



Promoting a Pro-Poor Pig Sector Development Policy in Viet Nam

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1. Background

PPLPI chose Viet Nam as the 'focus country' in the Mekong region for three major reasons: i) it is the region's country with the highest incidence of rural poverty (45%) also having the largest number of rural people living in poverty (28.8 million), thereby accounting for approximately two-thirds of the rural poor in the region¹; ii) it is undergoing a process of transition from a socialist command economy to a market-led economy, giving opportunities for support to market-oriented policy changes that benefit the poor, and iii) it boasts a wealth of data generated by international and local institutions on the sources and distribution of household incomes, the structure of poverty, and the role of livestock in rural livelihoods, which provides a valuable basis for PPLPI in the development of tools for *ex ante* and *ex post* analyses of impacts of pro-poor policy and institutional change.

Initial studies carried out by PPLPI have shown that livestock is a key element of the agricultural economy and an important activity from which a large majority of rural households derive part of their livelihood (PPLPI WP No. 21).² Livestock account for about 19 percent of agricultural GDP and, within the sub-sector sector, pig rearing is by far the dominant activity, accounting for about 72% of total domestic meat output in 2000, while poultry meat output, accounting for 18%, comes a distant second. Pork is in fact the most consumed meat in the country - pig meat constitutes a significant proportion of meat consumption expenditure of the poor too - and the domestic demand has been growing at almost 6% per annum over the last decade (1990-2000).

¹ The number of people living under the national poverty line in Viet Nam is around 30 million, accounting for about 67% of the poor in the Mekong region. Rural poverty incidence in the country stands at 45%, with Lao PDR coming in close second at 41% (ADB – Key Indicators 2003).

² Maltoglou and Rapsomanikis, 2005. The Contribution of Livestock to Household Income in Viet Nam: A Household Typology Based Analysis. PPLPI Working Paper No. 21.

At the household level, around 70% of the rural population keep chickens, mostly for home consumption, and nearly 60% own pigs, mostly for market sale. Among livestock activities, therefore, pig production contributes most to household cash income. Preliminary results from PPLPI studies in Viet Nam, however, have indicated that the terms of pig market participation are far from achieving their potential to help the rural poor and improving the terms for smallholder participation in food (e.g., livestock) markets appears to offer a good means for meeting this challenge (Roland-Holst *et al.*, 2006)³.

Thus, the pig sector is undoubtedly of major importance for rural livelihoods and poverty alleviation both at household and country levels, and policies affecting the pig sector potentially have significant impacts both on poor consumers and producers. The current official policy in the pig sector, however, largely directs public investment towards promotion of large-scale pig farming destined for foreign markets by developing production zones for export of 'high-quality' pigs (Decision 166/2001/QD-TTg). The large-farm and commercial orientation of agricultural development policy in general, and livestock sector development policy in particular, may exclude the majority of rural households, particularly smallholder producers, whose livelihoods are not in the mainstream of the national agricultural modernization plans, from reaping benefits of livestock sector growth.

While policy makers publicly support pro-poor programs they often do not understand the nature of rural poverty, are not well trained in the sophisticated 'art' of policy and programme design, nor aware of the difficulties of organizing production in ways that favour poor producers (PPLPI WP No. 5)⁴. In collaboration with policymakers at the Ministry of Agriculture and Rural Development (MARD) PPLPI is developing a deeper understanding of rural poverty to foster the design of a policy for the development of the pig sector that significantly contributes to rural poverty reduction. The on-going process of policy change for agricultural modernization in Viet Nam in the Ministry of Agriculture and Rural Development (MARD) constitutes an opportunity for PPLPI to directly participate in the policy change process with the aim of fostering the design of policy and institutional shifts that will enhance the contribution of the livestock to rural household incomes and thereby reduce poverty.

2. Main Partners & Institutional Linkages

Policy and planning for agricultural and rural development resides in the MARD and, given Viet Nam's political legacy, influencing changes in policy and institutions affecting stakeholders in the

³ Modelling the Poverty Impacts of Livestock Policy Change: Evidence from Viet Nam and Senegal. Report at 4th PPLPI Steering Committee Meeting, 2006.

⁴ Tuong Vu. 2003. The Political Economy of Pro-Poor Livestock Policymaking in Viet Nam. PPLPI Working Paper No. 5.

livestock sector must be channelled through this Ministry. Thus, policymakers of MARD were engaged as partners in the analysis of the Vietnamese livestock sector, the nature of participation of rural households, trade and market chains, market linkages of rural producers, and household consumption of livestock products at the outset of PPLPI's engagement in the country and PPLPI has continuously cultivated working relationships with the livestock and livestock-related departments and institutes of the MARD in the policy process.

