

The background features a central blue shield-like shape with a pointed bottom. Surrounding this central shape are several thick, curved lines in red, green, and brown, which appear to be part of a larger, abstract design. The lines are arranged in a way that suggests a network or a flow, with some lines entering and exiting the central area.

Value-chain arrangements and the business case for certification

Flavio Corsin

Vietnam Manager

Senior Manager – Producer Support

Aquaculture & Spices



**the sustainable
trade initiative**

Mainstreaming Sustainable Trade for development impact

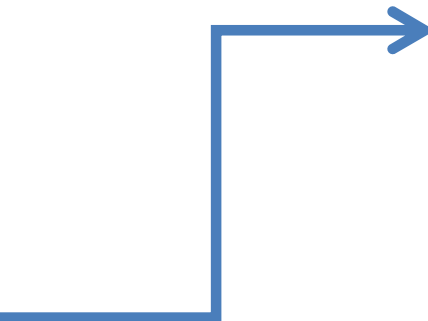
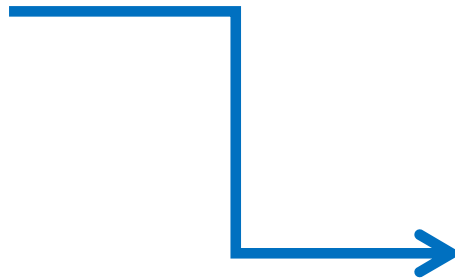
- Public private **partnership** facility
- Funded by Dutch, Swiss and Danish ODA
- Impact on MDGs1,7 and 8 and PSD
- **18** commodity chains in **50** countries
- **300** companies
- **30** international NGOs
- **130** M euro investment capital



How we work



50%



Private partners



50%

Implementing Partner

Local providers

Local providers

Farmers

IDH Programs



Cocoa



Tea



Tropical Timber



Soy



Aquaculture



Cotton



Electronics



Natural Stone



Coffee



Cashew



Fruits &
Vegetables



Flowers



Spices



Tourism



Palm Oil



Mining

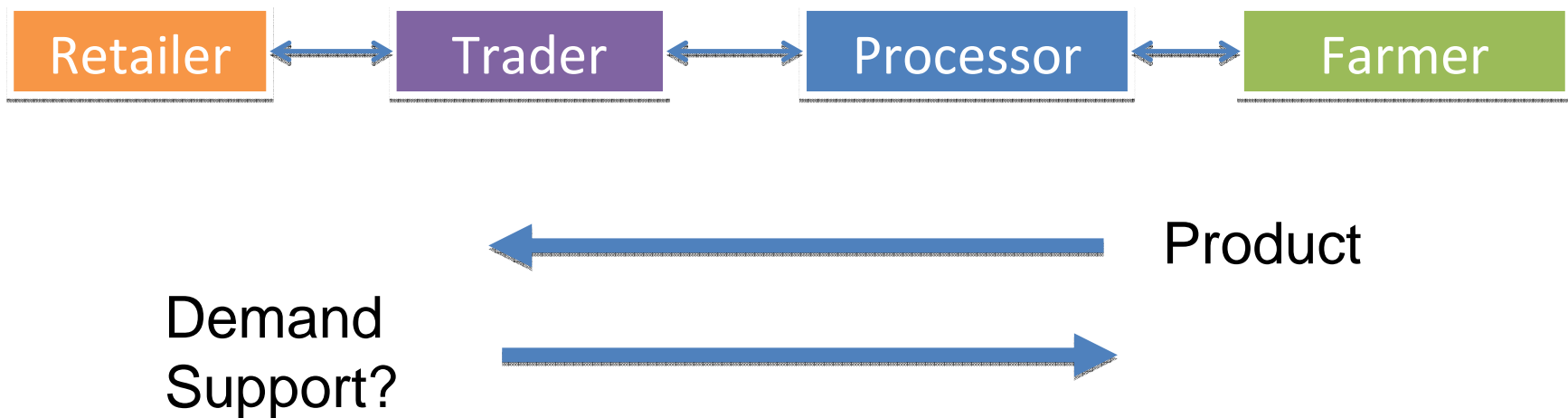
Why aqua certification

- Government failure?
- Market failure to include externalities?
- Makes info available
- Verifies suppliers' performance
- Facilitate international trade
- Stimulates traceability

