



Finance and Farming:

Understanding Development
Finance and Industrial Animal
Agriculture in Vietnam

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Abstract

This report examines the role of public development banks (PDBs) in financing industrial animal agriculture (IAA) in Vietnam, highlighting the complex interplay between economic development goals, food security, and environmental sustainability. Vietnam's livestock sector, dominated by pig and poultry production, is undergoing a significant transition from traditional smallholder farming to IAA, driven by government policies, rising meat demand, and corporate investment. While not yet the norm, IAA is growing rapidly, leading to substantial environmental and social consequences. The analysis reveals that despite climate commitments, PDBs like the World Bank Group and Asian Development Bank continue to provide significant funding for industrial livestock operations, feed production, and processing infrastructure in Vietnam. This financing often contradicts sustainability goals and contributes to environmental degradation, while transparency and accountability remain significant challenges. The report explores the institutional drivers behind this funding, including deeply embedded beliefs about animal protein's importance for nutrition and development. It identifies both structural barriers to change and emerging opportunities, such as growing recognition of sustainability issues and rising consumer awareness. For frontline organizations and policymakers, the report provides practical recommendations to redirect development finance toward sustainable alternatives, from leveraging accountability frameworks to promoting transition finance models that support smallholders and regenerative agriculture practices, ultimately calling for a just agricultural transition in Vietnam.

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Introduction

Industrial animal agriculture (IAA) is a major cause of environmental problems, including greenhouse gas emissions, loss of biodiversity, and damage to ecosystems.[1] **Southeast Asia is seeing rapid growth in industrial farming, and Vietnam is becoming a key producer of pork and poultry.**[2] This growth is driven by rising demand for meat at home and abroad, along with government policies focused on industrial farming to boost the economy and meet export goals.[2] However, progress has not been smooth or uniform. Small-scale farmers and traditional farming systems are still active and play an important role in the country's agriculture. Vietnam is in a phase of transition, where traditional and industrial farming exist side by side.

Public development banks (PDBs)* play an important role in shaping agriculture in countries like Vietnam. These banks provide funding for projects aimed at building infrastructure, improving farming systems, and addressing poverty and environmental issues. **In Southeast Asia, development banks have supported projects that promote sustainable practices like integrated livestock-crop systems, climate-resilient farming, and programs to help small farmers.** These efforts show how smart investments can make farming better and reduce harm to the environment.

At the same time, PDBs have also funded industrial farming projects that can undermine global climate and sustainability

*The term "public development bank" will be used in this report to describe a range of development financial institutions that are government-backed or nonprofit financial institutions providing funding for projects that may not qualify for commercial loans. They support economic and social development by offering loans, risk capital, or other financial aid at local, national, or international levels. They include multilateral, national, and bilateral development banks. For example, the World Bank Group, the largest multilateral development bank, funds governments globally and its private sector arm, the International Finance Corporation, invests in agribusiness and industrial livestock. The Asian Development Bank, founded in 1966, supports economic growth in Asia.

goals, such as the Paris Agreement and the Sustainable Development Goals (SDGs).[3][4] **A 2023 analysis by the International Accountability Project found that development banks provided USD \$3.3 billion in direct funding for industrial animal agriculture across 62 projects globally.** [5] The World Bank Group, particularly its private sector lending arm, the International Finance Corporation (IFC), was the largest funder of industrial livestock operations, followed by other multilateral and national development banks.

The continued funding of these projects highlights the need for urgent changes in how public money is used. **This guidance memo will examine the role of PDBs in supporting the growth of industrial animal agriculture in Southeast Asia, focusing on Vietnam as a case study.** It will examine where funding is going, the mindsets and financial incentives driving banks' funding decisions, and it will provide practical recommendations for front-line organizations and policymakers to better align public investments with sustainable agriculture practices.

Definition of Industrial Animal Agriculture

Industrial animal agriculture, also referred to as factory farming, industrial livestock production, or intensive animal farming, is a large-scale system designed to maximize the production of meat, dairy, and eggs. Unlike traditional or small-scale farming, which relies on natural grazing and local feed sources, IAA prioritizes efficiency by using high animal densities, mechanized processes, specialized feeds, and a narrow set of high-yield breeds. These operations can house hundreds to thousands of animals in controlled environments, where they are fed high-energy diets, often supplemented with antibiotics and growth enhancers to speed up production. These types of operations are increasing in numbers in Vietnam but are still not the norm.[6]

In contrast, non-industrial or extensive farming systems operate on a smaller scale, using pasture-based or regenerative, agroecological practices that integrate livestock into natural ecosystems. These systems generally offer better animal welfare, fostering natural behaviours like grazing and contributing to local economies and food security. However, these systems are not inherently superior, as poor management can lead to issues like deforestation and overgrazing, presenting their own sustainability challenges. **The distinction between industrial and non-industrial systems is not always clear-cut.** Some farms use a mix of intensive and extensive methods, making classification difficult.

The State of Animal Farming in Vietnam

Southeast Asia's animal agriculture sector is rapidly industrializing due to population growth, urbanization, and rising demand for animal protein, with poultry and pig farming dominating the sector.[2] Information on the percentage of animal farming in Vietnam that is IAA versus extensive farming is not available but there appears to be a clear trend to shift away from predominantly smallholder to industrial farming, particularly in poultry and pig production. [2]

The Vietnamese government has set an ambitious GDP growth target of 8-10% for 2025, reflecting its confidence in the country's ability to sustain its economic momentum.[7] To help achieve these goals, the livestock sector is adopting high-tech solutions and transitioning to closed value chains. Vietnam's livestock sector is a critical part of the country's agricultural economy, accounting for roughly one-quarter of its GDP.[8] In 2022, the sector generated approximately \$21 billion USD, reflecting a 5-6% increase compared to the previous year despite challenges from global economic disruptions. [9] Key products include pork, poultry, eggs, and milk, with pork production standing out as a global leader, producing over 4.19 billion metric tons in 2021.[2]

The country's livestock industry faces major challenges, including rising production costs due to dependency on imported feed, which surged by over 38% in 2021 amid the Russia-Ukraine war, causing significant financial losses for top companies like Hoa Phat Group and Dabaco.[10] Disease outbreaks, notably African Swine Fever, and natural disasters like floods and typhoons exacerbate these difficulties by disrupting supply chains and reducing hog populations.[11] Also, competition from cheaper imported meats facilitated by free trade agreements like CPTPP and EVFTA presents additional hurdles for local producers.[12]

Types of Animals and Scale

Pigs are the predominant species in Vietnam's livestock sector, followed by poultry and cattle. The country is one of the top pork producers globally, with over 50% of its livestock revenue derived from pig farming.[2] While smallholder farms remain prevalent, there has been a significant shift toward industrial-scale operations, particularly in pig and poultry farming.[6] This shift has been fuelled primarily by rising domestic demand and export opportunities.[2]

Vietnam's chicken production sector plays an important role in the country's agricultural economy, ranking second after pork. In 2021, the chicken population reached 409.5 million, supplying nearly a billion chickens annually, which equals approximately 15% of the meat market.[13] **The industry faces various challenges, particularly for small-scale farmers.** Disease outbreaks like avian flu, fluctuating input costs, unstable consumption, and limited access to credit and markets create a precarious environment for producers. Additionally, the reliance on informal contracts and the dominance of small-scale, manual slaughterhouses undermines food safety and product quality, posing further challenges to the value chain.

Geographic Distribution

Vietnam's animal farming is predominantly concentrated in the Red River Delta in the north, the Mekong River Delta in the south, and the central highlands. These regions are the primary hubs due to favourable agricultural conditions and proximity to markets. Poultry farming dominates in the Red River Delta, while the Mekong River Delta is a leader in aquaculture alongside livestock production. The central highlands specialize in cattle farming, reflecting the local topography and climatic advantages.[8] Livestock production is expanding in peri-urban areas too, where industrial pig and poultry farms are growing to meet urban consumption needs. The expansion is leading to its own urban environmental concerns, including waste management issues and land-use conflicts with smallholder farmers.[14]

