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Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 04-Jun-2019 | Report No: PIDC27242

**BASIC INFORMATION****A. Basic Project Data**

Country Vietnam	Project ID P171187	Parent Project ID (if any)	Project Name Vietnam: Agri-Food Safety Project (AFSP) (P171187)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Mar 30, 2020	Estimated Board Date Oct 30, 2020	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) The Socialist Republic of Vietnam	Implementing Agency Ministry of Agriculture and Rural Development, Hochiminh, Hanoi, other project cities and provinces	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve food safety management systems and infrastructure in targeted areas and reduce food safety risks in selected value chains.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	175.00
Total Financing	150.00
of which IBRD/IDA	150.00
Financing Gap	25.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	150.00
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Environmental and Social Risk Classification
Substantial

Concept Review Decision
Track I-The review did authorize the preparation to continue



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Other Decision (as needed)



B. Introduction and Context

Country Context

1. Vietnam has sustained rapid economic growth rates since the introduction of reforms in the late 1980s, allowing the country to transform from a low-income economy to a middle-income economy in one generation. Economic growth, coupled with the government's strong focus on inclusive social development, has enabled Vietnam to broaden prosperity while greatly lowering the incidence of extreme poverty. Accompanying and contributing to Vietnam's economic expansion has been an accelerated pace of urbanization, with especially high and concentrated population and economic growth occurring in and around Hanoi and Ho Chi Minh City (HCMC). During the past decade, Vietnam's urban population grew at about 3% per annum and, by 2040, above half of Vietnam's population is expected to live in urban areas.

2. Income growth and demographic changes are giving rise to a large, dynamic middle class with considerable discretionary purchasing power. Vietnam is now experiencing an accelerated process of dietary transformation, featuring a decline in consumption levels for the traditionally dominant staple, rice, and rapid rates of growth in the consumption of fruits and vegetables, processed foods and, especially, animal products.¹ These dietary and food expenditure shifts are most rapid and profound in major urban areas², where there is also increased levels of out-of-home eating. Changes in urban food consumption and expenditure patterns are not limited to the wealthy; they are occurring across the full spectrum of household income levels. And they are not just short-term; international experience suggests that Vietnam's dietary patterns will continue to evolve over the next decade and beyond as the country progresses toward and through upper middle-income status.

3. This dietary transformation across an expanding urban population provides enormous commercial opportunities for Vietnamese farmers, food companies, and service providers, provided that they are able to meet the rising expectations of consumers for product quality, freshness and safety and do so on a reliable and cost competitive basis. Servicing this domestic market for higher foods offers prospects for much higher profitability and employment (multiplier) growth than the formerly dominant rice value chain. And, the scale of this opportunity is very significant.³ The potential size of this domestic market for higher value foods is probably three or four times larger, in value terms, than any realistic scenario for Vietnam's food exports.⁴

4. While patterns of urban development and aspirations for 'smart cities' have captured the limelight in recent years, it is important to recognize the prominent role which Vietnamese agriculture has played in Vietnam's social stability, poverty reduction, employment and overall economic development over recent decades.⁵ Agricultural intensification and diversification and advances in agricultural productivity have enabled Vietnam to achieve a very high degree of food

¹ The volumes of distributed perishable foods are already large and growing fast. For example, on an annual basis, Hanoi and HCMC each consume more than 325,000 tons of meat, one million tons of fruit and vegetables and some tons of fish (Based on reports by Ha Noi DARD and Ho Chi Minh City FSMB, 2017).

² In 2012, some 55% of urban food expenditures were for animal products or seafood compared to only 17% for rice. (Vietnam Household Living Standards Survey 2012).

³ Dietary change is stimulating shifts in agricultural land use and, where consumers demand, an impetus for increasing the adoption of sustainable farming practices. It also stimulates demand for non-farm goods and services, such as advanced agricultural technologies, specialized advisory and conformity assessment services, effective cold chain and other logistical services, value added food products, and modern food distribution and consumer services.

