

**STDF PROJECT PREPARATION GRANT (PPG)  
APPLICATION FORM**

The Standards and Trade Development Facility (STDF) provides Project Preparation Grants (PPGs), up to a maximum of US\$50,000, for the following purposes (or a combination thereof):

- application of SPS-related capacity evaluation and prioritization tools;
- preparation of feasibility studies that may precede project development to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or
- preparation of projects proposals that promote compliance with international SPS requirements, for funding by the STDF or other donors.

Applications that meet the STDF's eligibility criteria are considered by the STDF Working Group, which makes the final decision on funding requests. Complete details on eligibility criteria and other requirements are available in the *Guidance Note for Applicants* on the STDF website ([www.standardsfacility.org](http://www.standardsfacility.org)). Please read the *Guidance Note* before completing this form. Completed applications should be sent by email (as Word documents) to [STDFSecretariat@wto.org](mailto:STDFSecretariat@wto.org).

<b>PPG Title</b>	<b>Building capacity and facilitating enabling mechanisms for harmonizing Aquaculture Certification among the ASEAN</b>
<b>Budget requested from STDF</b>	USD 48,000
<b>Full name and contact details of the requesting organization(s)</b>	Network of Aquaculture Centres in Asia Pacific (NACA), Kasetsart University Campus, Bangkok, Thailand
<b>Full name and contact details of contact person for follow-up</b>	Dr Ambekar E Eknath, Director General, NACA, Bangkok, Thailand

## **1. BACKGROUND AND RATIONALE**

What is the purpose of this PPG? Explain whether it is requested to: (i) apply an SPS-related capacity evaluation or prioritization tool; (ii) prepare a feasibility study (prior to project development) to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or (iii) prepare a project proposal for consideration by the STDF or other donors?

Modern society at large and consumers in particular are increasingly looking for commodities that are sustainably produced, safe, and meet national and international requirements/standards that address various pillars of sustainability and also cover broader areas of equity and ethics in both products and production process. Compliance to these requirements are seen as approaches to promote responsible and sustainable aquaculture practices and also mitigate the true and perceived negative impacts of aquaculture. Various quality assurance programs are being implemented in ASEAN to promote responsible and sustainable aquaculture. Market forces are being increasingly seen as potential tools to push the industry towards sustainability and reward those that comply.

ASEAN free trade zone involving all the 10 ASEAN states will become operational in 2015. Seafood trade from ASEAN and within ASEAN is significant. As of 2010, global seafood trade is worth 110 billion USD of which a significant portion is generated from and within ASEAN. The current situation in quality assurance programs is marked by large differences in public and private certification systems in all 10 countries - from non-existent, to various stages of development, using various standards. This will likely constrain trade both from ASEAN and also within ASEAN. Harmonized quality assurance programs implemented through market driven public/private aquaculture certification systems will go a long way in supporting ASEAN free trade agreement.

Quality assurance provided by the Competent Authority (CA) of a sovereign country to trading partners does cover aspects of compliance to food safety (CODEX) and aquatic animal health (OIE) standards under the WTO-SPS agreement and international trading obligation. In addition, responding to market driven initiatives and requirements, many governments are developing (or have developed) and implementing commodity specific public certification systems that cover compliance to various requirements/standards (e.g. Thai GAP, Viet GAP).

Responding to market driven requirements, several third party private certification systems (e.g. Global GAP, ASC, Organic, ACC, GlobalGAP, Naturland, Fair Trade) have come up and are being widely promoted. In recent years there is growing trend of direct responsible sourcing by retailers without the involvement of public/private certification standards (e.g. Tesco Lotus, M&S).

Certification by transnational organizations and third party systems having roots in EU and Americas are being described as a new form of extraterritoriality in relation to the sovereignty of states. Such systems are often perceived as an encroachment on the national sovereignty by many countries in the aquaculture producing nations (Vandergeest and Uno, 2012<sup>1</sup>). Under the WTO-SPS, it is the sovereign right of states to decide on the appropriate level of protection and at the same time provide competent authority assurance on WTO-SPS standards like food safety and animal health.

FAO, responding to request from its members is currently developing a framework to assess conformity of public and private aquaculture certification schemes against FAO aquaculture certification guidelines. This tool is expected to be ready by October 2013 and will be valuable for harmonization efforts.