In this presentation

- Voluntary. Not “legal access” to a market
- International schemes (e.g. ASC)
- National Schemes (e.g. VietGAP)
- Certification ≠ Sustainability
- Different cases
 - Product for export exported
 - Product for export consumed domestically
 - Domestic product

Value-chain arrangements



Aqua certification: retailers & traders

Retailer	Trader
<ul style="list-style-type: none">• Quality products, reduced risk• Proof of commitment• Build trust with clients• Supply chain resiliency• Transparency and traceability• Right assortment for different customers	
<ul style="list-style-type: none">• Comply to sustainability targets	<ul style="list-style-type: none">• Market access

Aqua certification: processors & farmers

Processor	Farmer
<ul style="list-style-type: none">• Market access• Premium• A way to attract external support	
<ul style="list-style-type: none">• Proof of commitment• Build trust with clients• Right assortment for different customers	<ul style="list-style-type: none">• Respond to buyers' demand (and hope for the best)• Improved production?



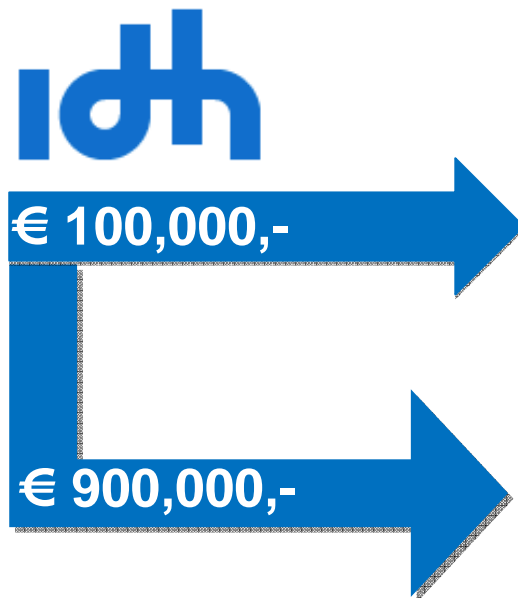
Implemented by:



Co-founding traders:



Construction of the organization

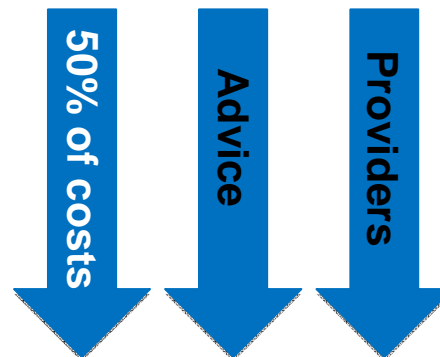


Organization

**Pangasius
Buyers/Producers**



Fund



**Support & Services to
Pangasius producers**

Some lessons learnt

- Key
 - Demand for ASC products
 - Awareness among producers
- Traders key to set up the program
- Often producers (processors/farms) prefer “independence”
- Need broad stakeholder cooperation/support

Results

- ≈ 20% production ASC certified in 1.5 years!



What about the other 80%???