⁴ In 2017, the gross value of Vietnam's food exports was \$20 billion plus an additional \$3.5 billion for coffee and tea exports. An ambitious target would be for food exports to reach \$35 billion by 2025. For comparison, the current value of domestic food spending is some \$63 billion. This is expected to double to about \$125 billion by 2025.

⁵ World Bank (2016): Transforming Vietnamese Agriculture: Gaining More from Less. Vietnam Development Report. Hanoi.



security and simultaneously emerge as a major global supplier for a broad range of food and other agricultural commodities.

5. Vietnam agricultural achievements are most notable for the expanded volume of its output and trade but not in relation to the quality of this output. Across its broad array of agro-food exports, Vietnam has, until quite recently, been receiving (substantially) discounted prices compared with competing peers, as a result of low, mixed or uncertain quality, and other factors.⁶ For fishery products, Vietnam has been experiencing higher rejection rates in OECD markets due to food safety violations than have all other major exporting countries.⁷ Quality or safety concerns are not limited to overseas markets. Recent surveys of urban consumers point to very low confidence, across all income groups, in the safety of local foods. This lack of confidence is almost universal. A 2018 survey in multiple Vietnamese cities found 89% of respondents characterizing local food as ‘unsafe’, echoing a 2016 survey which found middle- and upper-income consumers in Hanoi to either be worried (30%) or extremely worried (67%) about food safety.⁸

Sectoral and Institutional Context

6. The vast majority of Vietnam’s agro-food export consignment rejections and the primary focus of domestic consumer food safety concerns center upon the intensive and sometimes inappropriate use of agro-chemicals, veterinary drugs and food/feed additives, especially in primary agricultural production. Various farm surveys do in fact point to excessive use of veterinary drugs especially in segments of pork and shrimp aquaculture production, not merely to prevent disease but often as a growth stimulant. Non-judicious use of agro-chemicals has been found in many vegetable production systems. Regulatory violative levels of residues of veterinary drugs and agro-chemicals are commonly found in surveillance and field research testing of Vietnamese farm products.⁹

7. The actual public health impacts from heavy agro-chemical use in Vietnam are uncertain and probably long term. Heavy metals found in soil or water used for agriculture may also be a significant long-term contributor to the incidence of some forms of cancer, although more evidence on this is needed. High use of veterinary drugs may be resulting in serious shorter-term adverse health impacts through the emergence of anti-microbial resistance. A recent survey found not only a high incidence of microbiological contaminants in Vietnamese pork and poultry, but that the majority of these pathogens were resistant to multiple commonly prescribed antibiotics.¹⁰ Although not ranking high among most consumer concerns, the most serious food safety hazards in Vietnam—i.e. those which cause the majority of serious foodborne illnesses, are microbiological pathogens such as salmonella and e. coli. These may emerge at multiple levels in the food system as a result of the prevailing environmental conditions (i.e. water quality), food production and preparation practices, and the interactions between humans and animals. Within the food chain, there are multiple venues—including, on the farm, in vehicles, in marketplaces, on the kitchen countertop—where microbiological cross-contamination takes place.¹¹

⁶ Other factors include the incidence/perceived risks of contract non-fulfillment by Vietnamese suppliers, real or perceived risks regarding the environmental profile of Vietnamese commodities and intensive competition among Vietnamese exporters which has enabled international buyers to aggressively negotiate prices.

⁷ See Chapter IIB in World Bank (2019) East Asia and Pacific Economic Update: Managing Headwinds.

⁸ See Vagneron et al (2018) Urban Consumer Preferences Regarding Organic and Safe and Environmentally-friendly Agro-based Products in Vietnam and Myanmar. ADB. Also, VECO Vietnam (2016) habits, Concerns and Preferences of Vegetables Consumers in Hanoi.

⁹ Braun et al (2019) Pesticides and Antibiotics in Permanent Rice, Alternating Rice-Shrimp and Permanent Shrimp Systems in the Coastal Mekong Delta, Vietnam. Environment International. Volume 127.

