



The Political Economy of Pro-poor Livestock Policy-making in Vietnam

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EXECUTIVE SUMMARY

Livestock production has great potential in Vietnam. Despite government negligence and paltry investment, the growth rates of the livestock sector have been steady in the last decade and are about the same as those in the crop sector. Decollectivization has returned to farmers land use rights and better access to markets, although access is still difficult for farmers in remote areas. Market reforms have increased domestic demands for livestock products and services, and government agencies and private businesses have responded well to the new opportunities. Foreign donors have introduced a new understanding of and policy concern for (rural) poverty. Both the government and international NGOs have set up various programs to provide credits and training to rural producers, especially poor ones.

On the negative side, policymaking and implementation is still hindered by a political ambivalence about rural development in general. This results in a restrictive land policy that inhibits the potential of rural producers while restricting the growth of off-farm employment opportunities that may benefit the poor. Despite official rhetoric that calls for increased assistance to the poor, policies lack effective mechanisms to realize their participation in productive activities. Livestock extension and veterinary services have been strengthened and received increased funding but are still woefully inadequate. Food hygiene is poor and can cause a disaster if not timely addressed. Credit institutions to serve the poor operate like charities and lack sound financial and legal bases. In general, policymaking is for the most part still in the centrally planning mode. Great emphasis is placed on ambitious targets with little attention to efficiency, market or social demands, or real impact on the poor and the disadvantaged. Policymakers tend to favor large-scale production for exports at the expense of small-scale producers and domestic consumers, especially poor ones.

Four strategic entry points are recommended that can both improve the performance of the sector and the participation of the poor in productive activities:

- **Rural development strategy:** There is latent political support to be mobilized for a vision of rural industrialization and modernization through small-scale household production as the means both to reduce rural poverty and to avoid exploitation. Poor producers stand to benefit greatly if the current large-scale, export-oriented strategy is modified. In addition, the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) is now being implemented and an opportunity exists to channel more resources into livestock development projects.
- **Trade policy:** The effects of trade liberalization on domestic markets for livestock products and on poor consumers and producers are not known and need to be studied. A more balanced trade policy in livestock products that encourages not only domestic production but also domestic consumption may benefit both poor consumers and producers without additional investment.
- **Governance capacity:** Policymakers support pro-poor programs but may not understand the nature of rural poverty, know the sophisticated techniques of program design, or expect the difficulties of organizing production in ways that favor poor producers. Training seminars in the

rural economy, program designs and the operation and organization of rural productive units are recommended.

- Livestock service provision and credit institutions that target the poor: Greater autonomy for local government service units, the reorganization of these units to create a better synergy in service provision, the strengthening of services in remote areas, and the establishment of a legal framework to regulate and protect microfinancing institutions are recommended.