

GONZALO CASTRO DE LA MATA Chairman The Inspection Panel

**IPN REQUEST RQ 17/03** 

March 21, 2017

# MEMORANDUM TO THE EXECUTIVE DIRECTORS INTERNATIONAL DEVELOPMENT ASSOCIATION

#### **Request for Inspection**

Socialist Republic of Vietnam: Vietnam Livestock Competitiveness and Food Safety Project (P090723) and Vietnam Livestock Competitiveness and Food Safety Project Additional Financing (P151946)

# Notice of Non-Registration

# **Summary**

- 1. In accordance with paragraph 17 of the Resolution<sup>1</sup> establishing the Inspection Panel (the "Panel"), I hereby inform you that on January 12, 2017, the Panel received a Request for Inspection (the "Request") of the Vietnam Livestock Competitiveness and Food Safety Project (P090723) and its Additional Financing (P151946) (LIFSAP or the "Project").
- 2. The Request was sent by two animal protection organizations claiming that the Project failed to consider the welfare of the farm animals housed by the livestock producers involved in the Project. They also complained about lack of consultation and access to information.
- 3. After reviewing the information gathered through its own due diligence and the information received from Management, the Panel is not registering the Request for Inspection given the absence of a currently applicable World Bank Operational Policy and Procedure on animal welfare against which the Panel could determine Project compliance.

# The Project

- 4. The IDA-financed LIFSAP was approved on September 22, 2009, in the amount of US\$65.26 million equivalent. On June 26, 2015, the Board approved additional financing for the Project in the amount of US\$44.68 million equivalent. The expected closing date is December 31, 2018.
- 5. The Project Development Objectives are to: (i) increase the production efficiency of household-based livestock producers; (ii) reduce the environmental impact of livestock production, processing and marketing; and (iii) improve food safety in livestock product supply chains in

<sup>&</sup>lt;sup>1</sup> The World Bank Inspection Panel, International Development Association, Resolution No. IDA 93-6 (referred to as the "Resolution").

selected provinces. The Request relates to Component A of the Project, which supports the upgrading of household-based livestock production and market integration through, among other things, the training of farmers and animal-production and veterinary staff in the application of Good Animal Husbandry Practices (GAHP), the piloting of Livestock Planning Zones, and the upgrading of slaughterhouses and meat markets.

6. The Project has been assigned an Environmental "Category B" and triggered the following safeguards policies: Environmental Assessment (OP/BP 4.01), Pest Management (OP 4.09), Indigenous Peoples (OP/BP 4.10), and Involuntary Resettlement (OP/BP 4.12).

# The Request

- 7. The Request<sup>2</sup> was submitted by two animal welfare organizations based in Vietnam who asked for confidentiality. They claim that the Project failed to consider the welfare of the farm animals housed by the livestock producers involved in the Project. They explain that large, medium, and even some small-scale producers in Vietnam house poultry and pigs in restrictive confinement systems, allegedly shown in Project-related pictures of battery cage systems for egg-laying hens published on the Bank's website.
- 8. The Requesters allege that the Bank failed to include training on higher-level animal welfare housing systems as part of the Project's training on GAHP. In doing so, they claim that the Project: (i) created physical and psychological harm to the farm animals involved in the Project; (ii) undermined the Requester's voice on the importance of animal welfare in livestock projects; and (iii) hindered progress towards developing higher-level animal welfare housing systems in the country. They explain that the World Bank's Environmental and Social Framework now specifically references the International Finance Corporation's (IFC's) Good Practice Note (GPN) on Animal Welfare, and therefore, ensuring the welfare of farm animals in accordance with the GPN is a requirement of all projects in the livestock sector.
- 9. The Requesters also contend that stakeholder engagement has been inadequate and neither the Requesters nor any other animal welfare organization in Vietnam were consulted about the Project. In addition, they claim that Management failed to answer their requests to access training materials used by the Project.

#### Panel's Observations and Determination

- 10. In accordance with its Operating Procedures<sup>3</sup>, after receipt of the Request the Panel issued a Notice of Receipt on its website on January 27, 2017.<sup>4</sup> The Panel conducted its due diligence by reviewing the information contained in the Request and Project documents. On January 24, 2017, the Panel held a video conference with the Requesters to better understand their concerns.
- 11. The Panel met with Bank Management on March 2, 2017, and learned that the Project does not directly support any production facilities, but rather focuses on capacity-building and training activities. In Management's view, the Project contributes to improving the welfare of farm animals by training both veterinary officers and livestock-producing households on animal health,

<sup>&</sup>lt;sup>2</sup> The Request is attached to this Notice as Annex 1.