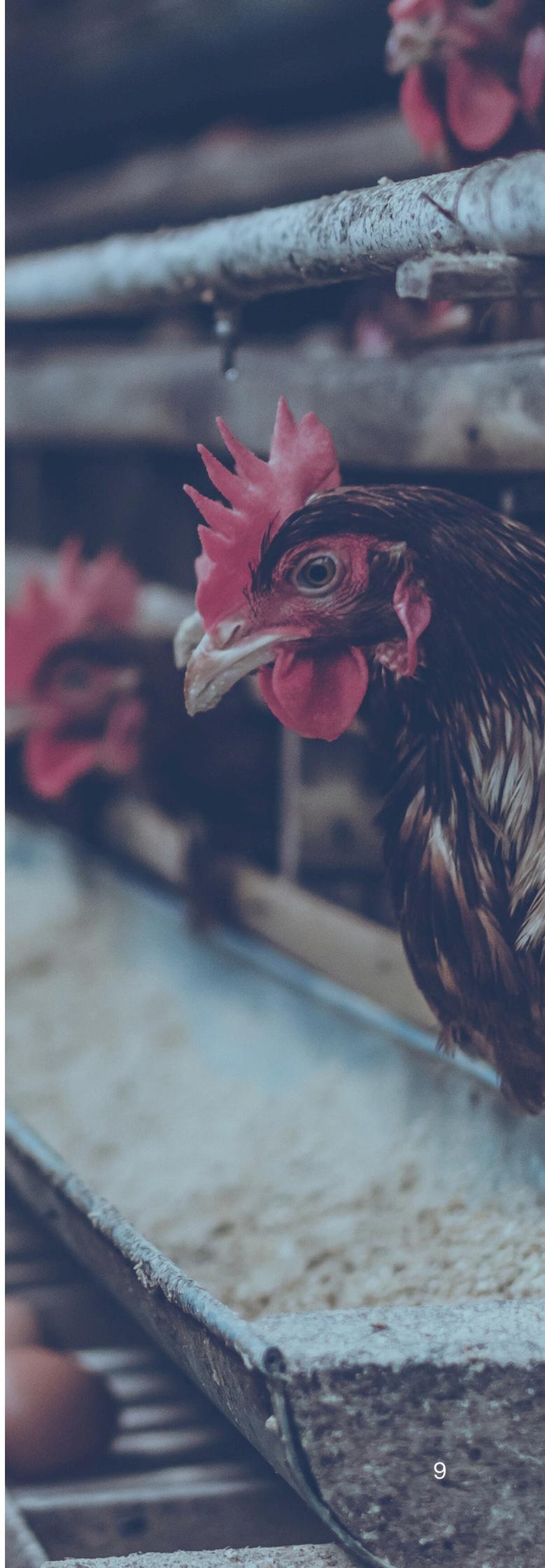


Historical Transformation

Over the past two decades, **Vietnam's livestock sector has undergone a significant structural transformation, beginning a shift from traditional, subsistence-based farming to market-oriented and industrialized production systems.** This transformation has been driven by economic liberalization, government policies favouring industrial farming, and increasing domestic and export demand for animal products.[8] **While this transition is ongoing, smallholder farming remains the dominant form of livestock production in Vietnam, coexisting with the expanding industrialized sector.**

The Vietnamese government has played a major role in shaping the trajectory of the livestock sector.

Policies under Doi Moi (economic renovation) reforms, initiated in the late 1980s, focused on market liberalization and privatization of agricultural production, encouraging farmers to transition from small-scale, subsistence agriculture to industrialized farming.[15] In recent years, major government initiatives have attempted to accelerate this shift. The Agricultural Restructuring Plan of 2014 aimed to increase productivity and sustainability in livestock farming by promoting higher-value products and large-scale operations.[2] Additionally, the 2015-2020 Livestock Development Strategy provided support for small and medium-sized farms to transition toward value-added and sustainable production models, shifting livestock production to more concentrated and specialized regions.[2]



Shift from Smallholder to Industrial Farming

Between 2011 and 2018, the number of small-scale pig farms declined from 4.13 million to 2.9 million, while the number of large-scale farms tripled.[2] This shift has been particularly pronounced in poultry and pig farming, where large industrial farms now produce over 53% of pork and 40% of poultry output.[2] Large agribusinesses, such as CP Group, Vinamilk, and TH True Milk, have established mega-farms with tens of thousands of livestock, replacing traditional smallholder farms. The adoption of high-tech livestock farming techniques, including automated feeding systems, climate-controlled housing, and disease monitoring technologies, has boosted productivity and efficiency, though it has also raised concerns about environmental degradation and disease risks.

It's worth noting that despite the Vietnamese government's strong push toward industrial farming, the change isn't happening as quickly or smoothly as planned. Small family farms and traditional ways of buying and selling livestock products are still an important part of the picture. For example, traditional wet markets remain the most important source of food for most Vietnamese, especially those living on the lowest income.[16]

Vietnam is currently in a middle ground between old and new farming methods. While the government has clear goals for modernizing the industry, the path forward isn't set in stone. Changes in farming practices are happening at their own pace, shaped by various factors beyond just government policy. This mix of traditional and modern farming methods shows that transforming an entire agricultural system is complex and doesn't always follow a predictable timeline.

Environment al and Social Challenges

While the industrialization of livestock farming has improved productivity, it has also led to significant environmental concerns, particularly regarding waste management, water pollution, and greenhouse gas emissions. The expansion of intensive animal farming generates large quantities of manure and wastewater, with only 40-50% of animal waste properly treated before being discharged into the environment.[13]

Additionally, the shift toward large-scale farming has marginalized smallholder farmers, who struggle to compete with industrial operations. Many have abandoned livestock production altogether, leading to rural economic shifts and labour displacement.[15]

Corporate Players in Vietnamese Industrial Animal Agriculture

Major global and local companies are transforming livestock farming in Vietnam by building large modern facilities and integrating all stages, from raising animals to processing meat, under single ownership. The biggest company in Vietnam's livestock sector is Thailand's Charoen Pokphand (CP) Group, that started operating in Vietnam in the 1990s. In 2020, CP Group spent US\$250 million to build Southeast Asia's largest meat processing facility in Binh Phuoc province.[9]

China's New Hope Group joined the market in 2018 and spent US\$170 million between 2018-2020 to build farms and processing centers in Binh Phuoc, Binh Dinh, and Thanh Hoa. In 2021, they added another US\$135 million to raise 48,000 more pigs each year.[9] Vietnamese companies are also important players, though they've faced recent challenges such as reported losses due to high animal feed costs. In 2025, Brazilian meat giant JBS announced plans to build two processing facilities in Vietnam to produce beef, pork, and poultry using imported meat from Brazil. The facilities will be constructed in two phases under an agreement with the Vietnamese government.

Table 1: Major Corporate Players in Vietnam's Livestock Industry

Name	Country of Ownership	Main Activities
CP Group	Thailand	Feed production, livestock farming (poultry, swine), meat processing (chicken, pork, seafood)
New Hope Group	China	Livestock farming (pigs, poultry), meat processing (pork, chicken), animal health products
Dabaco Group	Vietnam	Feed production (for pigs, poultry), livestock farming (breeding and raising pigs, chickens), veterinary services
Masan MEATLife	Vietnam	Meat processing (pork and chicken), development of branded meat products, cold chain logistics
Hoa Phat Group	Vietnam	Feed production (aquaculture, livestock), livestock farming (primarily pigs and poultry), meat processing
De Heus Group	Netherlands	Feed production (for livestock and aquaculture), farming technology, and consulting services
CJ Group	South Korea	Feed production (poultry, swine), meat processing (chicken, pork), food service operations
Mavin Group	International & local ownership, based in Vietnam	Feed production (for livestock and aquaculture), livestock farming (breeding and raising pigs, poultry), veterinary services

Key Takeaways:



Vietnam is experiencing a significant transition from traditional smallholder farming to industrial animal agriculture, driven by economic growth targets, rising meat demand, and government policies. However, smallholder farming remains the dominant form of livestock production in Vietnam, coexisting with the expanding industrialized sector.



Public Development Banks play a crucial dual role in Vietnam's agricultural landscape - both supporting sustainable farming initiatives and funding industrial animal agriculture projects that may undermine climate and sustainability goals.



The industrialization of Vietnam's livestock sector, particularly in pork and poultry production, has improved productivity but created substantial environmental challenges including waste management issues, water pollution, and greenhouse gas emissions.



Major corporate players, both international and domestic, are rapidly transforming Vietnam's livestock industry through vertical integration and large-scale operations, while traditional farmers struggle to compete in this evolving landscape.

What is Development Finance?

Development finance refers to financial support provided by institutions like development banks and international organizations to foster economic growth and development in low and middle-income countries (LMICs). Unlike commercial banks that focus primarily on financial returns, public development banks have the dual mission of generating positive development impacts while maintaining financial sustainability.

Development finance can be viewed as a specialized type of funding that sits between pure government aid and purely commercial investment. While traditional aid might fund immediate humanitarian needs and commercial banks seek maximum profits, development finance tries to achieve both social good and financial returns. **This approach allows development finance to take on projects that might be too risky or long-term for commercial banks but still have strong potential to benefit a country's development.** Development finance typically targets key sectors such as:



Infrastructure (roads, power plants, ports),



Healthcare and education,



Agriculture and food systems,



Climate change initiatives, and



Small business development.

In the agricultural sector, development finance plays a particularly important role. It provides funding for everything from large-scale agricultural infrastructure to programs supporting small farmers. This includes controversial sectors like industrial animal agriculture, where development banks often provide both direct funding for facilities and indirect support through related infrastructure and policy work.