¹⁰ Nguyen et al (2018) Antimicrobial Residues and Resistance Against Critically Important Antimicrobials in Non-Typhoidal Salmonella from Meat Sold in Wet Markets and Supermarkets in Vietnam. *International Journal of Food Microbiology* 266: 301-9.

¹¹ Chau et al (2014) Microbial and Parasitic Contamination of Fresh Vegetables Sold in Traditional Markets in Hue City, Vietnam. *Journal of Food and Nutrition Research*.



8. For Vietnam, food safety is thus emerging as a very significant problem, both in relationship to the reputation and competitiveness of its agriculture and food system, and in relation to its public health. The competitiveness challenge is both at home and abroad. At home, the sector needs to make changes to regain the confidence of consumers who might otherwise decide to avoid certain foods, replace fresh foods with less healthy processed alternatives, or switch to imported products when such brands are better trusted. Recent trade agreements provide for increased competition in the domestic market. If domestic suppliers don't clean up their value chains, then they risk losing the domestic market.¹² Abroad, Vietnam is aiming to reposition itself beyond being a low-cost commodity supplier by differentiating itself on the basis of quality and variety and moving into branded higher value-added consumer products. Success in this transformation will be contingent upon achieving consistently high standards for food safety. And failure to raise these standards—and the accompanying evidence of assurance—may even prevent Vietnam from maintaining its current access to important international markets.¹³

9. The exact scale of Vietnam's public health challenge from food safety is not entirely clear due to the limitations of available data. Officially reported food poisoning outbreaks, typically at factory canteens and school cafeterias, probably represent just the tip of the iceberg. Ministry of Health statistics indicate that over the 2011 to 2016 period, seven food-borne diseases impacted an average of 669,000 people per year.¹⁴ Other estimates, taking into account a broader range of food-borne diseases, suggest that more than ten times this number of Vietnamese citizens are sickened each year by unsafe food.¹⁵ Converting the latter estimates into disability-adjusted life years (DALYs), one finds that the public health burden of food borne disease in Vietnam is now at par with that of tuberculosis or HIV/AIDs. While Vietnam has achieved a reduction in the incidence and impacts of these latter diseases, there is concern that the incidence of serious foodborne illnesses could increase over time—along with further dietary changes towards intrinsically more hazardous foods—in a 'business as usual' scenario in terms of regulation and investment.¹⁶

10. The institutional arrangements for managing food safety risks in Vietnam are complex. This, together with the current state of food safety awareness and capacity, are not delivering good outcomes. Under the Law on Food Safety (2010), the primary responsibility for safe food lies with those who produce and distribute food—i.e. farmers, food manufacturers, restaurant owners, street vendors, etc.¹⁷ In assigning food business operators the primary responsibility for safe food, Vietnam's law is consistent with international standards and modern approaches to food safety management. However, this modern paradigm has yet to be effectively operationalized on the ground in Vietnam. Its application has been impaired by the prevailing structure of primary production and food value chains, the quality of information available to consumers, the legacy of past agricultural intensification efforts, and what these have implied for food operator practices and incentives, regulatory oversight, and overall accountability.

¹² According to COMTRADE data, Vietnam's imports of higher value foods (including aquatic and animal products, fruit, vegetables, nuts and spices) more than doubled from \$7.4 billion in 2011 to \$15.3 billion in 2016. Some of this involved raw materials for re-export (i.e. shrimp and in-shell cashews) or temperate fruits and vegetables, which do not grow well in Vietnam (i.e. apples and onions). But there have also been significant increases in imports of many animal products.

¹³ For example, China is now demanding full product traceability and the licensing of exporters involved in the cross-border food trade with Vietnam. (Non-) compliance with these requirements could lead to a considerable (decline or) boost of such trade.

¹⁴ National Assembly Supervision Delegation (2017): Report of Supervision of the Enforcement of Policies and Legislations on Food Safety in the Period 2011 to 2016.