<sup>&</sup>lt;sup>3</sup>http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2014%20Updated%20Operating% 20Proced ures.pdf

<sup>4</sup> http://ewebapps.worldbank.org/apps/ip/Pages/ViewCase.aspx?CaseId=124

surveillance and control of animal diseases, better animal feeding and breeding, bio-security, animal waste management, and handling of animals. According to Management, this is in accordance with GAHP, as recognized by the Vietnamese Good Agricultural Practice (VietGAP)<sup>5</sup> certification. In addition, Management explained that livestock producers are monitored to ensure adoption of these good practices and are independently audited to receive the VietGAP certification.

- 12. Management highlighted that all of the Project's training activities are consistent with the international standards ("Terrestrial Animal Health Code") as defined by the World Organization for Animal Health (OIE): "Animal welfare means how an animal is coping with the conditions in which it lives. An animal is in a good state of welfare if it is healthy, comfortable, well nourished, safe, able to express innate behavior, and if it is not suffering from unpleasant states such as pain, fear, and distress."
- 13. The Panel recognizes and highlights the importance of animal welfare. The Panel notes that OP/BP 4.01 on Environmental Assessment does not cover animal welfare issues and that the IFC GPN on Animal Welfare, which provides acceptable standards against which commercial farm animal welfare can be assessed, does not apply to the Project. While the new Environmental and Social Framework refers to the IFC GPN on Animal Welfare for large-scale commercial farming, the Framework is not yet in effect and is not applicable to the LIFSAP.
- 14. In light of the foregoing and in accordance with the Panel Resolution, its Clarifications, and its Operating Procedures, and after reviewing the information gathered through its own due diligence and the information received from Management, the Panel is not registering the Request for Inspection given the absence of a currently applicable World Bank Operational Policy and Procedure on animal welfare against which the Panel could determine Project compliance.

Yours sincerely,

Gonzalo Castro de la Mata Chairman

#### Attachments

Mr. Jim Yong Kim, President International Development Association

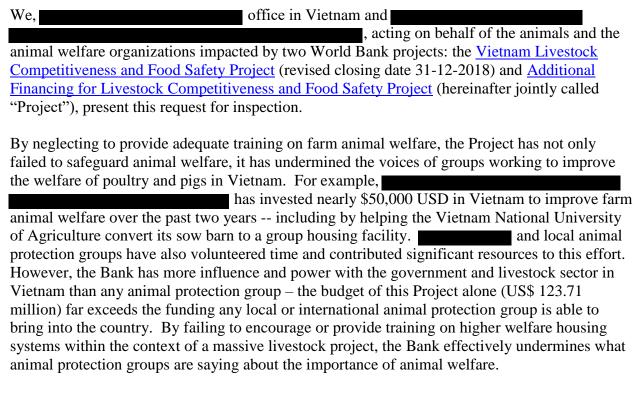
The Executive Directors and Alternates International Development Association

The Requesters (Confidential)

<sup>5</sup> The VietGAP are standards and guidelines published by the Ministry of Agriculture and Rural Development in respect of different group of products (aquaculture, cultivation, livestock) to ensure productive technique, food safety, product traceability, protection of the environment and health.

12<sup>th</sup> January, 2017

The Inspection Panel 1818 H Street, NW Washington, DC 20433 USA



- 1) Following are the failures or omissions that we believe are the responsibility of the Bank:
  - i) Stakeholder engagement has been inadequate. While both have invested resources in promoting higher animal welfare standards in Vietnam's livestock sector, specifically cage-free housing systems for hens and group housing systems for sows, neither group (nor any other animal welfare organization working within Vietnam) were consulted about this project.
  - ii) The Bank's response to stakeholders' queries about the project is inadequate and unacceptable. In response to our concerns about animal welfare, the Director of the World Bank in Vietnam stated that "the scale of the issue within the scope of the project is minimal" (attachment 1). This is despite the fact that more than US\$ 123 million have been committed to the Project, which by its very nature of being a livestock project, relies on the breeding, rearing, and slaughter of animals (all of which come with significant welfare issues). The Bank has also failed to comply with our request to see any materials used to train producers on animal welfare as part of the Project's Good Animal Husbandry Practices (GAHP) component.