In addition to offering funding, these institutions offer technical expertise, help structure projects, and influence government policies in the countries where they work. This makes them powerful players in shaping how sectors like agriculture develop in LMICs.



Landscape of Development Finance Players

Development finance in LMICs involves several institutions with distinct objectives, strategies, and funding approaches. Understanding these players and their roles is important for organizations seeking to influence how agricultural development is funded.

Multilateral Development Banks (MDBs)

The largest and most influential players are multilateral development banks, which are owned by multiple governments and raise funds through member contributions and international capital markets. These institutions include:

The World Bank Group, the largest and most prominent PDB, provides financing, policy advice, and technical assistance to support economic development and poverty reduction globally. Its objectives include strengthening infrastructure, improving public services, and fostering sustainable economic growth, with a focus on sectors such as agriculture, education, health, and climate resilience. In animal agriculture, the World Bank plays a key role in financing livestock projects, often through the International Finance Corporation (IFC), which supports private sector investments in large-scale agribusiness and industrial livestock operations.

The Asian Development Bank (ADB) plays an important role in Southeast Asia's agricultural development, providing funding for rural infrastructure, climate-resilient farming, and food security initiatives. ADB supports smallholder farmers, agribusiness value chains, and sustainable agricultural practices through investments in irrigation systems, rural credit programs, and climate adaptation strategies.

Development Finance Institutions (DFIs) National Development Finance Institutions are typically majority owned by individual governments but operate independently to support private sector development in emerging markets. Key examples include:

- UK's British International Investment (formerly CDC Group),
- Germany's DEG, and
- France's Proparco.

DFIs often collaborate with MDBs and frequently support agribusiness development, including industrial livestock operations. Recent analysis shows DFIs provided approximately \$2.1 billion in financing to animal agriculture projects globally between 2015-2022.[5]

Regional Development Banks Regional banks focus on specific geographical areas and often have deeper understanding of local contexts. These institutions emphasize regional priorities like connectivity and food security, balancing public infrastructure projects and private sector initiatives. For Southeast Asia, key players include:

- Asian Infrastructure Investment Bank (AIIB),
- ASEAN Infrastructure Fund, and
- Greater Mekong Subregion (GMS) initiatives.

United Nations Agencies and Global Funds Several UN agencies and specialized funds provide financing and technical assistance:

- International Fund for Agricultural Development (IFAD)
- Food and Agriculture Organization (FAO)
- Green Climate Fund (GCF)

These organizations often work alongside MDBs and DFIs, providing grants and technical assistance rather than large-scale project finance. However, their involvement can be crucial in shaping how larger financial flows are directed. Table 2 gives an overview of six major development banks, their goals, and their areas of focus for agricultural projects in Southeast Asia.

Table 2: Overview of Relevant Development Banks - Objectives, Focus Areas, and Motivations

Bank	Description	Objectives/ Funding Focus	Rationale for Agricultural Investment
World Bank	<ul style="list-style-type: none"> Provides direct funding to governments and policy support for sustainable development. 	<ul style="list-style-type: none"> Smallholder integration, agricultural policy support, and sustainable practices. 	<ul style="list-style-type: none"> Addressing poverty, food security challenges, and promoting sustainable economic growth.
International Finance Corporation	<ul style="list-style-type: none"> IFC is the private sector lending arm of the World Bank Group, focusing on private investments in emerging markets. 	<ul style="list-style-type: none"> Scaling operations Enhancing supply chain efficiency Supporting private sector-led growth 	<ul style="list-style-type: none"> Job creation Improving productivity Support global value chains in livestock and agriculture
Asian Development Bank	<ul style="list-style-type: none"> A key regional development bank in Asia, promoting economic growth and regional cooperation. 	<ul style="list-style-type: none"> Agriculture Rural development Food security Infrastructure 	<ul style="list-style-type: none"> Strengthen food security Support rural economies Improving regional cooperation
Multilateral Investment Guarantee Agency	<ul style="list-style-type: none"> Part of the World Bank Group, offering political risk insurance and credit enhancement to encourage private investments. 	<ul style="list-style-type: none"> Encouraging private investments in infrastructure and agriculture projects through guarantees. 	<ul style="list-style-type: none"> Facilitating private investments in agricultural infrastructure to support economic growth.
International Fund for Agricultural Development	<ul style="list-style-type: none"> A specialized UN agency focused on alleviating rural poverty and enhancing food security. 	<ul style="list-style-type: none"> Supporting smallholder farmers and rural communities to alleviate poverty. 	<ul style="list-style-type: none"> Reducing poverty and enhancing food security through smallholder farmer support.
Dutch Entrepreneurial Development Bank	<ul style="list-style-type: none"> A Dutch development bank supporting private-sector projects in developing countries. 	<ul style="list-style-type: none"> Promoting private-sector investment in agribusiness and sustainable agriculture. 	<ul style="list-style-type: none"> Encouraging private investments in sustainable agribusiness to foster economic development.

Financing Tools – Key Terms

Blended Finance: The use of public or philanthropic funds to attract private investment in development projects, reducing risk and making them more attractive to private investors.

Concessional Loans: Loans offered at below-market interest rates, with longer repayment periods, typically used to finance projects in poorer countries.

Equity Investment: Funding provided by development finance institutions in exchange for ownership stakes in private companies or projects.

Technical Assistance: Non-financial support such as training, policy advice, or technology transfer provided alongside financial aid to enhance project effectiveness.

Impact Investing: Investments made to generate measurable social or environmental benefits alongside financial returns.

Green Bonds: Debt securities issued to finance environmentally sustainable projects like renewable energy or clean transportation.

Guarantees: Financial commitments by DFIs or MDBs to cover potential losses, reducing risk for investors in development projects.

Key Takeaways:



Public Development Banks bridge government aid and commercial investment, shaping agricultural development through funding, expertise, and policy influence, including in industrial animal agriculture.



The development finance landscape includes diverse institutions with different scopes and priorities - from global multilateral banks like the World Bank Group to regional entities like the Asian Development Bank and specialized UN agencies focused on specific development goals.



In agriculture specifically, development finance institutions target various objectives including infrastructure development, food security, climate resilience, and private sector growth.



Development finance is a double-edged sword. While it supports agricultural expansion, including smallholder farming and climate resilience, it also channels significant funding into industrial livestock operations, raising sustainability concerns.



Development Finance in Industrial Animal Agriculture

Despite global commitments to climate action and sustainability, development finance institutions continue to provide significant funding to IAA operations in low and middle-income countries. This funding comes through both direct investment in livestock facilities and indirect support via infrastructure and related agricultural projects.





Scale and Scope of Funding

A recent analysis by the Stop Financing Factory Farming (S3F) coalition found that in 2023, development banks and the Green Climate Fund allocated **\$3.3 billion across 62 projects supporting animal agriculture, with an additional \$3.4 billion mobilized from other sources.**[5] The World Bank's International Finance Corporation has been particularly active, providing approximately **\$1.8 billion to factory farming operations since 2010.**[17] These investments typically supported:

- Large-scale livestock production facilities,
- Feed production and processing,
- Slaughterhouses and meat processing plants,
- Cold chain infrastructure, and
- Related transportation infrastructure.

A recent analysis by the Bank Information Center found that 61 of 182 projects in IFC's agribusiness and forestry portfolio, totalling \$3.49 billion USD directly supported industrial livestock operations, livestock product procurement, and livestock feed production.[18] The funding nearly tripled from \$863 million (2017-2020) to \$2.6 billion (2020 to 2023). Almost two thirds (64.3%) of livestock-related projects were found to support industrial livestock operations, including large-scale soy production for feed, which has links to deforestation.

Analysis of development finance in the livestock sector globally reveals several patterns. Funding is concentrated in regions with rapidly growing meat consumption, particularly Southeast Asia and Sub-Saharan Africa. Latin America also receives significant investment.[5] **More than half (54.8%) of funding supports private livestock operations, while 45.2% goes to government-led initiatives. Most projects (76.7%) target industrial-scale agriculture, while only 6.7% support non-industrial operations.**[5] Support comes through various channels, such as direct loans to large agribusiness companies, credit lines through local banks, technical assistance grants, and infrastructure financing.

Analysis of Funding Activities in Vietnam

Development finance actors provide support for a wide range of projects that do align with global SDGs, including financing infrastructure, clean water, and healthcare improvements, support for job creation, and investments in climate resilience through sustainable agriculture and reforestation. However, the expansion of industrial animal agriculture in Vietnam also has been shaped by investments from international development finance institutions. Some of these financial actors provide funding for large-scale livestock farming, animal feed production, processing infrastructure, and cold storage facilities, supporting Vietnam's efforts to modernize its agricultural sector. However, **these investments raise important questions about their alignment with national development strategies, sustainability commitments, and their socioeconomic and environmental impacts.**

This chapter examines the funding landscape of IAA in Vietnam, evaluating **who the key funders are, what types of projects they support, where the funding is concentrated, and which segments of the industry benefit the most.** The analysis used project documents from the International Accountability Project's Early Warning System as well as additional searches on disclosure platforms of the IFC, ADB, and AIIB. See Appendix 1 for details on each funding activity included in the analysis, as well as the methods, data sources and limitations of the analysis.