CBI
Ministry of Foreign Affairs
The Netherlands

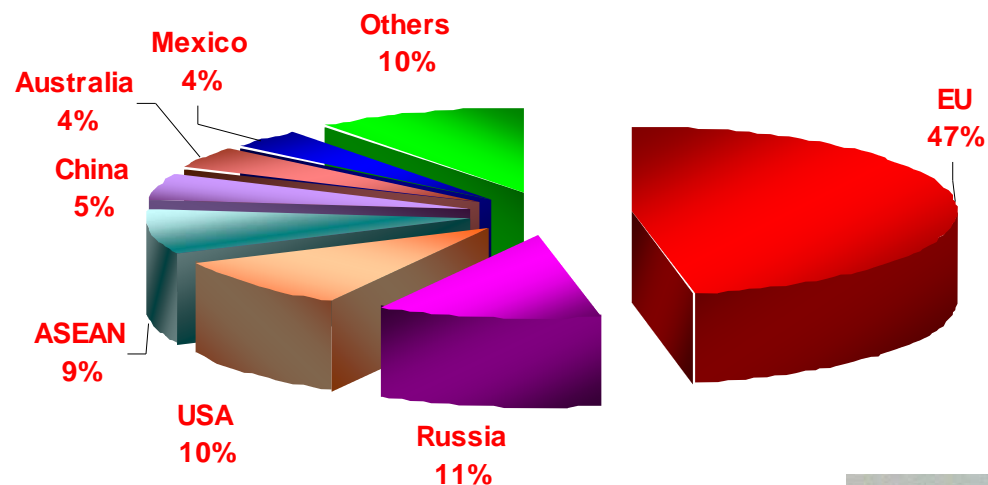
ASC pangasius market study



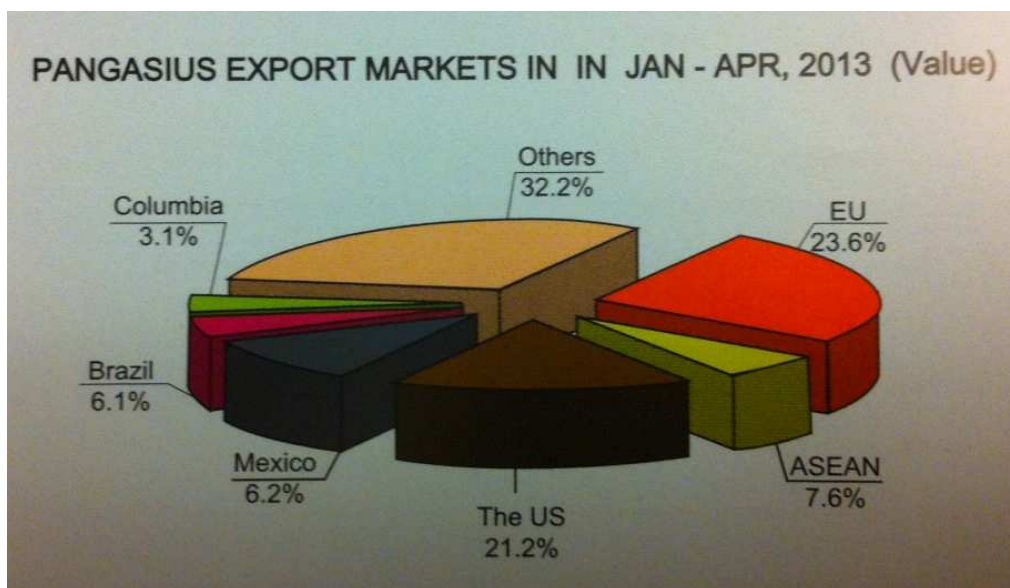
- Interest in sustainability certification differs by country
- Sustainability certification in Italy and Spain may improve the image of pangasius and contribute to recapture market share
- Negative impact of increased cost price of pangasius
- Pangasius as sustainable fish and comparable to MSC whitefish
- The height of the premium depends on the degree to which the costs can be passed on to consumers
- ASC may play a role to reposition pangasius, but at the end of the day it is primarily about market access (and likely very little on premiums)

Pangasius increasingly sold to “non-ASC” markets

2006



Now



Certification brings benefits... but at a cost

Costs/benefits



	Farmer	Process	Retail	Consum	Gov't	Env
Thai CoC	-6	16	17	33	32	23
SQF	-8	13	13	17	14	5
ISO 14001	-10	7	7	25	21	22
IFOAM	-13	18	18	40	37	32
GAA/ACC	-13	13	13	27	25	21
Naturland	-19	16	16	40	35	30
EurepGAP	-23	21	21	50	41	31
Min	-6	7	7	17	14	5
Max	-23	21	21	50	41	32

Often farmers pay the costs & other stakeholders get the benefits: expected, but costs/benefits can be more balanced?