¹⁵ The best available estimates probably come from the work of the WHO-convened Foodborne Disease Burden Epidemiology Reference Group (FERG). Its findings were reported on a sub-regional rather than country-specific level. See A. Havelaar et. al (2015) World Health Organization Global Estimates and Regional Comparisons of the Burden of Foodborne Disease in 2010, PLOS Medicine 12 (12): e1001923.doi.10.1371/journal.

¹⁶ Vietnam is on the upward sloping part of a 'lifecycle of food safety'—a position of many lower middle-income countries in which a rising exposure of consumers to food safety risks is outpacing the development of capacity to manage such risks—resulting in increased public health and commercial economic costs. Jaffee et al. (2019) The Safe Food Imperative: Accelerating Progress in Low- and Middle-Income Countries. World Bank.

¹⁷ Hereafter referred to as 'food business operators'.



11. While some shifts in the agrarian and productive structure have begun to occur in some regions and commodity sub-sectors, the bulk of Vietnam's expanded volume of marketed agricultural output is attributable to many millions of small-scale household farms, the vast majority of which are not affiliated with formal organizations or distribution channels. Most Vietnamese farmers either lack the needed knowledge or, more commonly, lack any effective incentives to practice good hygiene and more judicious use of inputs. In practical terms, their output is anonymous. While product sourcing, processing, and marketing for agro-food exports have trended toward intermediate levels of concentration, the domestic food market generally features very low levels of concentration, vertical coordination, or formality.

12. This is especially the case for perishable foods whose distribution remains highly fragmented and multi-layered. While modern supermarkets are estimated to account for 15 percent or more of total food grocery sales in leading Vietnamese cities, their share of consumer purchases of fish, meat, fruits and vegetables is generally in the low single digits.¹⁸ Most consumers regularly purchase fresh foods in community 'wet' markets, featuring dozens or even hundreds of small vendors. Nationally, there are many hundreds of such community markets in urban Vietnam and probably only 10 to 20% of these have been upgraded during the past decade or more with a higher standard of hygienic conditions. And surveys of market vendors typically point to low levels of awareness about good hygienic practices¹⁹ plus the common use of contaminated water for freshening produce or use for ice.²⁰ The vast majority of fresh produce and food ingredients sold at retail in Vietnam today cannot be traced to their source.

13. In such a situation, no one is really accountable for safe food. Vietnamese consumers, however, believe that it is the State, and, in particular, the central government, which should be responsible for controlling food safety. The Food Safety Law assigns three ministries—MARD, MOH, and MOIT—various food safety responsibilities. MOH is assigned over-arching responsibility for food safety and it is charged with developing unified policies and national strategies on food safety management. However, many specific roles are assigned in relation to specific commodities and/or points in the value chain. For example, MARD is assigned the responsibility for food safety for most fresh and semi-prepared foods including cereals, animal products and fruits and vegetables, and has the primary interface with farmers and first-stage processors (i.e. slaughterhouses). MOIT is responsible for the safety of most beverages, both alcoholic and non-alcoholic, vegetable oil and some processed foods, and also for oversight of food retail, both formal and informal. MOH has specific responsibility for food additives, bottled water and functional foods and is directly responsible for ensuring food safety in restaurants, canteens and other food services.

14. These ministerial responsibilities are be divided among different departments. For example, within MARD there are different food safety roles for Departments for animal health, livestock production, crop production, plant protection, fisheries, and quality management. Food safety is also decentralized down through provincial, district, and commune levels, reporting both vertically and horizontally. Capacities and available resources to implement programs and report problems or progress vary greatly among locales, although most local government entities are affected by shortages in technical human capacity and financial resources.