Who Funds What?

Several public development banks have provided funding or support for animal agriculture in Vietnam, including the World Bank, IFC (part of the World Bank Group), the Asian Development Bank, and the US International Development Finance Corporation.

Types of Projects Funded

Development finance in Vietnam over the last decade has supported several IAA-related projects, including:

- **Large-scale livestock facilities:** In 2022, IFC invested \$52 million in the Mavin Group to support their breeding and commercial farming operations. The investment allowed them to expand their pig production. The same year, IFC invested \$38.9 million in BaF Vietnam Agriculture Joint Stock Company to finance multiple sow farms, hog farms, and a processing facility.
- **Feed production:** Funding included \$43 million in equity funding for the GreenFeed Vietnam Corporation (2021), supporting genetic breeding programs and commercial pig production. Anova Feed Joint-Stock Company has also received financing for feed mills in Dong Nai and Hung Yen (2016).
- **Processing and slaughter facilities:** BaF Vietnam's funding (2022) supported the construction of a slaughter and processing facility in Binh Phuoc Province, contributing to the expansion of meat processing capacity.
- **Infrastructure and logistics:** Development finance also supports cold storage, transport networks, and supply chain efficiency improvements, aiming to enhance Vietnam's livestock sector competitiveness.

Public Criticisms of Funded Projects

Development banks have invested heavily in Vietnam's industrial animal agriculture, drawing criticism from environmental groups, animal welfare advocates, and organizations supporting small-scale farmers. **Critics argue that these investments often contradict sustainability commitments, harm local communities, and lack transparency.** The loudest critiques have been directed toward the IFC, the arm of the World Bank Group that focuses on supporting private sector ventures. This section highlights key criticisms related to environmental and climate concerns, social and economic displacement, and governance failures in major projects funded by the IFC in Vietnam.



Environmental and Climate Concerns

Many development finance-backed projects in Vietnam focus on expanding industrial livestock and feed production, yet they lack sufficient environmental safeguards. Critics point to the significant greenhouse gas emissions, pollution, and resource depletion associated with these projects.

- **BaF Vietnam Agri (2022, IFC):** This project expanded pig farming and feed production across Vietnam. While development banks claim to support sustainable agricultural transitions, BaF's expansion prioritizes production growth without integrating strong environmental safeguards. Industrial pig farming is a leading contributor to methane emissions and water pollution, yet BaF's environmental impact assessments provide limited details on mitigation measures.
- **GreenFeed ASF (2021, IFC):** This project increased animal feed production capacity but did not incorporate sustainability measures. Producing livestock feed requires vast amounts of land and contributes to deforestation and biodiversity loss, particularly as Vietnam imports much of its feed ingredients from regions experiencing habitat destruction.
- **Mavin (2022, IFC):** Unlike other projects, Mavin included some environmental management plans, but concerns remain about its long-term impact on local ecosystems. Large-scale pig breeding facilities generate significant manure waste, which can contaminate soil and waterways if not managed properly. In 2022, a

coalition led by Compassion in World Farming openly urged IFC to reconsider its support for Mavin. They cited concerns related to animal welfare, particularly regarding the use of gestation crates. They also raised alarms about the project's impact on biodiversity due to farm locations within forests and the use of soy from deforested regions in animal feed. The IFC proceeded with the project.[19]

- **Alpha Feed (2019, IFC):** This aquafeed production expansion in Vietnam and China raised concerns about unsustainable fish farming practices, which contribute to water pollution and threaten marine biodiversity. The project lacked clear commitments to reducing dependency on wild-caught fish for feed, a key factor in global overfishing. [20]

Despite pledging to align with the Paris Agreement and SDGs, public development banks continue to finance high-emission IAA projects. These investments contradict commitments made in the Finance in Common Declaration (2020), which aimed to shift development finance toward sustainable practices. Reports show that industrial animal agriculture could consume nearly half of the world's 1.5°C emissions budget by 2030 [21] and that methane emissions from industrial pig and poultry farming are vastly underestimated.[22]. Some projects, like GreenFeed ASF, have been criticized for worsening deforestation and soil degradation, particularly through large-scale monocropping of corn and soy for animal feed.[23]



Policy Alignment and Strategic Priorities

Development finance in Vietnam's livestock sector reveals a complex web of alignments and contradictions with national and international policy objectives. At first glance, development finance support for industrial animal agriculture appears to align well with Vietnam's agricultural modernization goals. The government's Agricultural Restructuring Plan (2014) and Livestock Development Strategy (2020-2030) both emphasize scaling up production, improving efficiency, and expanding export capacity. PDB investments in large-scale facilities, modern processing plants, and cold chain infrastructure directly support these objectives. However, further analysis reveals significant tensions between different policy goals. **While PDB funding helps advance Vietnam's industrial farming ambitions, it often conflicts with the country's climate commitments under the Paris Agreement and its Sustainable Development Goal targets.** Vietnam has pledged to reduce agricultural emissions by 43% by 2030 and is a country very vulnerable to climate change through rising sea levels, droughts, and extreme weather events.[24] However, many PDB-funded projects expand emission-intensive industrial livestock operations without enough mitigation measures.

Perhaps the most striking contradiction lies between PDBs' stated commitments to sustainable and inclusive development and their actual investment patterns. **While institutions like the World Bank prominently feature smallholder support and**

environmental sustainability in their strategy documents, their agricultural portfolios in Vietnam remain weighted toward industrial-scale operations. These misalignments extend to rural development as well. Vietnam's national poverty reduction strategies emphasize maintaining viable rural livelihoods, yet PDB investments often accelerate the consolidation of farming operations in ways that can displace smallholders. The government's own assessments acknowledge this tension, noting that rapid industrialization of the livestock sector has led to pressures on cities as rural populations migrate out of the countryside.[25]



Transparency and Accountability

There are many challenges in attempting to track and understand investment flows by PDBs in Vietnam or any LMIC. While major institutions have made progress in publicly disclosing basic project information, critical gaps remain that hinder accountability. The World Bank Group and the Asian Development Bank maintain public databases of their investments, but project documentation often lacks crucial details about environmental impacts, social safeguards, and specific funding allocations within larger agricultural programs. This lack of transparency has made it difficult for researchers and civil society organizations to assess the true impact of investments in factory farming.

A particularly problematic area is the disclosure of anticipated impacts on local communities, especially smallholder farmers. PDBs often fund large-scale livestock operations without providing adequate information on how these projects will affect independent farmers, local employment, or food security. When environmental and social impact assessments are conducted, they are frequently published only after project approval, limiting meaningful stakeholder input during the planning phase. This issue has been seen in several industrial pig farming investments in Vietnam, where affected communities were given little opportunity to provide feedback before financing was finalized.[26]

Another major barrier to transparency is the accessibility of information. **While PDBs have online disclosure portals, these systems are often designed for financial professionals rather than affected communities.** Documents are frequently available only in English and contain technical jargon that makes them inaccessible to smallholder farmers and local organizations. When Vietnamese translations are provided, they often arrive months after project approval, making it difficult for local stakeholders to participate in decision-making processes. The lack of easily understandable public disclosure creates a significant gap in accountability, preventing communities from challenging potentially harmful projects. To support affected communities in making their concerns heard, the International Accountability Project created the Early Warning System that organizes and summarizes information on projects from 15 development finance institutions, making project details more accessible to local communities.