The livestock sector of Viet Nam and its linkages to changes in rural household incomes via market chains involves complex relationships which are not easily understood and make *ex-ante* assessment of outcomes of policy and institutional change in the livestock sector difficult. With the support of international experts local research institutions have a comparative advantage to undertake research, gather data and relevant information, subject them to rigorous scientific analysis, and derive policy implications from findings. Thus, PPLPI directly engaged with a select group of international and national research institutions working on Viet Nam and in other developing countries in and outside the region, with expertise in agriculture and livestock sector development and their link to generation of income by rural households and other stakeholders along the existing and potential marketing chains. The research results provide PPLPI and its national partners and policymakers at the MARD the deeper understanding of the livestock sector required for the design of evidence-based policies.

There are numerous other international development organizations, government and non-governmental (NGOs), directly engaged in rural poverty alleviation in Viet Nam, through various areas of livestock livelihood development (e.g., animal health, livestock production), or through other agricultural development activities that have direct or indirect relation to livestock development. Through their years of working with bureaucrats in Viet Nam these organizations have developed a good grasp of how to positively engage with national policymakers. These policymakers, too, have developed an appreciation of those organizations which have a good track record in contribution to agricultural and rural development in Viet Nam. It has been advantageous for PPLPI to engage with these organizations as like-minded partners and allies in policy dialogues with the leaders in MARD, towards the formulation of pro-poor livestock policies and accompanying institutional reforms.

The institutional partners of PPLPI in Viet Nam, grouped into partners within MARD, national and international research partners, and international development organizations, are the following:

Ministry of Agriculture and Rural Development (MARD)

The main responsibility of the Ministry is the formulation and implementation of policies and programmes for agriculture and rural development.

The key partner of PPLPI under the MARD currently is:

- the **Centre of Agricultural Policy – Institute of Policy and Strategy for Agricultural and Rural Development (CAP – IPSARD)**. The Centre and the Institute constitute the MARD think tank for policy and institutional reforms for rural and agricultural development.

Other partners under the MARD include the following livestock departments and institutes:

- National Institute of Animal Husbandry (NIAH) – the centre for research in livestock breeding, production and management;
- Department of Livestock Production (DLP) – the implementing agency for livestock production programmes of the MARD;
- Department of Animal Health (DAH) – the implementing agency for programmes and regulations on livestock disease control;
- National Agricultural Extension Centre (NAEC) – the centre for extension and training for agricultural production programmes of the MARD.

National and International Research Institutions

There are three main partners jointly implementing the FAO PPLPI research project entitled '*Contract Farming for Equitable Market-Oriented Smallholder Swine Production in Northern Viet Nam*', which focuses on the various market linkages and market chains used by different types of farmers and how these impact on the production and particularly income of rural, mostly smallholder pig producers, with a view devising policy interventions that improve their terms-of-trade. These include:

- Hanoi Agricultural University (HAU), Faculty of Agriculture and Rural Development – the centre for higher learning in the agricultural and social sciences in North Viet Nam for rural development.
- CGIAR Institutes – the International Livestock Research Institute (ILRI) and the International Food Policy Research Institute (IFPRI) – the two research institutions that undertake the Joint Programme on Market Opportunities (IFPRI-ILRI JP) for research in developing countries.
- University of California, Berkeley – i) undertaking political economy studies for understanding the political environment and policy processes in Viet Nam and identifying entry-points for pro-poor livestock policy engagement with the bureaucracy, and ii) assessing and quantifying the linkages and multipliers between different sectors of Viet

Nam's economy and developing tools for ex ante assessment of the impact of various policy scenarios on household welfare.

International Development Organizations

- Agrifood Consulting International (ACI) – the international implementing body of the Asian Development Bank-funded project on 'Making Markets Work for the Poor' (MMW4P) in Viet Nam and other countries in the Mekong region, with close collaboration with the MARD through CAP-IPSARD.
- Agronomes et Vétérinaires Sans Frontières (AVSF) – an NGO with an office in Hanoi, implementing smallholder livestock improvement and production programmes in North Viet Nam, and working closely with the MARD through the NAEC, DLP and DAH.

3. Process

The first action of the project was to secure awareness and recognition of PPLPI, its programme and objectives in Viet Nam, at as high level as possible in the MARD hierarchy. A first meeting was held with the MARD Vice-Minister for Policy and Planning and for Agricultural Science & Technology (Dr. Bui Ba Bong) and PPLPI staff in March 2004 to brief the Vice Minister on PPLPI engagement the region. The Vice-Minister affirmed the important role of the livestock sector for rural development and poverty alleviation in Viet Nam, and endorsed PPLPI's engagement in Viet Nam.

