



Summary Report from the Global Aquaculture Discussion Forum

*Hosted by the
Bangladesh Shrimp Foundation and the
Network of Aquaculture Centres in Asia-Pacific
Dhaka, Bangladesh
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Summary

1. The Bangladesh Shrimp Foundation (BSF) and the Network of Aquaculture Centres in Asia-Pacific (NACA) jointly hosted the Global Aquaculture Discussion Forum on the 3rd and 4th December 2003 in Dhaka, Bangladesh. The forum successfully brought together 71 participants from seven countries representing various stakeholders in shrimp aquaculture to share experience and ideas on trade in the shrimp aquaculture sector, and to seek positive solutions to problems and constraints. This report summarises discussions at the forum.
2. Shrimp aquaculture is a young, rapidly changing and fragmented business. Increasing global production has caused prices to fall and is putting pressure on the industry to reduce costs and improve efficiency. Most of the world's shrimp and prawn comes from Asia. In Asia, small-scale shrimp and prawn farms account for the majority of the production.
3. The rapid expansion of shrimp and prawn aquaculture while contributing significantly to economies in Asia has also been associated with adverse environmental effects, food safety concerns and human rights concerns. These issues and more recent new concerns such as bioterrorism and antidumping issues are driving the demand for higher standards, traceability and certification of shrimp supply chains.
4. Developing countries face the greatest challenge in meeting these market demands due to highly fragmented shrimp industries and poor infrastructure. Reducing developing countries' access to US and EU markets will impact significantly on export earnings and is likely to adversely affect economic growth in these countries.
5. Small-scale producers in Asia operate some of the most efficient, environmentally sustainable and socially equitable farms but are ***not positioned well to participate in certified and traceable supply chains due to the small quantities of product produced and the costs associated with certification. Economies of scale will favour larger producers.***
6. The costs associated with certification are likely to be prohibitively high for individual farms producing small quantities of shrimp and prawn. A major challenge is to develop a harvest and transport system that allows aggregation of product from small farms whilst maintaining traceability. ***The creation of cooperative farming groups and associations is probably the only way of supporting small-scale farmers to access international markets, with increasingly stringent requirements for traceability and food safety.***

7. Providing support services to small-holders has been shown to be commercially viable and the private sector can, therefore, play an important role in enhancing the long term competitiveness of small-scale aquaculture.
8. There is a need to harmonise Codes and standards internationally whilst ensuring they take into account local conditions in different producing countries. Developing locally specific Best or Better Management Practices (based on generic BMP principles, or Codes of Conduct) tailored to farming systems and the investment capacity of target farmers are important factors for successful uptake of Codes and standards.
9. The potential benefits likely to result from certification need to be clear to small producers before they invest in certification. This will include informing them whether any premium is available for certified products or if it is simply a requirement for market access, whether the codes are likely to be made mandatory and the level of buyer support for that particular certification scheme. It is important to understand reasons for existing practices and behaviours and predict future trends so that effective incentive structures can be developed to encourage better practices as well as participation in traceability and certification schemes.
10. Sustaining pro-poor growth through support for small-holders in certified shrimp export chains will require stronger linkages between the private sector and public sector. Government and NGO assistance to preserve small-holder interests will only be effective when it is combined with market pressure primarily through the processors to raise demand for certified products from small-scale farms. This will require the creation of stronger forward linkages with local depots and backward linkages to private hatcheries and other input suppliers.
11. In countries where small-scale operators predominate, certification programmes need to be developed in a series of small steps to ensure small-holders are able to participate. Programme development will require elements of compromise and confidence building in the beginning and strong support from both the public and private sectors.
12. Effective coupling of shrimp sector development to poverty reduction could take place through a special emphasis on industry segments associated with pro-poor growth such as the freshwater prawn sector. Codes of Conduct and BMPs should pay special attention to social aspects and equity considerations.
13. Processors are likely to be the most powerful driving force for adoption of Codes of Conduct in producing countries and they need to be more actively involved in certification programmes to ensure improved management, traceability and higher quality Asian shrimp products. Currently backward linkages to farms are weak although some NGOs and development projects have been helpful in creating links between processing plants and small-scale farmers.
14. As buyers increasingly demand higher levels of quality and safety guarantees and international third party certification, there is a need to consider the changing roles and responsibilities of Governments. Governments in Asia urgently need to establish the necessary infrastructure and human resources to ensure adequate testing of exported aquaculture products takes place prior to export, provide an overarching regulatory and enabling environment as well as develop measures to prevent fraud and regulate the

