeguards aspects. The cross-ministerial Central Steering Committee for LIFSAP will be revitalized and reinforced to ensure better institutionalization of achievements and increase the focus on policy dialogue and reforms, including improvements to the regulatory framework. It will meet quarterly to guide the PCU on policy reform and priorities and to help it to address cross-sectoral issues such as environment standards and veterinary education. The 12 PPMUs will remain responsible for implementing activities in cooperation with province and district level government. The PPMUs will strengthen their day-to-day collaboration with Departments of Livestock Production, Animal Health and Cooperatives Development to ensure alignment of the Project’s interventions with province strategies and plans.

Key changes would include scaling-up activities for GAHP household producers, wet markets and small slaughterhouses to enhance impact, with targets rising above those of the parent project as geographic coverage was expanded within the 12 current project provinces. These activities would be primarily in Component A.

The AF period would consolidate achievements of the first phase and improve the project’s sustainability by: (i) strengthening benefits gained by GAHP households as incentives for future sustainability, by introduction of a group/ cooperative approach for households as the medium for development of livestock production – mainly via Component A; and (ii) increasing support for

institutionalization by GoV of its successes such as adoption of the food safety guidelines as national standards, strengthening and accreditation of the laboratory network and establishment of a statutory body to regulate and supervise veterinary practice – with most activities in Component B. The Project would emphasize “soft” interventions and capacity building activities, including support to cooperatives and less formal groups for production and marketing, improving management of meat markets and assistance to GoV for legal and policy dialogue and reform. The results framework (RF) will (i) reflect the scaling-up of activities related to GAHP groups, slaughterhouses and meat markets; and (ii) capture and reflect the Project’s efforts to ensure sustainability and institutionalization of best practices and achievements from the first phase.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>x</b>	
Natural Habitats OP/BP 4.04		<b>x</b>
Forests OP/BP 4.36		<b>x</b>
Pest Management OP 4.09	<b>x</b>	
Physical Cultural Resources OP/BP 4.11		<b>x</b>
Indigenous Peoples OP/BP 4.10	<b>x</b>	
Involuntary Resettlement OP/BP 4.12	<b>x</b>	
Safety of Dams OP/BP 4.37		<b>x</b>
Projects on International Waterways OP/BP 7.50		<b>x</b>
Projects in Disputed Areas OP/BP 7.60		<b>x</b>

**Comments (optional)**

## VII. Contact point

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