In order to progress the concept of quality assurance/certification in a way that will be beneficial to consumers, producers, traders, retailers and national governments, it is essential that a long term regional project is developed and implemented to improve national capacities among ASEAN nations to harmonize existing public aquaculture certifications systems, develop equivalency among the public and private aquaculture certification schemes, and ensure aquaculture certification in ASEAN is conducted in conformity with the internationally approved FAO aquaculture certification guidelines.

Development of harmonized ASEAN GAP is already in the advanced stage in fruit and vegetables sector. The initiative on aquaculture will make most out of the experience gained from those spearheading sectors, and will add additional strength by following the internationally agreed FAO guidelines on Aquaculture certification in addition to SPS measures.

The PPG will attempt to **address** three important issues – quality assurance and aquaculture certification for enhanced compliance to WTO SPS measures; responsible and sustainable aquaculture practices through BMPs/GAPs/AIPs to comply with certification standards; equivalence/harmonization arrangements for trade facilitation – all in the context of ASEAN free trade zone likely to become a reality in 2015.

The **purpose** of this PPG is to develop a full project proposal for ASEAN with the objective of supporting the development and implementation of public aquaculture certification systems that is in conformity with the global FAO aquaculture

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<sup>1</sup> Vandergeest, P and Unno A. 2012. A new extraterritoriality? Aquaculture certification, sovereignty, and empire. Political Geography. Volume 31, Issue 6. Pages 358-367

certification guidelines and achieve some degree of equivalence/harmonization within ASEAN so as to contribute to intra-regional free trade. The long term goal of the full proposal is to enhance the capacity of ASEAN as a trading block to better comply with WTO SPS and also lay the foundation for free trade amongst ASEAN countries in aquatic animals and their products.

Under the PPG several **activities** shall be carried out to accomplish the purpose of full project proposal development. Preparatory activities will include preliminary desktop reviews, field studies and pilot conformity assessments to gather essential information and data to feed into an ASEAN regional consultation. This will be followed by a regional ASEAN consultation for analysing the information, identifying gaps and constraints and provide recommendations for a larger regional project. The final activity will be a project write shop involving key experts from partner organizations and ASEAN to develop a full project proposal for the consideration of STDF or other donors.

## **2. KEY SPS PROBLEMS AND/OR OPPORTUNITIES ADDRESSED**

Explain the key SPS problems and/or opportunities to be addressed. Clarify why these issues are important, with attention to market access and poverty reduction. Describe, if relevant, how these issues relate to SPS priorities in the Enhanced Integrated Framework's Diagnostic Trade Integration Studies (DTIS), the findings of SPS-related capacity evaluations, national poverty reduction strategies, sector development strategies or policies, etc. See Qn. 7. (b) – (d) of the Guidance Note.

The PPG will attempt to **address** three key SPS issues and/or opportunities all in the context of ASEAN free trade zone likely to become a reality in 2015.

- Quality assurance and enhanced compliance to national and international requirements (WTO-SPS) through public aquaculture certification programs which are in conformity with FAO aquaculture certification guidelines, with focus on food safety (CODEX), animal health (OIE Codes), environmental integrity, social aspects, and record keeping and traceability,
- Promoting sustainable aquaculture practices through implementation of BMPs/GAPs/AIPs to comply with market and certification standards;
- Achieving equivalence/harmonization arrangements/agreement for trade facilitation within ASEAN and from ASEAN as a trading block

Markets in general and consumers in particular are increasingly looking for commodities that are sustainably produced, safe, and meet national and international requirements/standards that address various pillars of sustainability and also cover broader areas of equity and ethics in both products and production

process. Compliance to these requirements is becoming mandatory for market access.