- 2) We fear that these failures and omissions shall result in the following damage or harm:
  - i) Vietnam houses the fourth largest population of pigs in the world, and is one of the largest egg and poultry meat producers in Asia. Large-scale, medium-scale and even some small-scale producers in Vietnam house animals in restrictive battery cages and sow stalls. The intensive confinement of these production systems severely impairs the animals' welfare, as they are unable to exercise, fully extend their limbs, or engage in many important natural behaviors. As a result of the severe restriction within barren housing systems, animals can experience significant and prolonged physical and psychological assaults. Indeed, extensive scientific evidence shows that intensively confined farm animals are frustrated, distressed, and suffering. Further, the IFC's GPN on animal welfare, by referencing the Five Freedoms of Farm Animal Welfare, clearly prohibits such confinement systems. Specific examples are provided in table 1.

Table 1: Examples of Specific Project Activities where significant animal suffering could result if animal welfare safeguards are not in place:

Project Activity	Welfare risks specifically	Other serious welfare	Source with
	associated with project activity	problems, which Project failed to address through animal welfare training	References
Increase the Production Efficiency of Household-based Livestock Producers through Livestock (poultry) fattening times shortened	Selection for rapid growth is a severe welfare problem as it can result in poor bone health, leg disorders including deformities, lameness, tibial dyschondroplasia, and ruptured tendons, and has been correlated with metabolic disorders such as ascites and sudden death syndrome. Broiler chickens selected for faster growth also suffer from weakened immune systems, making them more susceptible to a variety of additional diseases.	Broiler breeders, the parent birds of chickens raised for meat, are subjected to severe feed restriction, and males may undergo painful toe and beak amputations, performed without pain relief.	
Increase the	Overcrowded in indoor,	Pregnant sows are commonly	
Production	barren environments,	confined to gestation crates,	
Efficiency of	pigs in commercial	small cages that typically	
Household-based	production facilities are	measure 0.6 m wide by 2.13 m	
Livestock	offered little opportunity	long. Gestation crates restrict	

	T		T
<u>Producers through</u>	to display their full range	normal postural adjustments	
Herd/flock (pigs)	of complex social,	and are so narrow that they	
<u>numbers</u>	foraging, and exploratory	prevent the sow from even	
increased	behavior. Behavioral	turning around.	
	abnormalities, such as		
	tail-biting and aggression,	Restriction of movement can	
	arise due to	lead to a reduction in muscle	
	environmental and social	weight and bone strength.	
	deficiencies. Poor air	These restricted animals also	
	quality and intensive	have higher basal heart rates,,	
	confinement may lead to	can experience soreness and	
	health problems, and the	injuries from rubbing against	
	lack of individualized	the bars of their enclosures and	
	attention to each animal	from standing or lying on	
	compromises their care.	barren flooring, and have a	
	Handling and transport	higher rate of urinary tract	
	for slaughter are highly	infections due to their	
	stressful procedures, and	inactivity, decreased water	
	some pigs become so	consumption, and infrequency	
	fatigued, injured, or sick	of urination.	
	that they become		
	nonambulatory, unable	Crated sows also suffer from	
	to stand and walk on	psychological problems, as	
	their own accord.	evidenced by abnormal	
	their own accord.	behavior. Common	
		stereotypies of crated sows	
		include bar-biting (on the crate	
		that confines them) and sham-	
		chewing (with nothing in their	
		3.	
		mouth). In addition, crated	
		sows tend to become	
		unresponsive over time, a	
		behavioral disorder scientists	
In annual Color	In annual colors	have linked to depression.	
Increase the	In commercial systems		
Production	without adequate		
Efficiency of	welfare safeguards,		
<u>Household-based</u>	broiler chickens may		
<u>Livestock</u>	experience crowded		
Producers through	indoor confinement,		
Herd/flock	unnatural lighting		
(poultry) numbers	regimes, poor air quality,		
increased	and stressful handling		
	and transportation.		
Common and the		Hana ana anafin a dia	
Supporting		Hens are confined in	
Commercial Egg		battery cages, enclosures so	
Production (Please	i	small that the birds are unable	

see attachment 2	even to spread their wings	
for photos)	without touching the	
	cage sides or other hens.	
	Battery cages prevent nearly all	
	normal behavior, including	
	nesting, perching, and	
	dustbathing, all of which are	
	critically important to the hen,	
	as well as deny the birds	
	normal movement to	
	such an extent that the hens	
	may suffer from physical	
	ailments, including	
	osteoporosis and reproductive	
	and liver problems. The	
	females are typically	
	beak-trimmed, usually with a	
	hot blade, to prevent them	
	from developing the abnormal	
	pecking behaviors	
	that manifest in substandard	
	environments. Once their	
	productivity wanes, typically	
	after 1-2 years, the hens are	
	"depopulated," and many	
	experience broken bones as	
	they are removed from the	
	cages.	