A first awareness raising activity on PPLPI's planned engagement in Viet Nam was a dedicated session for PPLPI at the joint MARD - ILRI Policy Workshop on Enhancing Smallholder Livelihoods from Livestock and the Role of Policies and Institutions in Hanoi, July 2004. At first, the initiative was met with scepticism from a few of the more vocal older generation participants, on the capacity of an external institution to understand Viet Nam's socialist political processes. Senior and respected Ministry advisers, however, supported the initiative, and advised to be open and allow PPLPI to proceed and to assess the results as the engagement progressed. These senior MARD advisers have become valuable supporters and allies of PPLPI inside the MARD, providing guidance in their personal capacity. The workshop also provided the venue to hold a first meeting among PPLPI, MARD DOA-Livestock and the IFPRI-ILRI JP to discuss the possibility of a joint policy research activity for livestock in Viet Nam. The area of common interest was the development of institutional arrangements that would effectively link smallholders with the growing market for livestock products in the pig sector.

As part of the preliminary activities to obtain a first insight into the constraints that beset stakeholders in the pig sector in Viet Nam, the DOA-Livestock, in collaboration with PPLPI and ACI Viet Nam, organized a first workshop in April 2005, at which constraints to pig producers and market intermediaries along the various types of market chains for pigs were identified. This was followed by obtaining empirically generated information on constraints to pig producers and marketing activities along the market chain through the IFPRI-ILRI JP – HAU research project for PPLPI on ‘Contract Farming for Equitable Market-Oriented Smallholder Swine Production in Northern Viet Nam’.

An inception workshop for the FAO PPLPI – IFPRI-ILRI JP – HAU project was held in July 2005, organized by the HAU, with DOA-Livestock of the MARD providing the leadership in garnering the services of local government officials (provincial and district levels) for agriculture and rural development (DARDs), and providing inputs on Ministry level policies and programmes for the pig sector in Viet Nam. Inputs from the inception workshop were used to design the field survey, which was undertaken by the HAU Team between October 2005 and January 2006.

In the meantime, over the course of 2006, the MARD was undergoing a reorganization to address more effectively the evolving concerns of the Ministry in undertaking its function to achieve greater progress in agricultural and rural development of Viet Nam. Two significant changes relevant to PPLPI engagement in Viet Nam, took place: (i) the creation of the Center for Agricultural Policy (CAP) and its research arm the Institute for Policy and Strategy for Agricultural and Rural Development (IPSARD) under the office of the Vice-Minister for Policy and Planning and for Science and Technology (Dr. Bui Ba Bong); and (ii) the creation of two director level livestock departments – the Department of Livestock Production (DLP) and the Department of Animal Health (DAH).

For PPLPI, the creation of a high-profile CAP-IPSARD provided an opening for collaboration with a dedicated policy arm under the MARD, as the main institutional partner at the national government level. This office and its Director-General (Dr. Dang Kim Son), in an initial meeting with PPLPI, immediately showed keen interest and enthusiasm of collaboration in the field of policy analysis, design and implementation as an important area of intervention in various concerns in agricultural development and poverty alleviation, beyond the traditional route of technical intervention. The two areas identified by CAP-IPSARD where PPLPI could be an important partner in information generation and sector analysis and identifying policy and institutional entry-points, were: (i) Linking rural smallholders and poorer stakeholders to larger components of the livestock value chains; and (ii) Managing risks of animal and human diseases. PPLPI has agreed to support this endeavour for its 2007-2008 programme. A main activity of the partnership is the organization of a Viet Nam Livestock Policy Task Force, jointly co-coordinated by PPLPI and CAP-IPSARD, with members to be drawn from a selected group of national and

international experts and relevant offices of the MARD. The Task Force will undertake the various processes leading to policy and institutional change for a pro-poor livestock sector development in Viet Nam, focusing first on the pig and poultry sectors.

Table 1 provides an overview of the meetings and workshops conducted within the process of designing pro-poor livestock development policy for the pig sector.

Table 1: Meetings and workshops organized in Viet Nam within the process of designing pro-poor livestock development policy for the pig sector.