ASEAN is one of the global centers for aquaculture production, where it contributes widely to food security, trade, export earnings and rural economies. Asia will be the home for 60% of global middle class in 2030 and ASEAN is expected to be the highest consumer of aquatic products in the world. The most significant feature of the sector is the domination of production by small-holders, with the livelihoods of millions of farmers, suppliers, traders and workers directly or indirectly depend on this important rural economic activity. These livelihoods, and the potential of aquaculture to contribute further to poverty reduction and food security, are at risk from regional and global influences now sweeping the aquaculture sector. It is very important that farmers, extension agencies, government and relevant stakeholders are better prepared to meet these challenges. One of the practical ways for small scale aquaculture farmers to contribute to the sustainability of their sector is to support their capacity building through a bottom-up approach and involve them in the (a) process of identification of **risk factors** to the sustainability (b) development of interventions in the form of **Better Management Practices (BMPs)** (c) promoting adoption of BMPs through **cluster/group management approach** and (d) ensuring market access through participation in aquaculture **certification** programs

Various quality assurance programs are being implemented in ASEAN to promote responsible and sustainable aquaculture. Market forces are being increasingly seen as potential tools to push the industry towards sustainability and reward those that comply. Quality assurance provided by the Competent Authority (CA) of a sovereign country to trading partners does cover aspects of compliance to food safety (Codex) and aquatic animal health (OIE) standards under the WTO-SPS agreement and international trading obligation. In addition, responding to market driven initiatives and requirements, many governments are developing (or have developed) and implementing commodity specific public certification systems that cover compliance to several requirements/standards (e.g. Thai GAP, Viet GAP). Responding to market driven requirements, several third party private certification systems (e.g. ASC, Organic, ACC, GlobalGAP, Naturland, Fair Trade) have come up and are being widely promoted.

All these systems have good intentions and are catering to the present day market requirements. But, they are creating increasing confusion and duplication both within ASEAN markets, and in international trade partners. Despite the good intentions of these programs and the market opportunities they bring with them, there are several issues and unanswered questions that need to be carefully addressed so that quality assurance programs for aquaculture products and production process are credible, costs/benefits are shared evenly along the supply chain and the interests of poor and small farmers are protected. Only then

certification programs can be seen to contribute to aquaculture sustainability. Certification systems implemented correctly can play a major role in enhancing compliance to WTO SPS agreement and contribute to responsible trading (not trade restriction) and minimize risks associated with food safety, animal and human health.

There are several issues and concerns some of which have been reviewed and documented in some of the recent publications. Some of the key concerns include (a) emergence of a wide range of certification schemes (b) the question of who is driving certification? (c) cost/benefit value for producer/consumer still not clear (d) confusion in the minds of producers and consumers (e) cost of compliance (f) who will provide the technical services for producers to upgrade their systems and practices (g) role of Competent Authority versus that of the private third party certification systems (h) need for improved harmonization of standards (i) need for benchmarking, mutual recognition and equivalence and (j) wide range of auditing practices that are followed by different programs.

The FAO Technical Guidelines on Aquaculture Certification were approved by the 29<sup>th</sup> session of the COFI in Feb 2011. The guidelines provide advice on developing, organizing and implementing credible aquaculture certification schemes, which are viewed as potential market-based tools for minimizing negative impacts and increasing societal and consumer benefits and confidence in the process of aquaculture production and marketing. As a follow up, FAO with support from EU has developed conformity assessment framework to assess conformity of public and private certification schemes with the FAO Aquaculture Certification Guidelines. In response to the FAO certification guidelines, some public/private certification schemes have taken steps to reorganize their respective schemes to be in conformity with the guidelines. Other initiatives like sustainable fisheries program (SFP) and sustainable seafood initiative (SSI) are undertaking benchmarking exercises to promote some degree of harmonization and equivalence among various certification standards. Aquaculture improvement programs (similar to the well-known BMP/GAP programs) are being supported and promoted by some of the certification schemes (e.g. ASC) to encourage small farmers to participate in certification programs. Group certification approaches are being developed and tested across commodities and countries to enable small farmer inclusive certification programs (e.g. Thai GAP, ASC, ACC)

In order to progress the concept of quality assurance/certification in a way that will be beneficial to consumers, producers, traders, retailers and national governments, it is essential that a long term regional project is developed and implemented to support establishment of credible public certification systems in ASEAN that conform to FAO certification guidelines.

The proposed PPG will undertake preliminary work over 6 months and develop a full project proposal to support development and implementation of credible ASEAN public certification programs that will enhance the trading stature of ASEAN as a trading block and also through harmonization/equivalence support intra-regional trade to take advantage of the ASEAN free trade zone in 2015.