Perhaps the most serious transparency issue is the lack of tracking for actual project outcomes. **While initial project documents outline anticipated benefits and impacts, there is limited systematic disclosure of monitoring data or evaluation results once projects are implemented.** This makes it difficult to assess whether PDB investments are achieving their stated development objectives or causing unintended negative consequences. Many funders do not require comprehensive post-project evaluations, and when such evaluations exist, they are often not publicly accessible. This lack of standardized impact reporting across different institutions further complicates efforts to understand the cumulative effects of development finance on Vietnam's livestock sector. [27]

Impacts on Smallholder Farmers



The transformation of Vietnam's agricultural sector has created complex challenges for smallholder farmers. **Since the economic reforms of Doi Moi, government policies have increasingly favoured large-scale commercial farming operations over small family farms.**[28] This policy direction likely stems from a belief that economies of scale are more profitable, especially given rising agricultural labour costs and the availability of labour-saving technologies.[29]

Proponents of large-scale farming argue that bigger operations are better positioned to meet growing food demand, and that these industrial farms can more readily adopt advanced technologies, implement mechanization, and maintain standardized quality controls. However, the transition has created significant challenges for smallholder farmers who typically operate on less than 1 hectare of land. About 85% of agricultural land in Vietnam is composed of farms smaller than 1 hectare.[30]

The pressure on small-scale farmers is particularly evident in the livestock sector. Small-scale livestock producers face multiple problems including:

Difficulties in getting loans because they often don't have proper land ownership papers,

Difficulties in competing with bigger farms that can save money by operating at a larger scale,

Problems meeting strict environmental and quality rules, and

Earning less money because they have to buy expensive feed and other supplies.[2][31]

These challenges have led many smallholders to either exit farming entirely or diversify into non-farm activities. The transition has significant implications for rural employment and social structures, as farming households increasingly rely on income from secondary and tertiary sources, including migration to urban areas for work opportunities. Those who continue farming increasingly depend on contracts with large agribusiness companies, which provides some stability but reduces their independence in making farming decisions.[8]

The scale of the decline is significant - between 2011 and 2018, the number of small-scale pig farms dropped from 4.13 million to 2.9 million.[2] Market pressures have been particularly harsh, with farmers facing extreme price swings in both their costs and sales prices, made worse by events like the African Swine Fever outbreak in 2018-2019.[2]

Research shows that small farms are not automatically inefficient or poor. Research suggests that smaller farms could succeed and might be better for society and the environment than larger farms if they get the right support.[8] This suggests that with the right policies and investment, smaller farms could remain an important part of Vietnam's agricultural future, even as the industry continues to change. The key lies in providing appropriate policy support and investment in areas such as:



A transition away from IAA should not come at the expense of smallholder farmers, who often lack the financial resources and market access to transition toward sustainable alternatives. A just transition approach can help ensure that policies aimed at reducing IAA do not further marginalize these farmers but instead provide them with new opportunities to participate in sustainable food systems. A just transition in food systems requires:

- **Inclusive decision-making**, ensuring smallholder farmers have a voice in shaping transition policies,
- **Economic and social protections**, including financial support, access to new markets, and investment in rural infrastructure, and
- **Ecosystem restoration and alternative food production models**, such as agroecology and integrated livestock-crop systems, to create sustainable livelihoods.[32]

Development banks and policymakers can support a just transition by redirecting financing toward regenerative and smallholder-led agriculture. Cooperative models can help smallholders benefit from economies of scale in plant-based and diversified farming, while training programs and technology access will equip them with the skills needed for sustainable production. By embedding just transition principles into agricultural policy and international finance, smallholder farmers can be empowered rather than displaced, ensuring a shift away from IAA that is equitable and sustainable.

Key Takeaways:



Despite global climate commitments, public development banks continue to direct substantial funding toward IAA in developing countries, with the World Bank's IFC being particularly active in financing factory farming operations.



In Vietnam specifically, development finance has supported industrial-scale livestock facilities, feed production, and processing infrastructure that often contradict environmental sustainability goals and create significant environmental impacts.



Transparency and accountability remain major issues in understanding the impacts of IAA investments, as many projects lack detailed environmental impact assessments, social safeguards, or accessible public disclosures.



Smallholder farmers in Vietnam face increasing challenges, struggling to compete with industrial operations, access credit, or comply with regulatory standards, emphasizing the need for a just transition toward sustainable and inclusive agricultural systems.

Why Do Development Banks Invest in Industrial Livestock?

Despite development banks' stated support for health, social development and environmental goals[33][34], large amounts of funding continues to flow to industrial animal agriculture. **To understand this apparent contradiction, we need to examine how these institutions frame livestock's role in food security, poverty reduction, and economic development in low and middle-income countries.** Understanding these factors helps explain why banks consistently frame livestock sector development in terms of efficiency, scale, and modernization, even when evidence suggests other approaches might better serve both environmental and social goals. By analyzing how banks view livestock investment, we can better understand:

- Why certain types of projects consistently receive funding while others do not,
- How banks justify their continued support for industrial animal agriculture despite environmental concerns,
- What solutions banks consider viable versus those they overlook, and
- How their framing might limit consideration of alternative development pathways.

This analysis helps stakeholders engage more effectively with PDBs by understanding their underlying assumptions and logic. The next section presents several key themes, drawn from an analysis of the narratives and framing used by development banks in public reports.

Economic Development

The economic development framing strongly emphasizes livestock's role in reducing poverty and promoting food security. The World Bank notes: "The livestock sector is a pillar of the global food system and a contributor to poverty reduction, food security and agricultural development... livestock contributes 40% of the global value of agricultural output and supports the livelihoods and food and nutrition security of almost 1.3 billion people".^[35] This framing positions livestock production as crucial for development, particularly for vulnerable populations. While some critics argue that this focus overlooks alternative approaches, development banks justify these investments as both necessary and evidence-based, aligning with their goal of supporting economic growth and food security.

However, PDBs do acknowledge there are trade-offs, especially in relation to environmental outcomes. The same report states that "the livestock sector emits an estimated 7.1 GT of CO₂-equivalent per year, representing 14.5% of human-induced greenhouse gas (GHG) emissions".^[35] This creates a fundamental tension in the framing of livestock, highlighting the challenges PDBs face in balancing investment decisions aimed to promote economic growth, improved livelihoods, food security, and environmental sustainability.

The Sustainable Intensification Solution

The World Bank's proposed resolution to this tension comes through a framing of sustainable intensification and modernization. **This approach frames technological advances and efficiency gains as the main path forward:** "Increasing the efficiency of livestock supply chains is key to limiting the growth of GHG emissions in the future".[35] The Asian Development Bank speaks about the need to increase agricultural productivity to increase incomes: "Asian agriculture is crucial to the region's development. One in three of developing Asia's workers are still employed in agriculture... raising agricultural productivity is critical to poverty reduction and advancing the region's economic transformation".[36]

Climate Finance and Market-Based Solutions

The reports also emphasize market-based mechanisms (such as carbon pricing, emissions trading, or subsidies for sustainable practices) and climate finance as key tools for achieving sustainability. **This approach prioritizes technical and financial solutions over more fundamental questions about meat consumption or systems change.** IFC frames its investments as creating "growing market opportunities by becoming the producer of choice for retailers and consumers concerned with animal health and welfare, human health, food safety and the environment".[37] The emphasis is on building commercially viable businesses that can attract additional private investment. The reports acknowledge but give limited attention to demand-side interventions or strategies to decrease meat consumption.

Social Equity and Smallholder Concerns

While reports consistently mention smallholder farmers, the dominant narrative tends to frame them as beneficiaries of modernization rather than agents of more sustainable practices. This is evident in statements such as: "Climate finance can contribute to improving smallholders' access to financial and knowledge resources that will enable the adoption of practices that generate mitigation outcomes".[38]

There is also recognition of potential tensions between industrialization and equity: "The missing middle refers to a gap in access to certain types of finance in many producer geographies in LMICs. While many farmers and small to medium-sized enterprises can access climate-relevant finance through their cooperatives or via rural banks, or even through microfinance, many are too small to be able to access climate finance".[38]

"Climate finance can contribute to improving smallholders' access to financial and knowledge resources that will enable the adoption of practices that generate mitigation outcomes"

Drivers of the Banks' Framing

Public development banks and campaigners to reduce IAA view the role of livestock farming differently. This section draws on insights from interviews conducted for this report to better understand what drives PDB's different views of animal agriculture. **By understanding the thinking that drives PDB investment strategies, advocates can be better prepared to influence funding decisions and have more productive conversations with funders on shifting their strategies.** Insights from current and former PDB staff, as well as long-time observers of these institutions, point to several key factors shaping how development banks approach livestock investments:



Dominant Narratives on the Role of Animal Protein:

A key driver of decision-making is the long-standing belief that animal protein is essential for a healthy diet. This perspective has shaped global food security and nutrition policies for decades, reinforcing the idea that increasing the availability of meat, dairy, and eggs is necessary to combat malnutrition and improve public health. The Planetary Health Diet, introduced by the EAT-Lancet Commission, challenged this assumption by proposing a low-meat diet that could meet nutritional needs while reducing environmental impact.[39] But the framework has faced criticisms based on affordability and how well it meets nutritional needs.[40][41] In the absence of a clear scientific consensus on whether a low-animal-protein diet can provide enough nutrition at scale, PDBs tend to default to the traditional narrative - that animal-sourced foods are essential for human health.

This framing significantly shapes investment priorities. If meat and dairy are considered essential, then the logical path for development banks is to promote increased production of these foods rather than explore ways to reduce reliance on them. Instead of questioning whether livestock expansion is necessary, PDBs focus on making meat production more efficient through technical solutions such as sustainable intensification, improved feed conversion, and climate-smart livestock practices.

This dominant framing limits consideration of alternative approaches, such as shifting toward plant-based proteins or supporting diversified, lower-emission food systems. Without strong institutional backing for these alternatives, development banks remain locked into a funding model that prioritizes livestock expansion, even as environmental and climate concerns intensify.

