

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA202

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Project Name	Coastal Resources for Sustainable Development Project (P118979)
Region	EAST ASIA AND PACIFIC
Country	Vietnam
Sector(s)	General agriculture, fishing and forestry sector (90%), General public administration sector (10%)
Lending Instrument	Specific Investment Loan
Project ID	P118979
Borrower(s)	Ministry of Agriculture and Rural Development
Implementing Agency	Agricultural Projects Management Board
Environmental Category	B-Partial Assessment
Date PID Prepared	14-Feb-2012
Estimated Date of Appraisal Completion	18-Jan-2012
Estimated Date of Board Approval	26-Apr-2012
Decision	

I. Project Context

Country Context

Vietnam is considered a major development 'success story'. With sustained high rates of growth over the past decade, Vietnam's Gross National Income per capita reached US\$1,010 in 2009, enabling the country to become a Middle-Income Country (MIC). Over the past two decades, Vietnam's poverty rate has fallen dramatically from 58% in 1990 to an estimated 29% in 2000, and to around 14.5% in 2008. Despite these impressive gains, a large number of Vietnamese households remain vulnerable to livelihood disruption or consumption variability due to natural hazards, macroeconomic instability, and/or growing pressures on the country's natural resource base.

This co-existence of rapid growth and (increasingly) high vulnerability applies, per force, to Vietnam's fisheries sector, including both marine fisheries and aquaculture. The sector has experienced very rapid growth over the past two decades. Vietnam ranks third in world aquaculture production (behind China and India) and sixth in terms of aquatic product exports. Domestic consumption is also growing rapidly, with the Vietnamese now obtaining nearly 50% of their dietary protein from aquatic products. Despite such growth and increased socio-economic importance, the Vietnamese fisheries sector is at risk, due to a depleting resource base for marine fisheries, increasing environmental and disease problems in aquaculture, associated financial difficulties experienced by large numbers of sectoral participants, and a less than favorable international reputation.

There are evident signs that the past growth of the country's marine capture fisheries is non-sustainable. Volume growth has nearly halted in recent years, except with respect to lesser value fish species. Productivity is declining and the share of 'trash fish' and small-sized fish in the landed catch is increasing. Overfishing is especially evident in the near-shore areas, which are the fishing grounds for some 85% of country's fleet and the primary source of livelihood for most poor or near poor coastal communities. Near-shore fisheries is experiencing a classic 'tragedy of the commons' phenomenon, as too many fishers are now competing over an insufficient and dwindling "open access" resource, while also contributing to marine habitat destruction. The short-term incentives for individual fishers are incompatible with the longer term interests of the coastal communities and the needs for sustainable resource management.

It is increasingly challenging to sustain aquaculture production due to increased risks of disease and environmental pollution. The sub-sector's growth has been phenomenal, especially over the past decade. In 2008, Vietnam accounted for almost 5% of global aquaculture output - more than triple its share from a decade earlier. Disease is now the major production risk; there are also potential problems in sourcing high quality seed and broodstock. The expansion of aquaculture has also contributed to environmental damage and water pollution. In recent years, many small aquaculture producers have had to abandon their operations due to disease and/or financial problems.

II. Sectoral and Institutional Context

Sectoral Technical and Institutional Issues

There is a need to move from (fragmented) sectoral planning to integrated spatial planning for coastal resources. Responsibilities for coastal zone planning cut across different Ministries. Planners and policy-makers operate on the basis of limited data, including estimates of available fish stocks, patterns of fish catches, and even the number of fishing boats operating in different locations. Provinces compete with each other, rather than collaborate, which often leads to duplicative investments (e. g., landing sites, safe harbors), inconsistencies or even conflicts. Anticipated private investments are often not reflected in government plans. While some donor-supported initiatives on integrated coastal zone management have been piloted in several coastal provinces, this approach has not yet been institutionalized and adopted by all coastal provinces.

Good aquaculture practices (GAP) are likely to be the key solution to manage disease and environmental risks. Each year diseases affect some 30% to 70% of the total grown area, reducing yields and leading many growers to fail entirely. In shrimp farming, diseases are mainly caused by low quality and infected seed; there is currently no system in place to certify sources of quality seed and to ensure that adequate bio-security measures are taken at the farm level. Current public veterinary services for aquaculture disease surveillance, containment and response are

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weak. Farmers often apply antibiotics and chemicals to overcome disease risks, which affects the reputation of Vietnam's seafood in international markets. To facilitate the wide adoption of GAP among producers, a range of public services – including those related to bio-security, veterinary measures and environmental monitoring – need to be strengthened.