### **3. AGENCIES SUPPORTING THE PPG REQUEST**

Which government agencies, private sector, academic or other organizations support this PPG request? Letters of support from each of these organizations would be advantageous (Appendix 1). See Qn. 7. (e) of the Guidance Note.

NACA, FAO and WFC have long history of working with national governments, private sector, farmer organizations, and various actors along the supply chain. In view of the good working relationships established over the years and most importantly, considering the relevance of proposed work, the project proponents are confident of ensuring support from all the agencies listed below and also actively involving them in the proposed mapping studies and regional consultation. The following agencies and institutions will support this PPG request:

- All 10 ASEAN countries
- ASEAN Secretariat
- ASEAN Sectoral Working Group on Fisheries
- NACA
- FAO
- WFC
- National public certification programs (e.g. Thai GAP, IndoGAP, VietGAP)
- Private third party aquaculture certification programs (e.g. ASC, ACC, Global GAP)
- Major private sector players like feed companies, hatcheries and processing plants
- Aquaculture farmer organizations and associations

### **4. PAST AND ONGOING WORK**

How does this PPG complement and/or build on past, ongoing and/or planned national programmes and/or donor-supported projects? See Qn. 7. (f) of the Guidance Note.

ASEAN is in the forefront with respect to aquaculture certification initiatives and programs. Aquaculture commodity specific public certification systems have been developed, pilot tested and being implemented to promote compliance to standards in some of the ASEAN countries like Thailand (Thai GAP) for shrimp and tilapia; Vietnam (VietGAP) for shrimp and catfish, Indonesia (Indo GAP) for key aquaculture commodities, and Malaysia. Other ASEAN countries are at different stages in the

development and implementation of certification programs. Responding to market driven requirements, several third party private certification systems (e.g. ASC, Organic, ACC, GlobalGAP, Naturland, Fair Trade) have come up and are being widely promoted.

ASEAN as a region is in the process of developing ASEAN GAP for shrimp through an ASEAN Shrimp alliance (ASA) program. This program is under development and at this stage ASEAN shrimp GAP standards have been developed and endorsed by the ASEAN sectoral working group on fisheries (ASWGFi). The ASA is now in the process of setting up certification program which is in conformity with the FAO aquaculture certification guidelines.

The FAO Technical Guidelines on Aquaculture Certification were approved by the 29<sup>th</sup> session of the COFI in Feb 2011. The guidelines provide advice on developing, organizing and implementing credible aquaculture certification schemes, which are viewed as potential market-based tools for minimizing negative impacts and increasing societal and consumer benefits and confidence in the process of aquaculture production and marketing. As a follow up, FAO with support from EU is developing an evaluation framework to assess conformity of public and private certification schemes with the FAO Aquaculture Certification Guidelines. This too is expected to be ready by October 2013. The proposed PPG will pilot test the conformity evaluation framework in some of the ASEAN countries with a focus on public certification systems.

NACA has been spearheading risk factor studies, development and implementation of BMPs for key aquaculture commodities (e.g. shrimp, Mekong catfish) and promoting cluster/group management approach over the last 10 years with the aim of promoting responsible and sustainable aquaculture without marginalizing small farmers. NACA experience in India, Indonesia, Vietnam and Thailand, clearly suggests that adoption of BMPs improve yields and quality of products taking into consideration animal health and welfare, food safety, environmental and socio-economical sustainability. Implementation of BMPs improves the ability of small farmers to improve compliance to standards set by public and private certification programs. Aquaculture improvement programs (similar to the well-known BMP/GAP programs) are being supported and promoted by some of the certification schemes (e.g. ASC) to encourage small farmers to participate in certification programs. These programs recruit farmers, perform GAP analysis, and implement improvement programs so that the selected farmers can comply with the standards and finally get certified. The proposed PPG will support development and implementation of credible public certification systems in the region and the BMP programs promoted by NACA and partners in the region will enable small farmers to improve practices and participate in public and private certification systems and access markets.



Benchmarking exercises to promote some degree of harmonization and equivalence among various certification standards are being pursued under several initiatives. The ongoing benchmarking initiatives include the FAO conformity assessment framework likely to be approved at the next COFI SCA meeting in Oct 2013 in Russia, the Sustainable seafood coalition benchmarking program, the global sustainable seafood initiative and the global GAP benchmarking program. The proposed PPG provides an opportunity to bring some of these benchmarking initiatives together with the idea of further promoting harmonization of aquaculture certification in the region.