- i) Both global and regional markets are poised to close for products produced without basic animal welfare standards. An expanding number of multinational food companies are phasing out the use of battery cages, sow stalls and other abusive practices from their supply chains for eggs, meat and milk. Throughout the world, governments including in Asia, Latin America and Africa have already adopted, or are considering adopting, farm animal welfare legislation in response to public concerns. These trends and the need for producers to heed them is well noted within the IFC's GPN on Animal Welfare. By failing to provide training or information on these trends towards higher welfare housing system through the Project, the Bank fails to help Vietnamese egg, meat, and milk producers adapt to changing market demands indeed the omission hinders progress by making it appear as if such trends do not exist.
- ii) For reasons stated above, the Project undermines the efforts of Vietnamese animal protection advocates working to improve the welfare of poultry and pigs in the country's egg and meat industry.

- 3. We make this request on behalf of the animals and animal welfare advocates impacted by the Vietnam Livestock Competitiveness and Food Safety Project.
- 4. These concerns have been raised with the Bank staff in Vietnam by staff in the country, on behalf of other animal protection advocates. A copy of all correspondence is contained in attachment 1.

The World Bank's <u>Safeguard Policies</u> now specifically reference the <u>International Finance</u> <u>Corporation's Good Practice Note on Animal Welfare</u>. Therefore ensuring the welfare of farm animals in accordance with the GPN is a requirement of all projects in the livestock sector.

We believe that the above actions and omissions which are contrary to the Banks policies or procedures have materially and adversely affected the welfare of the animals on whose behalf we present this request, and have undermined the efforts of animal protection advocates in Vietnam who are working to promote higher animal welfare standards in the livestock sector. These omissions have also hindered progress in Vietnam's livestock sector (which adversely impacts farmers). We therefore ask for a fair and rapid treatment of the present concerns by the Inspection Panel.

We have made this Request for Inspection briefly in accordance with your Operating Procedures. We are however able to provide you with more particulars on request.



# ATTACHMENT 1: Correspondence with World Bank Director, Vietnam

To: Ousmane Dione Subject: Re: Response to your email
Dear Mr. Dione,
I appreciate your prompt response and well-wishes.
and other animal protection groups are investing significant resources in promoting higher animal welfare standards in Vietnam and throughout the region has led training workshops and even funded a model pig facility at the Vietnam National University of Agriculture. Attached are some of the standards being promoted by We would like to see the Banks' training materials for the Vietnam Livestock project to ensure that we are not working at cross-purposes. Thank you in advance and have a Happy New Year ahead.  Sincerely,
From: Ousmane Dione < odione@worldbank.org>
Subject: Response to your email

Many thanks for your email and the enclosed inquiry. Please find below some clarification to the issue you raised in your email.

- The project is not financing any production facilities (stabling or housing per se) and thus has
  few leverage on their design and / or operation. It focuses on public good aspects of livestock
  operations: bio-security, environmental preservation and food safety.
- But the project is an incremental step in improving awareness on a number of issues, including animal welfare, as it promotes "Good Animal Husbandry Practices" (GAHP now included in VietGAP) and complies with standards or technical guidance when they exist.
- And finally that the scale of the issue within the scope of the project is minimal and that we will
  continue our efforts to ensure that it remains as such and that animal welfare aspects are
  promoted.

I appreciate your care about this important issue and thank you very much for reaching the world bank.