proliferation of labels. In countries like Bangladesh where shrimp farming is associated with conflicts and rights abuses, there is an urgent need for land reform and improved coastal planning in areas where shrimp are produced.

15. NGOs and other civil society organisations will continue to play an important role in ensuring the sector becomes more sustainable and equitable. NGOs also have an important role to play as independent monitors and watchdogs particularly on social and environmental issues. NGOs can also ensure greater information sharing occurs on key issues so that small producers can respond more rapidly to the changing regulatory and trading environment.
16. The existence of so many interest groups and stakeholders with diverse viewpoints highlights the need for dialogue and sharing of experiences, and for one or more agencies to play a facilitating role to create greater synergy and understanding between the various groups.

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1. Introduction to the forum

The Bangladesh Shrimp Foundation (BSF) and the Network of Aquaculture Centres in Asia-Pacific (NACA) jointly hosted the Global Aquaculture Forum on the 3rd and 4th December 2003 in Dhaka, Bangladesh. The forum successfully brought together 71 participants from seven countries representing various stakeholders in shrimp aquaculture to share experience and ideas on trade in the shrimp aquaculture sector, and to seek positive solutions to problems and constraints. This report summarises the discussions and findings from the forum. A full set of presentations made to the forum is provided at www.enaca.org/shrimp and www.shrimpfoundation.org.

Developing countries account for most of the world's shrimp aquaculture and their economies rely heavily on the foreign exchange earnings generated from shrimp exports. Asia is now the major supplier of shrimp and prawns to the global seafood market. The potential for growth in Asia's aquaculture businesses was captured by Adil Islam, Corporate Banking Head, HSBC, Dhaka during his opening remarks at the forum when he said: "in a world of shifting trade patterns and challenges which is increasingly volatile, the country needs to keep a focus on what it can do best. Aquaculture remains one such key area where fundamental comparative advantages exist and can be taken to a global height."

Whilst the growth of aquaculture in developing countries has boosted economic growth and can play an important role in poverty reduction, this rapid expansion has been associated with adverse environmental effects, food safety concerns and human rights violations. Aquaculture in developing countries is increasingly coming in for closer scrutiny by buyers, Governments, international NGOs and consumer groups. Importing countries are seeking greater assurance that seafood products are safe and are produced using sustainable practices which comply with international labour codes and human rights conventions. A multitude of standards, regulations, legislation, trade restrictions and certified products now exist. Yet these instruments are often poorly understood by producing countries and developed without proper dialogue between importing and exporting countries.

The various stakeholders in Global Aquaculture, the producers, buyers, environmental NGOs, trade bodies, Government and international agencies are scattered across the world and rarely come together to discuss key issues facing the seafood industry. On certain issues, where constructive dialogue between these stakeholders is lacking, they have become polarized in their viewpoints and confrontational in their approach. Continued growth of sustainable aquaculture depends upon stakeholders holding different views having a forum in which they can honestly talk with each other for the sake of the millions of people who depend upon aquaculture to make a living. Practical solutions to problems facing the seafood industry can only emerge from a commitment by all the stakeholders to participate in continuous dialogue and discussion of these issues.

1.1 Objective of Forum

This Forum was convened to bring people together to share experiences and ideas on trade in the shrimp aquaculture sector, and to seek positive solutions to problems and constraints. The aim of the meeting was to generate free and frank discussions among diverse stakeholder groups in shrimp production and marketing supply chains with a view to developing practical solutions to current problems facing the industry in the interests of the millions of people who depend on shrimp aquaculture in Asia to make a living. At this first meeting, the focus was on the increasing demand for higher standards and certification of shrimp supply chains and the constraints faced by developing countries in meeting these market demands.