Institutional Culture:

PDBs typically employ economists and finance specialists who share similar educational backgrounds and professional experiences. This can create an echo chamber where certain views, like prioritizing efficiency and scale, can become deeply embedded in institutional thinking. One interviewee noted that there is an assumption that the livestock sector should continue growing, with risk mitigation strategies focusing on policy improvements rather than considering alternative sustainable models. Another revealed that, while development funders know the environmental impacts of livestock, they see this as a reason to invest in it more – to make it more efficient and reduce its climate impacts.

Limited Engagement:

While banks conduct consultations, they often interact mainly with governments, large businesses, and technical experts. They may have limited direct contact with smallholder farmers, local communities, or environmental groups who could offer different perspectives.

Risk Management:

Funders' decision-making is influenced by institutional incentives and risk management concerns, which can make them more likely to support large, standardized projects with familiar business models. Development banks operate in environments where measurable, scalable, and predictable outcomes are prioritized, which can bias them toward investments in industrial livestock production rather than smaller-scale or diversified food systems.

However, risk aversion alone does not fully explain why alternative approaches struggle to gain traction. Development banks also respond to the priorities of their client governments, many of whom see increased livestock production as essential for food security, economic growth, and rural development. In this context, reducing herd sizes or shifting diets away from meat is rarely seen as politically or economically viable. Rather than questioning whether high levels of livestock production are necessary, PDBs focus on minimizing environmental damage through technical solutions. By prioritizing financially viable, government-backed projects that align with dominant development narratives, PDBs reinforce existing investment patterns. This institutional approach limits the space for alternative models, such as plant-based or regenerative agriculture, which may be seen as too uncertain, too small-scale, or too politically sensitive to receive significant funding.

These narratives and drivers have significant implications for policy and practice. **The dominant framing supports a particular development pathway that prioritizes intensification and market solutions, potentially at the expense of alternative approaches or traditional practices.** While environmental concerns are prominently featured, they are primarily addressed through technical and market-based solutions rather than more fundamental systemic changes. **The focus on climate finance and efficiency gains, while important, may inadvertently marginalize smaller producers or alternative production systems that don't easily fit within these frameworks.** This raises questions about equity and the long-term sustainability of the proposed development pathway.

Key Takeaways:



Public development banks continue funding industrial animal agriculture due to deeply embedded institutional beliefs that animal protein is essential for nutrition and economic development in LMICs.



Development banks frame the solution to livestock's environmental impacts as "sustainable intensification" rather than exploring alternative food systems, emphasizing technological and efficiency improvements over more fundamental questions about meat consumption or systems change.



Dominant narratives around animal protein reinforce investment patterns, framing meat and dairy as essential for nutrition and development, making it harder to shift funding toward plant-based or regenerative agriculture.



Challenges and Opportunities in Influencing Funders

Shifting development funders away from promoting industrial animal agriculture in Vietnam presents several challenges. These challenges arise from government policies, international investment trends, economic pressures, and evolving food consumption patterns.



Structural Barriers to Shifting Development Finance

Government Policies Favouring Industrial Agriculture

The Vietnamese government has set ambitious targets to modernize its livestock industry, shifting from small-scale, family-run farms to large-scale industrial operations. Policymakers see industrialization as essential to meeting international standards, attracting private investment, and strengthening the sector's global competitiveness.

Financial Institutions Favouring Large-Scale Production

Major financial institutions, such as the World Bank and the Asian Development Bank, play a key role in shaping Vietnam's agricultural landscape. Their investment priorities often focus on large-scale production systems, which may conflict with sustainability goals and efforts to promote alternative food systems.

Data Limitations and Transparency Issues

A lack of centralized, high-quality data at the district level makes it difficult to assess the true impact of industrial agriculture. Additionally, financial institutions may not always disclose the environmental and social consequences of their investments, limiting accountability.

Dominance of Global Trade and Economic Liberalization

Since the 1986 economic reforms (Đổi mới), Vietnam has increasingly integrated into global markets. Trade agreements, including WTO membership and free trade deals, have opened the market to imported meat, leading to increased meat consumption and competitive pressures that favour industrial production over traditional farming.



Emerging Trends That May Reshape Development Finance for Agriculture

While development finance has historically favoured large-scale industrial agriculture, shifting global priorities are creating new openings for sustainable and smallholder-friendly investments. **This section describes a number of shifts and trends that may influence development banks to reconsider their support for industrial animal agriculture.**[27]

International Recognition of Sustainability Issues

The growing international recognition of sustainability challenges in industrial animal agriculture presents a significant opportunity for influencing development finance. Major international bodies are increasingly acknowledging the environmental and social impacts of IAA. The IPCC's Sixth Assessment Report identified industrial livestock as a major contributor to climate change, recommending urgent transformation of food systems.[42] Some financial institutions themselves are starting to respond. The Finance in Common Joint Declaration (2020) saw public development banks pledge to align investments with the SDGs and Paris Agreement, signalling a continued shift toward sustainability. However, critics argue these pledges are not enough given that banks still fund factory farming, contributing to deforestation and emissions. They argue that transparency issues persist, with many project disclosures lacking details on environmental impact and not enough is being done to support a shift toward regenerative agriculture.[27]

Vietnam's Government Initiatives for Sustainability

While the Vietnamese government supports industrialization, it is also exploring ways to restructure the livestock sector with sustainability in mind. For example, in October 2020, the Prime Minister issued Decision No. 1520/QĐ-TTg, outlining specific goals and strategies to promote a green, clean, and sustainable livestock industry by 2045.[43] However, the mandate was to focus on technological improvements, rather than shifting toward a focus on lower intensity small and medium-scale farming.

Rising Consumer Awareness

Recent studies indicate that Vietnamese consumers, particularly in urban areas, are increasingly prioritizing food safety and nutrition, leading to a higher demand for sustainably produced food. A survey conducted by PwC found that over 90% of Vietnamese respondents are willing to pay more for products with verified origins and those using sustainable materials.[44] This growing consumer awareness presents an opportunity for funders to invest in alternative agricultural models that emphasize environmental and health benefits.

Technological Advancements

Technological advancements in agriculture are paving the way for increased efficiency and reduced environmental impact. Precision agriculture, for instance, employs technology to gather data on soil and water variations, optimizing farming practices to enhance efficiency and sustainability.

Alternative proteins such as plant-based and lab-grown meat have received a lot of attention as potential solutions to mitigate the environmental and ethical concerns linked to IAA. [45] However, some research suggests that while the alternative protein market is expanding, particularly in Asia, its impact on large-scale conventional livestock production remains limited.[46] Despite rising consumer interest in plant-based products, industrial livestock operations continue to grow. Given this reality, alternative proteins should be considered a promising but uncertain tool in the broader strategy for sustainable food system transitions. Rather than assuming their inevitability as a disruptor, it is essential to pursue complementary interventions, such as regulatory reforms, financial incentives for sustainable practices, and support for smallholder farmers, to create meaningful shifts away from industrial livestock expansion.

Advocacy Strategies and Success Stories

As awareness of sustainability issues grows, groups working to protect the environment and rural communities have found new ways to influence how development banks spend their money. One important group leading this work is the **Stop Financing Factory Farming (S3F) coalition**. The network of organizations came together in 2020 with the goal of ending development bank funding for industrial animal agriculture. S3F tracks how development banks and other public institutions financially support animal agriculture. **They provide greater transparency in bank funding, and they study how these investments affect the climate, local wildlife, public health, and rural communities.** Through its work, S3F has developed advice for strategies to influence how banks invest, such as:

- Use clear messaging and build concise messages that resonate with the target audience.
- Use pictures and graphics that grab attention and help explain your message.
- Get to know and work closely with other activists and media contacts.
- Plan your social media carefully - create posts, pictures, and information that's ready to share.
- Show up at big meetings where banks make decisions, like climate conferences and World Bank meetings. Hold your own events to share your message.
- Team up with young people and local community leaders who can help spread the word.
- Plan activities during major events to get attention for your cause.
- Share your story with newspapers and TV stations to increase pressure on banks.[47]

Success Stories

In 2023, Sinergia Animal pressured Rabobank to enforce its sustainability policies by ensuring its clients, Ahold Delhaize and Makro, committed to cage-free egg production globally, not just in Europe. The campaign used advocacy, public awareness, and direct engagement to highlight the inconsistency in animal welfare commitments. While ongoing, it successfully increased scrutiny of Rabobank's financing practices and reinforced the need for financial institutions to uphold ethical standards across all markets.[26]

In Ecuador's Santo Domingo de los Tsáchilas region, communities affected by Pronaca's 30+ meat factories have fought against environmental pollution through multiple strategies. After a 2009 Constitutional Court victory failed to properly address water contamination issues, they focused on the company's international funding. Despite community complaints, the IFC provided Pronaca with \$120 million between 2004-2013, plus an additional \$50 million in 2021. In 2023, CEDENMA, an environmental organization, documented these impacts and successfully filed a complaint with the Inter-American Development Bank, demonstrating how local communities can leverage international mechanisms for change.[48]

Key Takeaways:



Shifting development finance away from industrial animal agriculture faces significant structural barriers including Vietnamese government policies favouring industrialization, financial institutions' preference for large-scale production, data transparency issues, and global trade pressures that prioritize economic liberalization.