Wishing you a merry Christmas.
Ousmane
To: odione@worldbank.org
Subject: Concerns about additional Financing for Livestock Competitiveness and Food Safety Project
Mr. Dione,
I am writing to follow up on my earlier email of November 30 <sup>th</sup> . Please see below. I would very much
appreciate a response. As I mentioned in this earlier email,
animal protection groups in Vietnam have been working to phase out the extreme confinement of farm
animals in cages/crates. Allowing the use of battery cage systems for egg laying hens as part of the
Livestock Competitiveness and Food Safety Project in Vietnam undermines our efforts to modernize the
livestock sector and promote more humane practices in our country. What assurances can you provide
that this will be corrected through the additional funding being provided through this project, bringing it
in line with the IFC's Good Practice Note on Animal Welfare, which is also now part of the World Bank's
Safeguards Policy?
Again, HSI is happy to collaborate and support the Bank's efforts to promote animal welfare in
Vietnam. Please let me know if we can meet to discuss further.
I look forward to your response.
Kind regards,
Subject: Concerns about additional Financing for Livestock Competitiveness and Food Safety
Project

Dear Mr. Dione,

I am writing on behalf of

Our

farm animal protection programs focus on helping egg and meat farmers move towards more modern, higher welfare production systems—specifically cage-free housing systems for egg laying hens and group housing systems for sows. We have funded a number of research and education projects in Vietnam to this end.

This is why we were particularly concerned to learn from this article on the World Bank website (pdf also attached), that the World Bank allowed, if not promoted, the use of battery cage systems for egg laying hens as part of the Livestock Competitiveness and Food Safety Project in Vietnam. As funding to this project is continuing (Additional Financing for Livestock Competitiveness and Food Safety Project approved in June 2015), we seek assurance that all livestock projects will conform to the IFC's Good Practice Note on Animal Welfare, which is now referenced within the World Bank's updated Safeguards Policy. The GPN clearly discourages the use of extreme confinement systems such as battery cages.

Animal welfare is an issue of growing importance globally, including in developing and emerging economies, where major food companies, industry associations, and governments are discouraging or outright restricting the use of battery cages, gestation crates/sow stalls, and other cruel and outdated housing systems. The World Bank group should also play a leadership role in propagating more modern and higher welfare housing systems through its programs. HSI is happy to work with you to this end.

Please let me know if we can meet before the end of the year to discuss how animal welfare, a critical component of GAHP and food safety, can be better integrated into the World Bank Livestock and Food Safety program in Vietnam. In the meantime, here is a link to a very relevant paper on food safety and animal welfare.

I look forward to your response.

Kind regards,

# ATTACHMENT 2: World Bank Documentation, including photos of battery cages



(http://www.worldbank.org/)

Projects & Operations (http://www.worldbank.org/projects)

# Vietnam: Better Food Safety and Production Efficiency with Good Animal Husbandry Practices

April 14, 2016

This page in: English

Tiếng Việt (http://www.worldbank.org/vi/results/2016/04/14/vietnam-better-food-safety-and-production-efficiency-with-good-animal-husbandry-practices)



**Y** TWEET

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Two farmers received training and support on Good Animal Husbandry Practices under the Livestock Competitiveness and Food Safety Project.

Between 2010 and 2015, the Livestock Competitiveness and Food Safety Project introduced Good Animal Husbandry Practices (GAHP) to small holders of livestock production. As a result of improved bio-security measures and upgrades to slaughterhouses and sanitation in wet markets, the Project has contributed to significant improvements in production efficiency, competitiveness, and food safety along the food value chains for pork and poultry.

## Challenge

Pig and poultry farming at household level in Vietnam has faced a number of challenges. Key issues include low investments, small herds/ flocks, low inputs, poor quality animals, and high levels of disease and mortality. These issues, combined with limited access to markets and high risks, have led to low turnover and returns.

Meanwhile, slaughterhouses have suffered from inadequate investment, and in their management, there has been little concern for waste management, hygiene, and safety. Slaughterhouses have also been characterized by low throughput and productivity.

Fresh meat markets are often of low quality, with inadequate facilities. Meanwhile, urban food markets possess little space, limited ventilation, poor hygiene services (such as display tables, water and electricity supplies), inadequate waste disposal, and poor access for buyers.

#### **Approach**

The Project adopted a comprehensive food chain approach spanning "farm to table" or "producer to consumer" and addressed interrelated issues of livestock competitiveness, food safety, and environmental sustainability in an integrated way.

The Project promoted the use of Good Animal Husbandry Practices (GAHPs) in existing livestock production areas, through training of farmers, extension officers, and animal production and veterinary staff in the application of GAHPs, including feed conversion technology and proactive disease control measurements. It also helped form producer groups that would have better negotiation power to reduce the feed cost and improve access to markets; provided equipment and goods to strengthen provincial and district level livestock services delivery, including animal disease control and surveillance; and supported waste management and bio-security investments at the farm level.