15. Coordination of food safety regulatory and other efforts is a persistent challenge. At the national and provincial levels, inter-sectoral steering committees seek to coordinate the efforts of different institutions. However, while the MOH has over-arching responsibility it does not have the authority to direct other ministries in their work to ensure that highest risk foods are targeted and prioritized. In fact, approaches to food safety oversight appear to vary considerably among different bodies of government and, in some areas, there are few or no synergies among interventions. For example, each

¹⁸ Wertheim-Heck et al. (2014) Food Safety in Every Day Life: Shopping for Vegetables in Vietnam. *Journal of Rural Studies*, 35: 37-48. Also, Vagneron et. al. (2018).

¹⁹ Samapundo et al. (2016) Food Safety Knowledge, Attitudes and Practices of Street Food Vendors and Consumers in Ho Chi Minh City, Vietnam. *Food Control*.

²⁰ Nguyen, T. and A. Dalsgaard (2014) Water Used to Moisten Vegetables is a Source of *Escherichia coli* and protozoan Parasite Contamination at Markets in Hanoi. *Journal of Water and Health*.



of the three ministries has its own approach and set of priorities in relation to food operator inspection and regulatory enforcement. MARD applies a risk-based approach to food business inspections, while MOIT does not. MARD has different arrangements for overseeing exports/imports and domestic sales. For the former, it operates directly through one of its departments, NAFIQAD; for the latter it issues guidelines for provinces/districts to follow. Both MARD and MOH carry out food chain surveillance and testing, yet independently. The scope and periodicity of these efforts depends on available budget rather than a longer-term strategic plan. Each of the three ministries have their own networks of food safety related laboratories, plus there are four regional laboratories. While additional resources have been mobilized to upgrade individual labs, there does not appear to have been an overall assessment of how well existing capacities are being utilized, as a system, and what measures are needed to improve the quality, timeliness and reliability of food safety testing.

16. While a variety of local surveys are beginning to build a broader picture, Vietnam still lacks systematic information on the incidence and sources of foodborne hazards and the incidence, distribution and impact of foodborne illnesses. This weak scientific and health reporting foundation, together with the still limited information sharing among different ministries or other units of government, make it decidedly difficult to prioritize, on the basis of risk, food safety problems and interventions. In the face of limited hard evidence, programs and policy making have tended to either focus on the most 'visible' issues—for example, addressing overuse of veterinary drugs in export-oriented aquaculture—or take on a reactive, fire-fighting posture rather than anticipating likely future problems and implementing a variety of coordinated preventive measures.²¹

17. Improving food safety regulatory practice will be essential in the coming years, both to restore consumer confidence and to bring about broad-based advances in underlying practices by food business operators. The prevailing regulatory paradigm seems to be emphasizing 'the stick', with periodically intensified inspections and increased fines or closures of non-compliant enterprises. This captures headlines and might appear to satisfy fearful consumers who have low confidence that existing regulations are being enforced. Yet this approach will not ultimately result in safer food for Vietnamese consumers and is inoperable on a large scale given the fragmentation of Vietnam's food system. Vietnamese regulators will need to wield a balanced mix of 'stick' and 'carrot', penalizing entities which are capable of complying yet repeatedly fail to live up to standards but devoting most attention to programs which facilitate incremental yet identifiable upgrades in the practices, record-keeping and other behaviors of large numbers of farmers, food enterprises, and food vendors.

18. In the domestic market, we are currently witnessing widespread market failure. Both in consumer surveys and in actual practice, a growing proportion of Vietnam's urban consumers are demonstrating a willingness to pay more for "safe food" typically defined by them as (i) being free of chemical, physical, or medicinal contaminants and (ii) able to be traced back to their original source to ensure accountability. The market failure in the inadequacy of supply of such 'safe food'. The proportion of Vietnamese farmers applying and being certified (or otherwise confirmed) to be applying 'good agricultural practices' is probably in the upper single digits. Organics production is even more rare—less than 1% of the planted fruit and vegetable area is of certified organics. A growing number of Vietnam's supermarkets, leading food companies, and the most advanced farmer cooperatives are moving toward shorter, integrated supply chains applying effective food safety management practices, yet their share of marketed food still remains small.