Several emerging trends may create opportunities to reshape development finance, including growing international recognition of sustainability issues, Vietnam's initiatives for a greener livestock sector, rising consumer awareness about food safety, and technological advancements in sustainable agriculture.



Despite Vietnam's government support of industrialization, there are signs of growing awareness about sustainability, though current policies focus more on technological improvements to industrial systems rather than transitioning to lower-intensity farming models.

Recommendations

Addressing the challenges posed by IAA and its financing requires bold structural changes and practical steps that can be implemented on the ground. This section offers targeted recommendations for key stakeholders, including frontline organizations, advocates, and policymakers, aiming to shift financial flows toward more sustainable agricultural alternatives. It also outlines specific actions for public development banks who an important role in shaping agricultural landscapes in LMICs like Vietnam through their funding decisions.

It is important to acknowledge that these are complex and deeply embedded issues and shifting financial and policy priorities will not happen overnight. PDBs operate in complex environments, balancing economic development goals, financial risk, and political pressures. Therefore, while these recommendations call for significant systemic changes, they also highlight the practical, incremental steps that can influence attitudes and build broader momentum for a shift away from IAA financing.

The recommendations presented here are informed by extensive research on Vietnam's development finance landscape, as well as insights from years of global advocacy and policy engagement by researchers and campaigners. They are intended to be relevant to Vietnam's specific context and applicable to stakeholders worldwide who are working to reduce reliance on IAA and promote more sustainable food systems.

Public Development Banks

The following recommendations outline key actions that public development banks should take to align their funding with global climate and development goals. For frontline organizations, understanding the specific demands request of PDBs is essential for effective advocacy. These recommendations build on the work of coalitions, such as the Stop Financing Factory Farming Coalition, who have highlighted the urgent need to shift financial flows away from industrial animal agriculture and toward sustainable food systems.

End Financing for Industrial Livestock Expansion

Public development banks should end new financing for large-scale industrial livestock operations, including factory farms and feedlots, as they are incompatible with global climate and biodiversity targets.

Implement Stronger Climate and Biodiversity Criteria for Livestock Investments

PDBs should establish binding environmental, social, and governance criteria for livestock financing, ensuring projects align with the Paris Agreement and national climate action plans.

Require Mandatory Scope 3 Emissions Reporting for Funded Livestock Projects

Development banks should require livestock companies to measure, report, and reduce their Scope 3 emissions (indirect emissions from the whole supply chain and product use), including those from animal feed production, deforestation, and manure management.

Increase Transparency and Public Disclosure of Livestock Project Funding

Banks should be more transparent about all livestock-related investments, including loan recipients, environmental risk assessments, and climate impact evaluations. Livestock projects, such as IFC's support of the Mavin Group's pig operation in Vietnam, have been criticized for their lack of openness about animal welfare, deforestation, and pollution risks.[19]

Redirect Funds to Sustainable, Small-Scale Livestock Farming

Many smallholder farmers in Vietnam are being displaced due to the expansion of corporate-controlled industrial livestock farms. Redirecting finance to smallholder-led, sustainable livestock projects would help preserve rural livelihoods while supporting Vietnam's food security.

Support a Just Transition Away from Industrial Livestock

PDBs should support a gradual transition toward sustainable plant-based and mixed farming systems, aligning with international best practices. While Vietnam's government has set sustainability goals, its focus and financing patterns from institutions such as IFC, still favour industrialized meat production.

Front-line Organizations, Campaigners, and Advocates

Advocacy groups play a crucial role in shifting financial flows away from IAA by applying pressure and raising awareness. However, not all organizations have the same level of resources to take on these activities. The following recommendations are divided into two categories: strategies that smaller or under-resourced organizations can take on with minimal financial investment, staff, or technical expertise; and approaches that may require more financial, legal, or institutional resources, such as conducting research, filing formal complaints, or working directly with financial institutions.

Strategies for Smaller or Under-Resourced Organizations

Amplify Success Stories of Countries Shifting Away from IAA

It's important for advocacy efforts to highlight the risks of IAA, but providing real-world examples of successful agricultural transitions can help banks and governments see concrete models for future investments and policies. Campaigners can showcase examples of innovative financing strategies for sustainable agriculture, such as the SAPLING initiative in Vietnam and the Grow Asia partnership.

Connect Smallholder Farmers with International Networks

Connecting smallholder farmers in Vietnam with their counterparts in Latin America, sub-Saharan Africa, and other LMICs can foster important exchanges of knowledge, strategies, and support systems. All of this will enhance their collective capacity to advocate for improvements in their livelihoods. One relevant organization is La Via Campesina, an international movement that brings together millions of small and medium-sized farmers, agricultural workers, and indigenous communities. It focuses on food sovereignty and agroecology, providing a platform for smallholder farmers to share experiences and advocate for supportive policies. Local and regional front-line organizations in Southeast Asia can continue to build links among smallholder farmers locally and internationally.

Shift the Conversation from “Divestment” to “Risk Reduction”

Banks and investors prioritize risk management. In addition to the ethical arguments for divestment, advocates should highlight the financial and legal risks of continued investment in IAA. New regulations on deforestation,

methane emissions, and ESG compliance mean banks could face liability and financial losses if they continue funding IAA. Meanwhile, investor interest in alternative proteins and regenerative agriculture is growing, offering a more stable and future-proof investment.

Push for Full Transparency in Development Finance

A major barrier to shifting development finance away from industrial animal agriculture is the lack of transparency in funding decisions. Advocates can push for real-time disclosure of project impact assessments, ensuring that banks and development institutions provide clear, accessible data on the environmental and social risks of their investments.

Public comment periods should be required for agricultural investment decisions, allowing civil society to weigh in before funding is approved. While transparency is often discussed, forcing financial disclosure in real time would significantly increase accountability and pressure banks to justify their funding choices.

Learn from and Connect with Communities Impacted by IAA Expansion

To ensure research and advocacy efforts align with the realities on the ground, it is important to connect directly with those most affected by industrial animal agriculture. This includes smallholder farmers, rural labourers, local food producers, indigenous communities, and workers in supply chains who experience economic displacement or impacts on the natural environment. Their insights can strengthen campaigns and highlight viable alternatives. However, connecting with these communities can be difficult in countries such as Vietnam.

Advocates and researchers could better connect with these groups by organizing listening sessions, conducting on-the-ground interviews, and using participatory research methods like community mapping or storytelling projects. Collaborating with local farmer cooperatives and grassroots organizations would produce greater trust and ensure cultural relevance in engagement efforts. In making these connections, it would be important to focus on getting key insights on how IAA expansion affects incomes, land access, labour conditions, environmental quality, and public health, as well as what solutions these communities see as viable.

Strategies that Require Greater Resources

Leverage the Banks' Own Accountability Frameworks

Instead of only opposing industrial livestock financing through external pressure, campaigners can strategically use PDBs' own Environmental, Social, and Governance policies to challenge funding decisions. Many development finance institutions have explicit climate, sustainability, and smallholder inclusion goals that contradict their investments in IAA.

Advocates can:

- File formal complaints using grievance mechanisms such as the World Bank Inspection Panel or the IFC Compliance Advisor Ombudsman (CAO), and
- Highlight inconsistencies in investment practices versus sustainability commitments, forcing internal audits and policy reviews.

Encourage Smallholder Farmers to Engage in Alternative Investment Proposals

Advocating against IAA funding is important, but promoting alternative investment solutions can also be a productive strategy. Banks are more likely to shift financing if they see viable, low-risk opportunities. Advocates can work with smallholder cooperatives to create investment-ready proposals for regenerative agriculture. They can also leverage existing initiatives that already support sustainable smallholder farming, such as CGIAR's SAPLING initiative in Vietnam's Northwest Highlands that promotes sustainable agriculture, reforestation, and improved livelihoods for local communities by providing funding and resources.[49]

Promote “Transition Finance” Models

Advocates can push for funding strategies that support farmers moving away from IAA, such as blended finance initiatives that combine public, private, and philanthropic funding to de-risk investment in sustainable alternatives.

Conclusions

The expansion of industrial animal agriculture in Vietnam, backed by development finance, is reshaping the country's agricultural landscape. While these investments aim to modernize livestock production, they often come at the cost of environmental sustainability, smallholder livelihoods, and public health. Yet, **IAA's growth in Vietnam is not a "done deal."** **There is still time to shift its trajectory, as competing financial priorities, evolving policies, and growing climate concerns create openings for change.** However, the reasons why development banks fund IAA are complex, shaped by prevailing narratives and economic and institutional pressures that do not always align with sustainability goals.