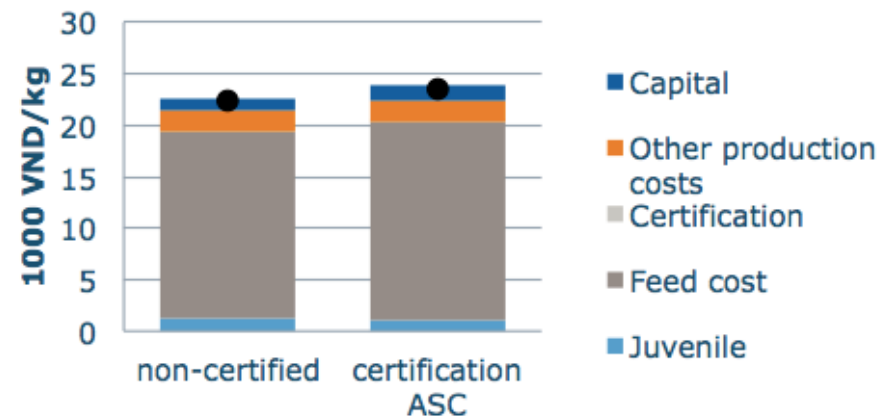
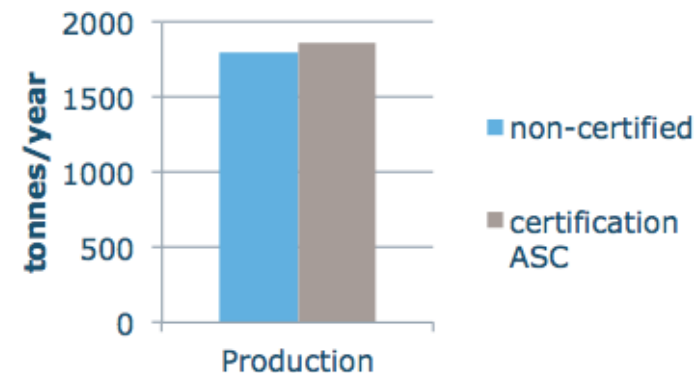
ASC pangasius business case



■ Non-certified farm → ASC certification

- Sacrifice 10% pond for sedimentation
- Increase productivity by 15%
- 30% → 20% mortality
- Structure + certification investment
- 5% premium price
- Annual certification costs

- Productivity ↑, Juvenile costs ↓, feed costs ↑, certification ↑, investment ↑, price ↑



Is there a real business case?



***Accelerate shrimp farmers transition
towards more responsible farming practices***

115,000 tons by 2015

Focus on addressing impacts



- International scheme
 - Compliance
 - Address key bottlenecks: feed, mangroves/ecosystem benefits
- National scheme
 - value-chain approach
- BMP approach
- Domestic market
- National Dialogue