²¹ The trade-related dimensions of food safety have thus far received both more policy attention and more development assistance than has domestic food safety. This is partly due to the high visibility of trade-related problems, as when trade consignments are rejected, firms are not pre-authorized to sell into particular markets or temporary bans on Vietnamese products are threatened or actually imposed. In contrast, the burden of domestic foodborne disease is often invisible, and the economic consequences of domestic market disruptions are often difficult to measure.



Relationship to CPF

19. The proposed Agri-Food Safety Project (AFSP) is aligned with the WBG Country Partnership Framework (CPF) for engagement in Vietnam for FY18–22, particularly with Focal Areas 1 and 2. The proposed project will enhance Vietnam’s competitiveness in the food sector by upgrading infrastructure and producer practices, promoting risk-based food safety regulatory oversight, and improving consumer confidence. A safer food system will support continued agricultural diversification and business development and contribute to improved public health and nutrition.

20. The AFSP is also aligned with the government’s development strategies, notably the Socio-Economic Development Strategy (SEDS) and the 2016-20 Socio-Economic Development Program (SEDP) and will also help address some of the development constraints identified in Vietnam 2035. Both the SEDP and Vietnam 2035 highlight the challenges posed by the pace and magnitude of the demographic, dietary, and food system change, as well as the complexity of the food governance challenges which complicate the approach to, and capacity to regulate the food system. The proposed project will help to improve the incentives and capacities for food safety in the coming years thereby helping the country reduce future economic costs associated with unsafe food. The proposed project is among the three projects prioritized for WBG support by the GoV, reflecting the WBG’s comparative advantage in providing transformative and strategic investment, technical assistance and knowledge aligned to specific development challenges.

C. Proposed Development Objective(s)

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21. The Project Development Objective (PDO) is to improve food safety management systems and infrastructure in targeted areas and reduce food safety risks in selected value chains.

Key Results (From PCN)

- Reduced incidence/levels of specific hazards in marketed meat, fish and fruit and vegetables
- Improved food safety behavior and confidence of consumers
- Reduced incidence of foodborne disease outbreaks amongst high risk groups (i.e. students)
- Expanded market for safe food products sourced from targeted project areas and channeled through the distribution infrastructure upgraded by the project

D. Concept Description

22. Total project cost is expected to be between US\$ 150 and 175 million, with the IBRD loan covering 50-60 percent of total project cost, primarily financing hardware investments. Remaining costs will be covered by counterpart funds of the participating municipalities and private investors. The participating cities/provinces will engage and commit for on-lending arrangements with the Ministry of Finance (MOF) and be responsible for financing the critical capacity building, coordination, knowledge management, technical assistance activities which involve recurrent expenditures. Private



investors could join in through new models of Public-Private Partnerships (PPP)²² that facilitate the defined areas where that private sector could take the lead. Certain technical and/or oversight functions are best performed at the central level given economies of scale, the need for a consistent national approach, etc., yet support for such functions would need to come from the regular budget for MARD and other participating ministries. It is proposed that project implementation would span five years, from 2021 to 2025.

23. The project owners will be the municipal/provincial governments of the targeted areas and the agencies/administrative units which they designate to lead the preparation and implementation of project investments. This is expected to be Departments of Agriculture and Rural Development. At central level, the Ministry of Agriculture and Rural Development (MARD) will serve as the main counterpart for policy development, capacity building and technical support to participating cities/provinces. In addition, partnerships will be explored with the Ministry of Health and the Ministry of Industry and Trade on selected areas of their mandates relevant to the project.

Project Components

24. The number of project components will depend upon the number of cities/provinces which participate in the project. Each city/province would be responsible for implementing a component, for example Food Safe Hanoi or Food Safe Ho City Minh City. An additional component would relate to central government functions and be called Food Safety Policy and Coordination. For each city-specific Component, the structure will be identical to cover (i) Safe Food Practices and Infrastructure in Primary Production; (ii) Safe Food Practices and Infrastructure in Processing and Market Distribution; (iii) Regulatory Capacity and Consumer Engagement; and (iv) Component Management. For the Central Component, the interventions relate to institutional development, policy making and technical support to city-level interventions.