The expansion of industrial animal agriculture is not an inevitable process - it is shaped by deliberate policy and investment choices made by governments, corporations, and financial institutions. While economic growth, urbanization, and shifting diets are often cited as drivers of intensification, the reality is more complex. Many government policies, international trade agreements, and public development banks actively encourage industrial livestock production through infrastructure development and financial incentives. **Recognizing this as a choice rather than a preordained outcome is critical for understanding how alternative, more sustainable pathways remain viable.** The decisions made today will determine whether Vietnam prioritizes an industrial farming model or invests in a diversified, resilient agricultural system that balances economic growth with sustainability.

This report builds on a growing body of research and advocacy, offering strategies for front-line organizations, advocates, and policymakers to challenge harmful financing while promoting viable alternatives. Leveraging accountability mechanisms, highlighting financial risks, pushing for transition finance, and amplifying success stories can help redirect development funding toward climate-resilient, smallholder-friendly agriculture.

The path forward requires more than opposition - it demands solutions that align economic incentives with sustainability. With coordinated pressure, transparent monitoring, and sustained engagement, advocates can push for a just transition that reshapes Vietnam's agricultural future before industrial livestock expansion becomes entrenched.

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Appendix 1: Summary Table of Development Bank Funding of Animal Agriculture in Vietnam (2015-25)

Project Name	Funder	Year	Funding (USD)	Funding Type	Sector	Location	Recipient	Project Objectives
Alpha Feed Expansion	IFC	2019	\$60M	Loan and equity	Aquafeed Production	Guangdong, Jiangxi, Hubei provinces (China); Vietnam	Shenzhen Alpha Feed Company Limited	Build new feed mills in specified Chinese provinces and expand into Vietnam to enhance aquafeed production capacity.
Anova Feed Expansion	IFC	2016	Up to \$10M	Quasi-equity	Livestock Feed Production	Dong Nai, Long An, Hung Yen provinces (Vietnam)	Anova Feed Joint-Stock Company	Construct a new 300,000 MT/year feed mill in Dong Nai, a bulk warehouse in Long An, and a planned 150,000 MT/year feed mill in Hung Yen to meet growing demand.
Australis Aquaculture Expansion	U.S. International Development Finance Corporation	2020	\$11M	Loan	Aquaculture	Van Phong Bay, Khanh Hoa province (Vietnam)	Australis Aquaculture Vietnam Limited	Expand open-water fish farming operations, specifically barramundi, and construct a fish processing facility to boost production capacity.
BaF Vietnam Agri	IFC	2022	\$39M	Loan	Agriculture and Forestry	Vietnam	BAF Vietnam Agriculture Joint Stock Company	Development of hog farms, feed mills, and processing facilities.
GMS Sustainable Agriculture Program	Asian Development Bank	2019	\$3M	Technical assistance	Agriculture and Food Security	Greater Mekong Subregion	Multiple regional stakeholders	Enhancing climate-friendly and sustainable agri-food chains, improving water-food-energy nexus.
GreenFeed ASF 2021	IFC	2021	\$43M	Bond	Animal Feed Production	Vietnam	GreenFeed Vietnam, regional suppliers of feed, smallholder farms	Infrastructure development: New feed mills; Capacity enhancement for feed production; Logistics and supply chain support.
Haid Intl 2017	IFC	2017	\$60M	Loan and equity	Aquafeed Production	Vietnam, India	Haid International Group Limited	Infrastructure: Two shrimp feed lines, one fish feed line in Vietnam, and a new feed mill in India.
Livestock Competitiveness and Food Safety Project	World Bank	2015	\$79M	Loan	Agriculture and Forestry	Vietnam (12 provinces)	Ministry of Agriculture and Rural Development, State Bank of Vietnam	Support for household livestock production, marketing, and foodsafety infrastructure.
Mavin 2022	IFC	2022	\$52M	Loan	Pig Breeding and Farming	Gia Lai, Nghe An, Dong Thap (Vietnam)	Mavin Group Joint Stock Company	Construction of breeding facilities and provision of buffer zones.
Mekong Delta Project	World Bank	2016	\$310M	Loan	Climate Resilience and Sustainable Livelihoods	Mekong Delta, Vietnam	Government of Vietnam, local communities	Infrastructure for flood management, saline water adaptation, and ecosystem restoration.

Appendix 1 (cont'd)

Project Name	Funder	Year	Funding (USD)	Funding Type	Sector	Location	Recipient	Project Objectives
Olam Global Agri Food Security Support Project	Asian Development Bank	2022	\$80M	Loan	Agriculture and Forestry	Bangladesh, India, Indonesia, Nepal, Pakistan, Vietnam	Olam Group Limited, Olam Global Agri Private Limited	Working capital: Support for logistics and value chain financing.
Vietnam Food Safety	IFC	2016	\$1.3M	Advisory services	Agriculture and Forestry	Vietnam	Local SMEs, smallholder farmers	Enhance food safety management by supporting three investment clients and their supply chains in implementing Food Safety Management Systems and Good Agricultural Practices.

Methods

The analysis of funding activities in the guidance memo was based on project documents sourced primarily from the Early Warning System, a platform developed by the International Accountability Project to track development finance initiatives. Additional searches were conducted on the disclosure platforms of relevant financial institutions, including the International Finance Corporation (IFC), Asian Development Bank (ADB), and Asian Infrastructure Investment Bank (AIIB), to ensure comprehensive data coverage.

Key project details, such as objectives, funding structures, environmental categorization, and intended outcomes, were extracted and analyzed using a structured framework. This framework classified projects based on their alignment with sustainability goals, including the type of agriculture supported, stated environmental and social standards, and funding distribution. Each project's expected outcomes were examined to assess their role in industrial intensification or contributions to ecosystem and community resilience.

Data Limitations

Project disclosures from PDBs often lack sufficient detail on planned activities, expected impacts, and specific development goals. This limited transparency makes it difficult for advocates, policymakers, and affected communities to assess the full scope of investments. Additionally, project information is frequently delayed, with key details only becoming available after funding has been approved. Another challenge is the use of technical language in these documents, which can make financial data difficult to interpret for non-experts. Without clear explanations of how funds are allocated and their expected outcomes, it becomes harder to connect financial decisions to real-world impacts.

Appendix 2: Key Organizations Challenging Development Bank Support for Industrial Animal Agriculture

Several global and regional organizations are working to hold financial institutions accountable for their role in supporting industrial animal agriculture. The table below provides an overview of key groups focused on financial transparency, environmental sustainability, and animal welfare, along with their specific involvement in efforts to reduce development bank support for factory farming.

Organization	Involvement
Bank Information Center	Advocates for transparency, accountability, sustainability, and inclusion in development finance. Published the 2024 report "How Much (and How) Does IFC Support Industrial Livestock? And Is It Changing?"
BankTrack	Monitors and campaigns against banks' involvement in projects that are socially and environmentally harmful.
Compassion in World Farming	Campaigns globally to end factory farming and improve animal welfare standards.
Environmental Justice Foundation	Investigates and campaigns against environmental abuses, including those linked to industrial animal agriculture, promoting sustainable solutions.
Fair Finance Asia	Advocates for a fair and transparent financial system in Asia that respects environmental and social standards.
Friends of the Earth	FOE is an international network of environmental organizations dedicated to advocating for environmental justice, promoting sustainable development, combating climate change, and protecting biodiversity to empower communities and drive systemic change for a healthier planet. Recent reports on IAA include: Bull in the climate shop: Industrial livestock financing sabotages major U.S. banks' climate commitments (2024) Climate Misalignment: How Development Bank Investments in Industrial Livestock Are at Odds with Their Paris Agreement Commitments (2023)
Humane Society International	Works globally to promote animal welfare, campaigning against intensive farming practices and influencing policy for more humane agriculture.
International Accountability Project	Aims to promote transparency, accountability, and participation in international development finance, advocating for the rights of affected communities and ensuring that projects are environmentally sustainable and socially just. Published the 2024 report "Development Finance Support for Animal Agriculture - Analysing 2023 project disclosure data from 16 development finance entities".
Sinergia Animal	Focuses on reducing animal suffering in food production, campaigning against factory farming and promoting plant-based diets in developing countries. Published the 2024 report "Beyond Profits- Global Review of Financial Institutions in Animal Welfare and Food Systems".
Stop Financing Factory Farming Coalition	A coalition of organizations calling for financial institutions to divest from industrial animal agriculture.
World Animal Protection	Advocates for an end to animal cruelty and suffering and promotes policies that protect animals in farming, wildlife, communities, and disaster response. Published the 2022 report "Closing the financing gap: Why is public money still being used to fund factory farming in the name of the sustainable development goals?"

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