Co-management could help enforce regulations and improve sustainability of near-shore fisheries resources. A combination of over capacity and destructive fishing practices is taking a heavy toll on biodiversity, the quality of resources, and the viability of livelihoods of many coastal communities. Fisheries co-management pilots have so far been implemented in closed systems (e.g., lagoons, reservoirs), but have not been tried in open-access areas, e.g., coastal areas. Decree No. 33 issued by the government in 2010 explicitly assigns open-access coastal areas to local authorities and fishing communities to implement a partnership of co-management models. To translate this into action, local fishing communities, as well as local authorities, would need support to strengthen their capacity to perform their new responsibilities.

Improving hygienic conditions and operational efficiency of fishing ports and landing sites can immediately provide a high return to the sector. There are over 80 small fishing ports and hundreds of traditional landing sites in the country; however, most of them lack facilities to provide necessary support services to fishermen (e.g., clean ice, net and boat repair). Under hot weather conditions, the quality of fish is severely damaged before reaching processing plants or wholesale markets. Losses in the value of the catch are estimated at between 20% and 30%, resulting in considerable economic losses for fishing households, severe under-utilization of fish processing capacity, and serious localized pollution around landing sites and wholesale markets.

There is an urgent need to strengthen the fisheries database system. Fisheries exports from Vietnam to the EU have declined since 2010 as the present systems for fisheries information and statistics are weak and do not support compliance with the EU's current regulations regarding illegal, unreported, and unregulated (IUU) fishing. The fisheries database system needs to be upgraded, and training provided to small fishermen to meet EU regulations.

Addressing the risks and shortcomings of the sector will require a collective and long term effort. A complex set of challenges has emerged from more than two decades of rapid (and largely uncontrolled) growth in the sector. Important advances can be made within the value chain for aquatic products, yet these need to be complimented by an improved and enforced regulatory framework, and pursued within a strategic orientation which emphasizes sustainability and quality. Addressing the sector's challenges, and putting it on an assured sustainable path will likely take a decade or more, yet the opportunities for socio-economic and environmental benefits are enormous.

The sector's new master plan should shift from short term increases of production and catch volumes to improved management of coastal resources and assets for higher and longer term resilience and enhanced product quality. The Master Plan for fisheries development to 2010 expired last year and the government is in the process of preparing a new Master Plan for fisheries development to 2020. Studies are needed to support MARD and coastal provinces in this important planning exercise.

III. Project Development Objectives

The project development objective is to improve the sustainable management of coastal fisheries in Project Provinces.

IV. Project Description

Component Name

Component A: Institutional capacity strengthening for sustainable fisheries management

Component B: Good practices for sustainable aquaculture

Component C: Sustainable management of near-shore capture fisheries

Component D: Project management, Monitoring and Evaluation

V. Financing (in USD Million)

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	11.70
International Development Association (IDA)	100.00
Local Sources of Borrowing Country	6.20
Total	117.90

VI. Implementation

The project will be implemented in 8 provinces: Ca Mau and Soc Trang (Mekong Delta Cluster); Khanh Hoa, Phu Yen, and Binh Dinh (South Central Cluster); and Ha Tinh, Nghe An, and Thanh Hoa (North Central Cluster). The project implementing agencies will be MARD and the PPCs of the eight project provinces.

Central Level. Ministry of Agriculture and Rural Development (MARD) is the central Line Agency responsible for the overall project implementation. A Central Steering Committee (CSC), chaired by a leader of MARD, will be established under MARD to provide technical and policy guidance for the project.

The Project Coordination Unit (PCU) established within MARD, is the key implementing agency at the central level, responsible for: (a) providing guidance and support to Provincial Project Management Units (PPMUs) in project implementation and management; (b) developing and maintaining a sound Project accounting system; (c) handling International Competitive Bidding (ICB) packages, selection of international consultants, and other procurement matters as the case may be; and (d) monitoring the quality of project implementation, safeguards compliance, and impact for reporting to MARD and IDA.

Provincial Level. The Provincial People's Committee (PPC) is the provincial Line Agency responsible for project implementation at the provincial and local levels. A Provincial Steering Committee (PSC), chaired by the Vice Chair of the PPC, will be established to provide technical and policy guidance to the PPMU on project implementation in the Province.

The Provincial Project Management Unit (PPMU), established under the Department of Agriculture and Rural Development (DARD) of the project province, is the key project implementing agency at the provincial level, responsible for: (a) preparing project plans and reports; (b) handling procurement activities; (c) preparing and submitting evaluation reports for approval; (d) maintaining a sound accounting system for the project, satisfactory to IDA; (e) monitoring the quality of project implementation and safeguards compliance; and (f) coordinating with selected districts and communes to carry out planned activities.

VII. Safeguard Policies (including public consultation)

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

VIII. Contact point

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