The general objectives of the Forum were to:

1. Gain a better understanding of market developments and emerging trading practices in aquaculture products (certification systems, Codes of Conduct, trace-ability *etc*), and implications for small-scale producers.
2. Identify innovations that support small-scale aquaculture producers (with an emphasis on those operating low input systems) and positive social and economic development outcomes for developing countries within emerging trading schemes for aquaculture products, and identify follow-up actions for producers, governments and supply chains that support implementation of these innovations.
3. Develop a general set of agreements between consumers, buyers, international organizations, NGOs and trade associations from exporting countries on key issues discussed during the two-day programme.
4. Agree on measures to ensure continued dialogue among stakeholders and a formula for resolving any conflicts that may arise between stakeholder groups.

1.2 Organisation of Forum

The Forum was organised with an opening ceremony, key-note presentations and perspectives of different stakeholders, followed by panel discussions, and four working groups that addressed the following topics:

- Positioning producers, particularly small-scale farmers at the centre of efforts to develop appropriate Codes of Conduct and certification schemes
- Buyer support in helping small-scale farmers participate in certification schemes?
- Governance of supply chain trace-ability and certification schemes and the role of the government, private sector (shrimp industry) and non-government organizations.
- Implementation of Codes of Conduct and certification and growth and poverty reduction in areas where shrimp are grown and processed.

Sections 2-4 below provide a summary of presentations and discussions from the key-note presentations and panel discussions. Sections 5-7 provide the outcomes from the working groups.

2. Shrimp, developing countries and international trade

International trade in seafood is a multi-billion dollar trade, with global volumes expanding from around \$7 billion in 1976, to \$55.3 billion in 2000. Developing countries dominate seafood exports with over 50% of internationally traded seafood coming from developing countries, and developed countries accounting for 80% or more of imports. Asian developing countries top seafood production statistics. However, the continuing shift in consumption and trading practices presents a major challenge for producers in developing countries, particularly small-scale producers.

The regulatory environment is changing to adapt to new issues of bioterrorism, food safety and traceability. Trade restrictions are appearing in the form of antibiotic residue limits and anti-dumping threats. At the same time, NGOs are calling for tighter controls on environmental and social issues. These emerging trade rules generally impinge the flow of shrimp product from developing countries to developed countries. Developing country concerns centre mostly around the impact of these emerging trade rules on accessing importing country markets.

With the proliferation of trade rules, the standards landscape in importing countries is becoming increasingly complex and confusing to exporters. International product standards are not even

harmonised across EU states. In addition there is also a proliferation of different standards from independent certification bodies which are favoured by certain buyers and retailers keen to protect their own brands. Shrimp farming in particular is now the target of several Codes of Conduct and certification schemes which are intended to respond to consumer and buyer demand for a sustainably produced high quality product. It is likely that certified farmed shrimp products – in one form or another – will become an essential requirement for future international trade and marketing. However, there are high transaction costs associated with these codes and a need to harmonise internationally whilst ensuring they take into account local conditions in different producing countries. The move towards adoption of Codes of Conduct, certification of aquaculture products, and integrated supply chains, with trace-ability, therefore, has significant implications for producers in developing countries. There is concern particularly that small-scale producers operating low input farms may face difficulties in participating in such market chains.

3. Small-scale shrimp and prawn farming in Asia

The majority of Asian shrimp and prawn farmers are small-scale holders operating low-input and low output farming systems. Though it is highly profitable compared to other livelihoods options available in coastal areas, shrimp farming in many developing countries is a risky business because the infrastructure is poorly developed and aquaculture ponds are densely concentrated along estuaries and coastal lagoons.

Small-scale shrimp and prawn farmers have evolved various farming systems to reduce their exposure to risks due to changing conditions in the market place, extreme climatic events and disease. These systems are generally low input, low cost models which tend to be more environmentally benign than more intensive operations and provide an important income for poor rural households in remote areas where alternative livelihood options are limited.