25. This project structure will give more flexibility, discretion and responsibility for each city to carry out the project so that each city is fully accountable to its council and citizens in borrowing and in using the IBRD resources. For the central Component, MARD and other central line ministries such as MOH and MOIT, could mobilize resources from MOF and/or other grant sources.

Component/Sub-Component Descriptions

26. The following detailed description of the sub-component under one City Component is applicable to other cities.

27. Sub-Component 1. Safe Food Practices and Infrastructure in Primary Production. This sub-component will support the application, at scale, of Good Agricultural Practices and Good Animal Husbandry Practices (GAP/GAHP) among farmers. In core production clusters for livestock, aquaculture and fruit/vegetables, investments will be made in productive and market access infrastructure, including for high-level technology applications, while complementary technical and financial support will enable GAP/GAHP adoption and assurance (including certification). Organized producers of safe products will be linked to downstream buyers or have their output tagged forward via distinct distribution channels/locales.

28. Sub-Component 2. Safe Food Practices and Infrastructure in Processing and Distribution. This sub-component will invest in upgrading: (i) wholesale/gateway food markets; (ii) traditional food markets; and (iii) slaughterhouses that supply food to the project cities. It will also invest in hygienic indoor/outdoor food courts/centers where street food-type vending can be formalized. Training and awareness raising on safe food handling will be provided to processing facility operators, market stall vendors and street food vendors. The aims of these investments will be to improve hygiene and sanitation of these facilities while also strengthening their ability to efficiently provide multiple services to farmers,

²² The project would finance public goods and works to attract private sector financing their own investments.



consumers, and value chain marketing entities. Building from the lessons of LIFSAP, another aim of the project investments will be to crowd in private investments in slaughterhouses and wholesale food markets through matching grants and/or investment in essential public infrastructure needed for these facilities to operate effectively.

29. Sub-Component 3. Regulatory Capacity and Consumer Engagement. This sub-component will strengthen public and private sector capacities to implement the Codex Alimentarius risk analysis framework, covering (science-based) risk assessment, (policy-based) risk management, and risk communication. Investments (in equipment and human resources) would be made to establish data and information management systems for food safety surveillance, implement risk-based surveillance and inspection plans, implement effective risk communication strategies, and strengthen and accredit selected laboratory testing capacities. The sub-component will also include scientific and thematic studies to inform priorities, policies, etc. on an on-going basis. Consumers must play important roles in ensuring their own food safety—in the home, in their shopping behavior and when eating out. A multi-dimensional program of consumer food safety awareness, information exchange, and other interactions will therefore be implemented.

30. Sub-Component 4. Project Management. This component will focus on: (i) monitoring and evaluation and (ii) Component coordination.

31. Central Component: Food Safety Regulatory and Policy Development. Many critical interventions, on the ground, can take place at the decentralized level and have a powerful impact there. Yet there are several reasons why it would be advantageous for the project to also include several coordinative and complementary measures at the central level. For example, it is important that the efforts in the major cities are consistent with and help to inform future reforms in national food policy laws, regulations, and policies. Some policies and guidelines-- including on approaches to food safety surveillance, risk communication, and overall consumer engagement—are best laid out at the central level and then adapted locally. Ultimately Vietnam is aiming to strengthen its national systems for food safety. Thus, in relation to the development of scientific capabilities, building a cadre of food safety professionals, and developing a national network of laboratories with complementary functions, it is important that the project also include some investments in these areas at the central level with synergistic relations to the investments will be taken at the level of the focal cities.²³

32. Specific interventions at the level of central ministries might include: updating of national standards and guidelines, including schemes for product recall, product and entity certification and accreditation; strengthening food safety database/reporting (including hazard surveillance, enterprise inspection reports, food-poisoning outbreaks; market inspection); and policy and planning for consistent and coordinated national approaches to food safety management (possibly including market infrastructure master planning; strategies for food safety science and innovation; food safety human resource assessment and development and strategies for consumer engagement and risk communication.²⁴

²³ The project will be a very important tool for learning—about what works, what doesn't, what is scalable, and why. The likelihood of more widespread learning from the experiences and experimentation that will occur at the city levels will be greater if central ministries plays an active role in harvesting and sharing these experiences with other cities and provinces.