Group certification approaches are being developed and tested across commodities and countries to enable small farmer inclusive certification programs (e.g. Thai GAP, MPEDA/NACSA in India, ACC, ASC). NACA in collaboration with MPEDA/NaCSA in India developed methodology for group certification and pilot tested it. FAO TCP project in Thailand assisted DOF, Thailand to pilot test aquaculture certification for small farmer groups. This project was implemented between 2009 and 2010. As an outcome of this project, 2 shrimp and 2 tilapia clusters were set up, made operational with internal control system, and assisted to implement the group certification program for Thai GAP standards. At the end of the project, the 4 clusters were certified as groups for Thai GAP.

This PPG will attempt to bring majority of the above stakeholders together and collate key lessons learned and use them for developing a long term regional project for ASEAN

Have you discussed this PPG request – or funding for the project proposal which would result from it – with any potential donors (bilateral, multilateral, Enhanced Integrated Framework, etc.)? If so, provide details below and indicate potential sources of funding for the resulting project. See Qn. 7. (g) of the Guidance Note.

No

## **5. IMPLEMENTATION & BUDGET**

Who will take the lead in implementing this PPG? If particular national experts and/or international consultants are proposed, attach a copy of their Curriculum Vitae and record of achievements (Appendix 2)

No consultants are proposed. The following professional officers from NACA, FAO and WFC will take lead in implementing this PPG.

- Dr CV Mohan and Dr Eduardo Leano, NACA
- Dr Rohana Subhasinghe of FAO Rome and Dr Miao Weimin of FAO RAP
- Dr Michael J Phillips and Tran Van Nhuong of WorldFish Penang.

In the table below, briefly describe the main activities to be carried out under this PPG and specify who would be responsible. Provide an estimate of the budget required (e.g. for national/international expertise, travel and DSA of consultants, stakeholder meetings or workshops, general operating expenses, etc.).

Activity	Responsible	Estimated Budget (USD)
<b>1. Preparatory Activities</b> Mapping of public/private certification systems in ASEAN Understanding issues with public and private certification systems in ASEAN Piloting conformity assessment of selected public certification systems with FAO guidelines Producing background document on findings and issues	NACA WFC	10,000
<b>2. Regional ASEAN Consultation</b> Status of public/private certification systems in ASEAN Status and experience of developing ASEAN GAP for Fruit and Vegetables. Value and volume of certified products Issues and constraints with public/private systems Need for strengthening public systems Discussions on harmonization and equivalence Discussions on single ASEAN system Recommendations for follow up	NACA FAO WFC	30,000
<b>3. Project write shop</b> Collation of ideas and recommendations Project conceptualization Drafting of a full project proposal for ASEAN Deciding on donors for submission of project proposal	NACA FAO WFC	5,000

**Budget: Total Estimated Budget (USD) required for this PPG**

Item	Description of inputs required	Estimated budget (US\$)
<b>1. Preparatory Activity</b>	<i>International travel and DSA for 4 professional staff from NACA/WFC</i>	6,000.00
<b>2. Regional ASEAN consultation</b>	<i>International travel/DSA of 25 participants from 10 ASEAN countries; Workshop package and venue; Local travels;</i>	26,000.00
<b>3. Project write shop</b>	<i>Domestic travel and DSA of 5 experts; Meeting package and venue,</i>	5,000.00
<b>General operating expenses</b>	<i>Workshop materials, printing, photocopying, other consumables</i>	2,000.00

<b>Time Compensation for NACA/WFC staff</b>	<i>Time compensation for professional staff for involvement in all the activities</i>	9,000
<b>Total</b>		<b>48,000.00</b>

**Letters of Support for the PPG (as of 31 Aug, more are expected)**

1. FAO
2. Government of Vietnam
3. Government of Cambodia
4. Government of Philippines
5. Myanmar Fisheries Federation
6. VASEP, Vietnam
7. Indonesian Seafood Association
8. Aquaculture Stewardship Council
9. ACC-BAP