A number of case studies during the forum highlighted how the use of sustainable, integrated, cultivation practices brings improvements to the lives of poor aquaculture farmers through raised incomes. For instance, experiences of the Greater Noakhali Aquaculture Extension Project has shown by minimising production costs, small-scale prawn farmers in southern Bangladesh are able to reduce the high levels of risk associated with prawn farming and avoid the use of chemicals, preservatives and hormones. When this is coupled with efforts to improve the local prawn marketing network, improved post-harvest handling has also generated better prices for farmers. Compared with more commercial operations, the prevalence of small-scale, integrated, prawn production systems and the participation of small-holders in export supply chains in highly populated, poor regions of Bangladesh helps boost local economies and generates benefits that are more equitably distributed across local communities.

Small-holders are networked into export markets through an intricate local market system which aggregates the small quantities of shrimp and prawn produced on small farms at several levels before it is transported to processing plants. However, the recent changes in the trading environment are likely to favour more vertically integrated, traceable supply chains as buyers try to minimise their liabilities with regard to food safety and protect their reputations with regard to the environmental and social impacts associated with shrimp farming. The increasing demand for higher standards and certification of shrimp supply chains hence places serious constraints on small-scale shrimp producers and related enterprises in developing countries.

4. Recognising small-scale producers as major players: some recent initiatives

Small-holders often face difficulties in sourcing good quality seed, implementing disease prevention methods and accessing markets for high value products. Moreover, situated at the end of a long supply chain, small-holders are often poorly equipped to respond to the rapidly changing international market and trading environment. As explained during the forum, a recent initiative by ITC in India demonstrated how innovative large corporations can develop business and information services for small-scale farmers to enhance the long term competitiveness of agriculture and aquaculture. ITC has established internet kiosks in villages to deliver information and market signals directly to the farmer. Information on best farm practices, price trends and local weather forecasts are broadcast directly to farmers through the *e-choupal* system so that they can respond more rapidly to changing conditions. Input suppliers and other service providers also use the service to advertise their products and services.

The development of certification schemes such as the Shrimp Seal of Quality Programme in Bangladesh that actively seeks to ensure cost-effective participation of smallholders demonstrates how certification can be made accessible and affordable to small producers. Furthermore, since smaller production systems tend to be more efficient and poor and marginal farmers generally operate low-input, extensive, integrated farms, it should be relatively easy for them to meet social and environmental standards. The major challenge is to develop a harvest and transport system that facilitates an aggregation of product from small farms whilst maintaining traceability. It is likely that the creation of cooperative farming groups and associations is probably the only way of supporting small-scale farmers to access international markets, with increasingly stringent requirements for traceability and food safety.

Another initiative targeted at small-holders in India is tackling a major concern of farmers, the problem of disease and its adverse effects on production. Disease is regarded as the major bottleneck for successful and sustainable shrimp farming in many parts of Asia. Reducing disease risks among small-scale shrimp farmers can, therefore, be important in sustaining the livelihoods of small scale farming communities many of Asia's coastal regions.

In India, the Marine Products Export Development Authority (MPEDA) and the Ministry of Commerce and Industry with technical assistance from NACA have been working on a joint shrimp disease control initiative since 2000. The work demonstrates that the adoption of basic health management practices combined with efforts to better organise the small-scale sector can considerably reduce production losses due to disease. As well as boosting household income for poor farmers, the economic returns from technical improvements also create opportunities for sustaining producer groups and cost recovery for extension services. The work also illustrated the importance of developing locally specific management practices (based on generic BMP principles) tailored to farming systems (based on stocking densities, ability to maintain reservoirs, source water quality etc) and investment capacity of individual farmers. The experience showed that BMP implementation brings about significant improvement to the crop and makes it cheaper as well.

Community based management approaches have also been used successfully in Vietnam to build technical and managerial capacities of small-scale farmers as well as to improve environmental management practices. As revealed during the forum, community farming groups in northern parts of Vietnam had established disease prevention controls and water supply arrangements as well as simple environmental regulations. They had also raised funds to purchase information and

environmental monitoring equipment. Local Government and fishery management staff were also invited to participate to increase cooperation between the community and local Government bodies.