Under the Project, Livestock Planning Zones were piloted, aiming to increase competitiveness and safety, while slaughterhouses and meat markets were upgraded to support the establishment of processing and markets linkages with household producers.

The project also supported the capacity building to the technical departments of Animal Husbandry and Livestock Development in MARD for improved policy making processes, strengthened assistance to provinces in inspection, surveillance and monitoring for animal diseases and epidemic.



Under the project, 100 percent of pigs and hens were vaccinated and disease prevention activities were regularly taken at farm and livestock production area.

#### LIFSAP

# Results

The adoption of Good Animal Husbandry Practices (GAHPs) has proven effective in improving livestock productivity, production, and household income. As a result:

- Mortality rates for pigs and poultry have fallen from 15 to 11.8 percent and from 41 to 33 percent respectively, thus raising farm output and income.

- Fattening times for pigs and poultry have been shortened from 136 to 118 days and 66 to 58 days respectively, thereby lowering costs of animal feeding and allowing farmers to increase production intensity.
- The herd and flock size of pigs and poultry has expanded by 25 percent and 46 percent respectively, thus raising output and increasing returns.

The Project has also successfully addressed issues relating to environmental management in production, slaughtering, and marketing of pigs and poultry. After 5 years of operation, over 105,000 people have directly benefited from the project activities. They included farmers in the 46 GAPH zones, extension workers and local veterinarians, meat vendors, and slaughterhouse owners. 47% of the direct beneficiaries are women. Specifically:

- 10,791 households have improved waste disposal systems and applied improved production practices.
- 43 medium and large slaughterhouses have installed waste disposal systems and management practices that meet national standards.
- 197 small slaughterhouses have improved their waste management facilities and practices.
- 381 wet markets have been improved their waste management facilities and meet national environmental standards.

The Project has also contributed to improving food safety for the benefit of consumers:

- Assisting 197 small slaughterhouses improve the safety of meat, evidenced by inspection and testing for bacteria;
- Assisting 43 medium and large slaughterhouses improve their meat handling and selling facilities and practices--to satisfy national food safety standards.

"Three years ago, we invested almost US\$ 45,000 in a laying hen farm. The farm houses 2,000 laying hens, of which approximately 90 percent of the hens lay eggs daily, producing close to 1,800 eggs. Thanks to the project, we regularly attended training courses, took field visits to good husbandry demonstration, and learnt new husbandry techniques. This results in a net profit of about US5 cents/egg. Now we could earn up to US\$2,500 every month thanks to the farm. We are planning to extend

# our flock up to 5,000 laying hens next year, in order to utilize maximum capacity of the farm. "

Mr. Nguyen Chi Loc and Mrs. Pham Thi Le Farmers, Chuong My District, Hanoi



Mr. Nguyen Chi Loc takes care of the hens in his farm.

LIFSAP

# **Bank Group Contribution**

The Project was approved by the WBG Board in September 2009, with a closing date of December 31, 2015. Project cost totaled US\$79.03 million, with US\$65.26 million financed from IDA and US\$13.77 million from the Government of Vietnam.

# **Partners**

The Project was successful as a result of strong partnerships with technical departments of the Animal Health and Livestock Production, Ministry of Agriculture and Rural Development, as well as departments of agriculture and rural development in 12 participating provinces.

# **Moving Forward**

http://www.worldbank.org/en/results/2016/04/14/vietnam-better-food-safety-and-producti... 11/30/2016

Positive and significant results proved the relevancy and efficiency of the Project approach. Further impact can be achieved through scaling-up and leveraging interventions for GAHP household producers, wet markets and small slaughterhouses, to reach beyond the original geographic coverage of 12 provinces.



# 🞿 105,000 people

have directly benefited from improved production practices, waste management, etc.

#### **RELATED**

PROJECT WEBSITE

Livestock Competitiveness and Food Safety (http://www.lifsap.vn/)

РНОТОВООК

Let Me Tell You Stories of LIFSAP

(http://pubdocs.worldbank.org/pubdocs/publicdoc/2016/4/450711460608129630/Vietnam-LIFSAP-photobook-English)

Vietnam (/en/country/vietnam)

East Asia and Pacific (/en/region/eap)

Agriculture (/en/topic/agriculture)

# **RELATED PROJECT**

Vietnam Livestock Competitiveness and Food Safety (http://projects.worldbank.org/P090723/vietnamlivestock-competitiveness-food-safety?lang=en)