Period	Venue	Topic/Purpose
March 2004	MARD, Hanoi	Meeting with MARD Vice Minister (for Policy and Planning and Science & Technology)
July 2004	Hanoi	Presentation of the pro-poor agenda of PPLPI to MARD officials at MARD-ILRI policy workshop
April 2005	Hanoi	Workshop for identification of pig sector stakeholders and introduction of EXTRAPOLATE model to representatives of MARD livestock-related departments and institutes
July 2005	Hanoi Agricultural University, Hanoi	Inception workshop for IFPRI-ILRI – HAU implemented PPLPI research project on 'Contract Farming for Equitable Market-Oriented Smallholder Swine Production in Northern Viet Nam'
October 2005	Ha Tay Province, North Viet Nam	Pre-testing of field survey instruments for pig farming households and market intermediaries
March 2006	Hanoi	Identification with HAU partner of main constraints to livelihoods of pig farming households from the preliminary field survey results of IFPRI-ILRI-HAU research activity
September 2006	MARD Hanoi CAP-IPSARD,	First meeting with CAP-IPSARD Director General and staff, leading to the agreement to form the Viet Nam Livestock Policy Task Force
December 2006	HAU, Hanoi	Review and revisions to the first draft of the Final Report for the 'Contract Farming' research project before elaboration of policy recommendations and submission to MARD

4. Next Steps

PPLPI and CAP-IPSARD will implement the Viet Nam Livestock Policy Task Force (VN LPTF). This will include the finalization of a memorandum of agreement (MOA) between PPLPI and MARD CAP-IPSARD detailing the terms of the partnership between the two institutions in working towards the design of pro-poor livestock policies and supporting institutional changes for effective implementation. The composition and terms of reference of the VN LPTF will be determined and communicated to their respective head offices. A workplan for the VN LPTF over 2007 through 2008, outlining the various components of the policy process (consultations, dialogues with stakeholders and policy makers, obtaining feedback) will be developed with corresponding budgets to support the activities of the task force.

Completion of the Final Report of the ILRI-IFPRI and HAU research project on 'Contract Farming for Equitable Market-Oriented Smallholder Swine Production in Northern Viet Nam' and presentation of the salient policy relevant findings to MARD, other PPLPI institutional partners in Viet Nam, and representatives of stakeholders in the pig sector at a workshop.

From this policy workshop, the Viet Nam Livestock Policy Task Force will take up the main issues raised to direct its subsequent activities in the policy processes toward the design and implementation of pro-poor livestock policies in the pig sector over the course of 2007 through 2008.

5. Supporting Documents

More detailed description of all workshops, meetings, studies, capacity building programs and consultations are available in separate reports and documents listed below:

Vu, T. (2003). The Political Economy of Pro-Poor Livestock Policymaking in Viet Nam. PPLPI Working Paper No. 5.

Costales, A. (2004). Towards a Pro-Poor Livestock Policy Agenda. Policy Workshop on Enhancing Smallholder Livelihoods from Livestock and the Role of Policies and Institutions, organized by the Ministry of Agriculture and Rural Development (MARD) and the International Livestock Research Institute (ILRI), Hanoi, July 2004.

Dinh Xuan Tung, Nguyen Thu Thuy, and Tran Cong Thang (2005). Pork Markets in Viet Nam, Current Status and Future Prospects: A Desk Study. Internal Report.

Maltsoglou I. and G. Rapsomanikis (2005). The Contribution of Livestock to Household Income in Viet Nam: A Household Typology Based Analysis. PPLPI Working Paper No. 21.

Epprecht, M. (2005). Geographic Dimensions of Livestock Holdings in Viet Nam: Spatial Relationships among Poverty, Infrastructure and Environment. PPLPI Working Paper No. 22.

ILRI, IFPRI and HAU. (2005). Contract Farming for Equitable Market-Oriented Smallholder Swine Production in Northern Viet Nam. Inception ws Report, Oct 2005

ILRI, IFPRI and HAU. (2006). Contract Farming for Equitable Market-Oriented Smallholder Swine Production in Northern Viet Nam. Mid-term Progress Report, 28 February 2006

6. Key Lessons

For an 'external' organization (e.g. FAO PPLPI) to be able to make inroads at influencing policy and decision making at the national level in a country like Viet Nam, it is necessary to take on as institutional partner the main national agency where policy and decision making takes place in matters concerning agricultural and rural development. In the case of Viet Nam this is the Ministry of Agriculture and Rural Development (MARD).