5. Using Codes of Conduct and certification to boost growth and poverty reduction in shrimp farming areas

Recognising that shrimp and prawn farming already benefits the poor and identifying and understanding the factors that influence pro-poor growth are considered important prerequisites for coupling shrimp sector development to poverty reduction. The potential to boost economic growth in countries like Bangladesh is considered to be high given existing production inefficiencies. Measures could include providing farmers with technical support to increase productivity and organisational strengthening to create opportunities for collective purchasing and selling of products.

5.1 Demonstrating the benefits of certification

Determining how the market will reward certification is crucial to promoting participation in these types of voluntary programmes. Certification schemes need to be clear about the potential benefits likely to result from certification i.e. whether any premium is available for certified products or if it is simply a requirement for market access, whether the codes are likely to be made mandatory and the level of buyer support for that particular certification scheme. Understanding how incentives for effective participation might influence poorer producers (and others) in deciding whether to opt for certification is therefore an important aspect in designing certification programmes. Care is also required in the development of Codes of Conduct and certification schemes to ensure that they can be practically implemented by small-scale producers. This will require an understanding of existing practices and buyer requirements.

5.2 Using private/public partnerships to promote pro-poor growth

There is a need for stronger partnerships between the private sector and public sector if poor farmers are to benefit. Support and incentive structures to encourage small-holder participation in certification schemes should take place simultaneously through these two channels: firstly, using market pressure primarily through the processors to raise demand for certified products from small-scale farms, and secondly using Government and NGO assistance to preserve small-holder interests. A good example of how this can work in practice exists in Noakhali in Bangladesh, where the Department of Fisheries and NGOs work in partnership providing technical, credit and organisational support to groups of poor prawn farmers. The Greater Noakhali Aquaculture Extension Project that supports the DOF/NGO partnership couples this support to private sector development in the area by providing technical assistance to selected private enterprises. The project has created forward linkages with local depots that pay a premium for farmers' prawn harvests and backward linkages to two local private hatcheries that provide post larvae on credit to farmers.

5.3 Cost effective certification through group approach with small-scale farmers

The cost associated with certification is a major concern for poor shrimp and prawn farmers. Most probably, the only affordable way for small-holders to become certified will be through the formation of organised groups as it is unlikely they will be able to satisfy certification and traceability requirements as individual units. Clustering of producer groups into associations will be essential and needs to be developed using bottom up approaches and Government assistance. This will present a whole host of challenges for local communities involved in shrimp production on a

small-scale although creating and strengthening producer groups and associations could have a number of other productive uses such as providing focal points for information transfer and extension as well as cooperative savings and purchasing schemes.

5.4 *Phased approaches to ensure participation of small-holders in certification schemes*

In countries like Bangladesh and Vietnam where there are thousands of small-scale operators who are poorly organised and operate in areas that lack adequate infrastructure, it is unlikely a certification scheme can be developed and made immediately available. Such certification programmes need to be developed in a series of small steps to ensure small-holders are able to participate. This will require elements of compromise and confidence building in the beginning and strong support from both the public and private sectors.

5.5 *Focusing on small-scale prawn producers to maximise poverty alleviation*

In order to maximise any poverty reduction associated with the sector, freshwater prawn (*Macrobrachium rosenbergii*) systems could be given special attention and catered for in Codes of Conduct and certification programmes since the majority of smallholders are concentrated in freshwater prawn cultivation and this type of production has proven benefits to the poor.

In the brackish-water sector (producing mainly *Penaeus monodon*), there are a number of social issues that require attention in Codes of Conduct if pro-poor growth is to occur. In Bangladesh, there is widespread non-compliance with existing laws especially relating to abuse of leasing agreements and land grabbing in brackish water shrimp farming areas. There are significant barriers that block the entry of poorer entrepreneurs. Failure to address these barriers and human rights issues will not only restrain pro-poor growth it is also likely to adversely affect export earnings for the whole sector. This is an area that requires interaction and cooperation between Government, civil society organisations and industry. It should be recognised that certification programmes alone cannot address all the social problems associated with shrimp aquaculture.