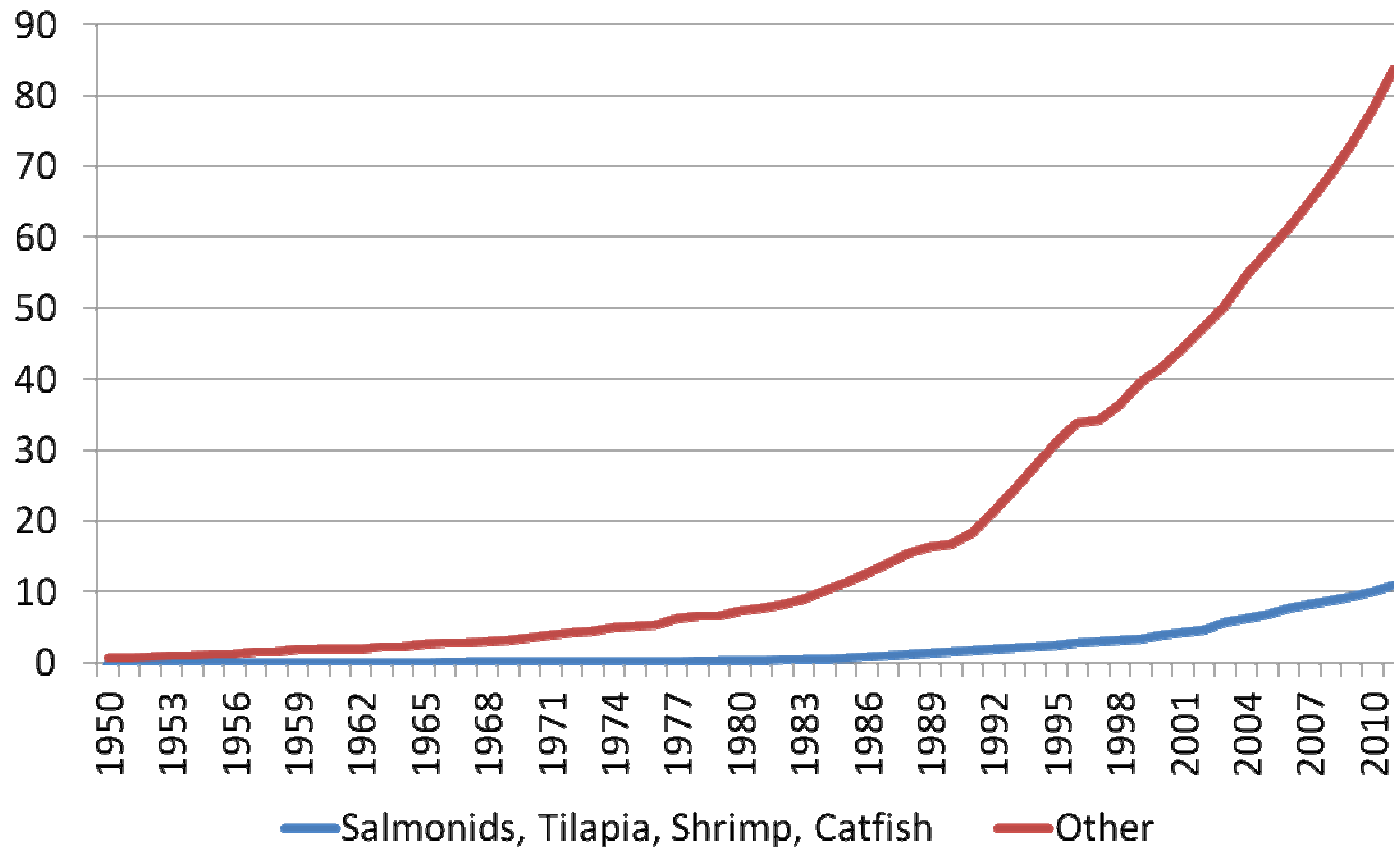
What about the domestic market?

- Study in central Vietnam (IMOLA/FAO)
 - Focused on shrimp
- BMP/National scheme
- Market
 - Retailers
 - Local market
- No premiums
- Food safety focus

...but things
are changing!



How important is aquaculture certification?



Lessons learnt from other sectors

- International standards
 - Heavily subsidized
 - Seldom include productivity (incentives?)
- National standards
 - Increasingly recognised
 - Consider productivity more strongly



Sustainable Coffee Program

Mondelēz
International



DE
**MASTER
BLENTERS**
1753X



giz



Target (2015)

25 % sold globally verified/certified

40% produced globally verified/certified

Key questions (panel discussion)

- Are international standards the target?
- Can certification help improve a product's image (and access to markets)?
- Can a value-chain approach be used for national standards and domestic market?
- Why the market buy-in for national schemes is still so small?
- Is food safety-based certification the right leverage to improve “sustainability”?