²⁴ The safety of food is ultimately the result of the actions or inactions of many people, the physical environment in which they operate and the adequacy of incentives driving people—farmers, food handlers, consumers, regulators, etc.—to do the 'right thing', even when no one is watching. Infrastructure investments—at farm, post-harvest, in distribution channels and in regulatory control systems (including laboratories) are essential to well-functioning food systems and to the safety of food. Yet, equally important for effective food safety risk management are investments in foundational scientific and technical knowledge and professional skills and programs which impact awareness, knowledge, and organizational capabilities to farmers, food market operators, and consumers. Some of these latter programs may not qualify for ODA support under the current guidelines, yet it is critical that they be implemented, using public resources to realize the full benefits of the other investments which will be undertaken.



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Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

As part of environmental and social screening, the team has reviewed the project concept note, experience of relevant projects, related laws and regulations including Law on Environmental Protection, Land Law, Labor code. The project is expected to bring about significant positive impacts for improving food safety with an outcome of better health of the population. The potential adverse environmental and social risks and impacts would be associated with Sub-Components 1, 2, and 4 of the project. The infrastructure investments of under the project would be of small to medium scale. The environmental risks and impacts would be mostly temporary, and predictable and/or reversible, and the nature of the project does not preclude the possibility of avoiding or reversing them. The main adverse risk and impacts would be those associated with construction activities and operation on the project infrastructures such as wet markets and slaughter houses. There is medium to low probability of serious adverse effects to human health and/or the environment, and mitigatory and/or compensatory measures may be designed more readily. Therefore, the project environmental risks are qualified as substantial.

The main social risks and impacts for the project may relate to land acquisition and resettlement for establishing facilities/structures for slaughterhouses and market places and the temporary dislocation of livelihoods for market vendors during the renovation/reconstruction of community markets. The possible closure of in-city slaughterhouses and wholesale markets and their relocation to peri-urban sites may disrupt the livelihoods of workers and vendors, with some possibly having difficulties to continue operating due in the new locations. There will also be social risks related to sub-standard labor and working conditions on worksites for the renovation/rehabilitation works to be financed under the project. Also, there may be a risk of unequal uptake of good agricultural practices to be promoted under component 1, among farmers intended as beneficiaries of the project, especially if these activities to promote these practices take place in mountainous ethnic minority communities.

The relevance of the ESSs to the project has also been assessed and include ESS1 through ESS8 and ESS10. The Bank Policies on Projects on International Waterways and Projects in Disputed Areas are not triggered for the project.

An Environmental and Social Management Framework (ESMF) will be prepared, given that the exact activities and their respective sites have yet to be identified. The ESMF will define screening mechanisms and monitoring procedures for the identification and management of potential adverse environmental and social impacts, and provide a grievance redress mechanism with guidance on the reception, recording, handling, and reporting of complaints that may be encountered during project implementation. The environmental and social assessment procedure will follow requirements of the relevant ESSs in identifying and managing the environmental and social risks and impacts including direct, indirect, and cumulative impacts.

Prior to Bank Board Approval of the project, the Borrower will (1) Complete Environmental and Social Management



Framework (ESMF), (2) Complete the Stakeholder Engagement Plan (SEP), and (3) Complete the Environmental and Social Commitment Plan (ESCP). Prior to project appraisal, the Borrower will disclose the SEP, ESMF, and ESCP in a timely manner, in an accessible place, and in a form and language understandable to project-affected parties and other interested parties as set out in ESS10, so they can provide meaningful input into project design and mitigation measures.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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APPROVAL

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