5.6 *Processors, the missing link in promoting better practices*

The long supply chain means that the transmission of market signals from buyers is too weak to encourage uptake of better management practices by most producers. The vertical linkages throughout the supply chain need to be strengthened from local through to international levels. Integration of supply chains in this way is important not only in ensuring that certification programmes meet buyer demands and address consumer and NGO concerns but also in ensuring that Codes of Conduct are locally appropriate.

Nationally, it is recognised that the processors are likely to be the most powerful driving force for adoption of Codes of Conduct in producing countries. Many processors, however, are not feeling any pressure from buyers; there appears to be reluctance among processors to engage with certification programmes due to intransigence and the additional costs involved. Clearly, for certification schemes to be an effective means of promoting improved management and higher quality Asian shrimp products, there needs to be more emphasis on the processors.

Some NGOs and development projects have been helpful in creating links between processing plants and small-scale farmers. However, more could be done by these actors as well as Government and other civil society organisations to facilitate stronger linkages. NGOs, in the past, have played an active role in forming community groups but most of them do not generally have a good track record on providing marketing support. This is where the Government could encourage the industry to take a lead. Lessons can be learned here from other sectors. In Sri Lanka, for instance processing plants send baskets and ice to small-scale farmers who sell directly to them

enabling them to get higher prices. In Bangladesh, small-scale milk producer organisations are now able to access national rather than just local markets through a national programme developed by the Bangladesh Rural Advancement Committee (BRAC) to collect and distribute milk.

6. Governance of supply chain traceability and certification schemes

6.1 Emergence of private certification programmes

The emergence of private certification schemes has highlighted the need to consider the changing roles and responsibilities of Government. Ultimately, responsibility for validating exported shrimp products as safe rests with the respective Governments. However, buyers are increasingly asking for higher levels of quality and safety guarantees and international third party certification. The jurisdiction of the Government and the boundaries of operation with the private sector are becoming blurred. It was reported that the Indian Government now accepts third party certification as the norm because standards demanded by the buyers are higher than those the Government would normally comply with. Whilst Governments are responsible for certifying the final product, it is the private certification agencies that are increasingly developing systems of “process” certification. Process certification has evolved from a recognition that product certification does not address issues of traceability and social and environmental concerns.

Past experience is beginning to show that the methods used to develop and implement standards and Codes appear to be equally important as the content of the Codes themselves. These should be developed in a transparent and participatory manner involving stakeholders from all sectors. The process of standard setting should itself be ongoing and iterative with an emphasis on generic principles rather than prescriptive top down approaches. These generic principles need to be translated into country-specific Codes and standards which are quantitative and objective. Mechanisms also need to be developed to ensure accountability and that various stakeholder viewpoints are incorporated into the process. Finally, consumer demands will soon dictate that producers must at the very least comply with the law. Certification programmes therefore provide an opportunity for using international consumer pressure to enforce laws.

With the emergence of private certification programmes and an increasing emphasis on technology transfer and complex laboratory testing of products there is a need to introduce quality control systems and accreditation of technicians and consultants working in the sector to ensure high quality technical support for shrimp production and export.

6.2 Role of Governments

One of the major challenges currently facing Governments is the urgent need to establish the necessary infrastructure to ensure adequate testing of exported aquaculture products takes place prior to export. Governments also need to provide the overarching regulatory and enabling environment to ensure that third party certification can be undertaken successfully as well as develop measures to prevent fraud and regulate the proliferation of labels. Governments can also provide guidelines on best management practices to ensure consistency and coherence at the national level as well as develop systems for dissemination. In countries like Bangladesh, where the shrimp producing areas are beset with social conflicts stemming from disputes over land tenure there is an urgent need for Government to reform land policy and administration.