A true partnership, however, has to be developed through time and does not automatically come about by a verbal or written agreement to collaborate. The following lessons can be distilled from PPLPI activities in Viet Nam so far:

- The proposal of a policy-oriented initiative may not immediately capture the enthusiasm and support of traditional bureaucrats when it is not associated with an immediate tangible project for implementation, with funds to support their own agency's operations. This is a handicap for policy initiatives as there is competition for attention and support from bureaucrats with bi-lateral and multi-lateral development projects (e.g. bird flu control) and organizations (e.g. WB, ADB, DANIDA, CIDA, etc.) which offer substantial funds for projects to be implemented by various departments or institutes of the Ministry.
- Given these conditions, any policy initiative with only minor funds at its disposal must rely on the credibility of the initiative in supporting pro-poor programmes of the Ministry and the offices concerned. Toward this end, clarity of purpose and means of achieving this must be effectively communicated, at the outset avoiding false hopes that substantially funded projects from the initiative would be forthcoming. Once such credibility is established and reinforced, the more open-minded leaders find it in their interest to continue the dialogue on which areas of policy and institutional change the initiative and their office could begin to work together in whatever capacity.
- Ministry leaders and bureaucrats have their own perceptions and concerns in relation to livestock development and rural poverty alleviation, and have the desire to make their own programmes contribute to these objectives. These are valuable starting points for policy dialogues. Understanding the linkages between livestock development and rural household income improvements, however, may be outside their expertise and field of vision as they are beset by more pressing concerns of running their own bureaucracies and showing tangible accomplishments. Grappling with these more deeply needs to be

backed up with high quality information on the livestock sector, household livelihoods, and the linkage between them, which can only be generated from serious scientific policy oriented research activities.

- Toward this end, partnerships among PPLPI, reputable international research / academic institutions, and credible national research / academic are valuable in filling in the information and knowledge gaps. Partnership with reputable international research organizations provides international visibility and credibility in the international community. Partnership with a credible national research /academic institution brings in the sense of ownership of the undertaking to the national partners.
- The role of PPLPI in the partnership is crucial, as with respect to technically-oriented projects and national / international research institutes, it is in the position to leverage for the research activities to be policy-oriented and policy relevant at the outset. Also, PPLPI is in the position to elevate the policy relevant findings of the research activities to the leadership of the Ministry at the forefront in the policy processes, for which the activity was intended in the first place. Without this link, the research activities would simply be relegated to the bookshelves.
- Finding the right 'unit / individuals' within a ministry for managing the policy processes at the national level is not an easy task. The search process may entail mis-steps along the way and encounter dead-ends. Perseverance and keeping a good eye on developments at the Ministry level in matters of their programme priorities as well as reorganization of structures is crucial in identifying the right partner. The search may be influenced by a stroke of luck, but one must be quick when the stroke arrives, and seize the opportunity. This may entail changing course along the way as well as changing main partners, yet keeping the old relations within the framework of continuing policy dialogue.
- Prior to the reorganisation of the MARD, the Department of Agriculture (DOA) – Livestock, the livestock production arm of the Ministry, was the main national collaborator of PPLPI. The DOA-Livestock is tasked with implementing MARD's livestock development thrusts, with more rapid growth of the livestock sector as its main goal. The leadership of the DOA-Livestock thus is mostly concerned with implementing programmes geared towards that goal, and as long as rapid growth in the various livestock sub-sectors was being realized, impacts on poorer rural households was not given much attention. With a predominantly technical perspective of the leadership and staff at the DOA-Livestock, PPLPI could only make limited inroads in putting the poverty reduction agenda at the forefront, as from the viewpoint of the leadership of DOA-Livestock, there are other government agencies that have specific programmes for the poor. The reorganisation of the MARD with the formation of the CAP – IPSARD brought an agricultural policy-oriented unit into the Ministry and PPLPI took advantage of this

development to establish a link with this agricultural policy unit. The leadership and staff of CAP – IPSARD have shown great interest in the policy dimensions of livestock sector development with respect to rural poverty alleviation. They also have a good grasp of the potential effectiveness of alternative approaches to the reduction of animal health risks and market risks through market-oriented policy instruments in contrast to the standard command-and-control measures. CAP-IPSARD has also expressed concern on the risks of smallholder producers being excluded from mainstream market chains as participation requirements become more and more stringent in their product standards. The establishment of a close partnership with CAP – IPSARD gives PPLPI a good opportunity to influence livestock policies at the MARD to take a pro-poor orientation.

- Cultivating partnerships with other development organizations, international and local, which are like-minded with PPLPI in the desire for pro-poor livestock development policies in Viet Nam, provides additional leverage for PPLPI in finding allies in policy dialogues with policymakers at the MARD, as well as with the stakeholders among the rural that they work with. The choice of partners must be judicious, however, with great sensitivity to which development organizations (e.g., NGOs) have credibility in the eyes of the leaders within the Ministry.

7. Contacts

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