6.3 Role of civil society organisations

NGOs and other civil society organisations can play an important role in awareness building and strengthening of people’s voice to influence Government policy. NGOs could also be involved in data collection and sharing to inform the debate and ongoing discussion process. In particular,

NGOs have an important role to play in conducting independent monitoring particularly on social and environmental issues as well as in creating collective forums and dissemination channels to raise issues.

The existence of so many interest groups and stakeholders with diverse viewpoints highlights the need for one or more agencies to play a facilitating role to create greater synergy and understanding between the various groups.

7. Involving producers in development of Codes of Conduct and certification schemes

7.1 Importance of engaging farmers

If certification systems and Codes of Conduct are going to be successfully applied, producers must be more actively engaged in the development of such schemes. This is a challenge in many countries in Asia, due to the large numbers of small-scale farmers dominating the sector. Nevertheless, farmers are key actors as producers and mechanisms found to engage farmers in the whole process of development and implementation of Codes and certification schemes. Excluding small-scale farmers from emerging market chains would have major social and economic implications for many Asian countries. An approach is required therefore that gives special attention to small-scale farmers, and particularly problems faced by poorer groups.

Small-scale farmers in most countries in Asia presently lack awareness of codes of conduct and certification issues. During the forum, participants provided several examples of farming communities that were unaware of international market demands, or did not see benefits from participating in certification or Codes of Conduct schemes. Generally, farmers are at the bottom of a long market chain, and do not receive strong signals from the market. Large numbers of farmers, fragmentation of the sector with many stakeholders, and poor communication or exploitive relations among some stakeholders create many challenges to implement Codes and supply certified shrimp product.

7.2 Harmonisation of Codes of Conduct

With increasing proliferation of certification schemes and Codes of Conduct, some harmonization is required among national and international schemes. At the same time, application of Codes should allow for flexibility to adapt and make relevant to local circumstances. Emerging experiences in India had developed locally specific BMPs in a participatory way based on generic management principles. The importance of more active participation of local farmers in developing locally specific codes was emphasised throughout the Forum discussions. Participatory mechanisms also need to be developed whereby farmers can be more actively involved in development of national and international codes.

Due to various constraints in applying Codes and Conduct, a “stepped” approach was suggested where farmers can gradually move to higher standards, with support provided to build capacity of farmers to move from low to higher standards and greater levels of adoption.

7.3 Farmer groups likely to play a key role

Organisation of local farmer groups and clusters was seen as a key strategy for involving small-farmers. Key factors in establishing local farmer groups include provision of incentives to participation of members, identifying outside factors that will influence sustainability of group, creating awareness of the benefits of cooperation, third party facilitation of group formation, and cross-visits among farmer groups to encourage sharing of knowledge and experiences, and

institutional support. Government, local NGO's, community groups with experience on group organization and even industry groups may all play an important role. The Forum considered Government support as important, although requirements may vary from country-country.

Once established, local farmer groups have several benefits, including the opportunity to overcome constraints sometimes imposed by credit arrangements with suppliers, and better bargaining power with processors. Example was provided in Thailand where a local shrimp farmer group producing 1,000 tonnes/yr using a Code of Conduct had a substantial bargaining power with a purchaser, leading to better farm-gate prices. In other countries though, surprisingly, some processor's and exporters were still not aware of market needs, so there was less interest in certification and traceability.

The importance of establishing links between farmer groups and processors/exporters was repeatedly emphasised during discussions. These are at present poorly developed in most countries. In general, there was a need to improve market information to farmers, and establish better relations along the market chain, and promote vertical integration along the chain. Further dialogue was considered critical to promoting such integration, and fair trade.

Other options for development of farmer groups might include government zoning of areas for farming under management of the local farmer group, and to bring farm groups or clusters together into a federation where problems of small-scale farmers can be more effectively voiced at national levels.

Government support for clusters of local farmers might include investment in infrastructure, and linking Codes and certification systems to incentives such as registration and farm licensing.

8. Follow up recommendations

Participants considered the Forum and agreed to continue dialogue to share experiences and seek solutions to various issues and problems discussed.

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