A RECENT REPORT by CEA Consulting, “2020 Global Landscape Review of Fishery Improvement Projects,” updates a 2015 Global Review of fishery improvement projects (FIPs). The report provides a comprehensive review of how the seafood industry is using these marketplace tools to engage fisheries and supply chains in sustainable practices. It also identifies growing trends in FIPs, including greater industry leadership and investment, an increasing focus on social issues, emerging key elements of a successful FIP, and a growing diversity in models for FIP implementation.

Because of the nature of the FIPs process – which has a goal of continued, measured progress – FIPs generate a large amount of data, which is collected by FisheryProgress.org, the Sustainable Fisheries Partnership, and the World Wildlife Fund (WWF). This was invaluable to informing CEA’s report, but it also means that quantifying issues that are not reported on, including return on investment, are difficult to articulate. As models for FIPs diversify to address new issues and new challenges, so do timelines, performance measures, and end-goals associated with FIPs. This evolution provides the seafood industry with a broader set of tools to improve the sustainability of fisheries and supply chains, but the diversity of models makes it challenging for the marketplace to compare and differentiate dissimilar criteria for performance, while recognizing and rewarding what should be considered appropriate progress.

While a FIP’s return on investment for participation can be hard to calculate, increasing industry leadership in FIPs would indicate companies are finding value in the tool. The clearest benefit of FIPs participation is market access, usually through the ability to meet a buyer’s sustainability and traceability requirements. Market access was cited as the major driver for participation in FIPs, providing companies with the ability to retain existing customers with new procurement policies and gain...
new customers. In many cases, participation in a FIP may simply be a cost to enter a new market, but one company that spoke with CEA had increased its U.S. retailer customers by 400 percent and increased revenue by 25 to 50 percent over a five-year period.

Fishery improvement projects can also help participants access markets by streamlining how a supplier addresses environmental and social requirements. Del Pacifico, a Mexican shrimp supplier, ran into a challenge many suppliers face—trying to fulfill multiple buyers’ sustainability policies that included very different criteria. For Del Pacifico, the prime motivation to engage in a FIP was improving the shrimp fishery and its relationship with fishermen. The company also gained the opportunity to access new markets and streamline compliance with buyer requirements, according to Del Pacifico CEO Sergio Castro Vego.

“We changed from a basic to a comprehensive FIP to be able to supply Kroger—we already had the FIP since 2014,” Castro Vego said. “But participating in a FIP was often acceptable for multiple buyers and reduces the administrative burden on Del Pacifico of complying with multiple policies.”

Middle-of-the-supply-chain actors also reported creating similar value through participation in FIPs, as FIPs provided these companies with the most flexibility to sell to a wide variety of customers without having to bear significant costs of compliance. Where some of these middle-supply-chain companies are running into other challenges is in creating specific codes or SKUs to identify and differentiate the FIP product for buyers, CEA found.

Participation Versus Performance

DEL PACIFICO’S CASTRO VEGA has seen a great deal of value in FIPs, but the lack of differentiation around performance in the marketplace is problematic.

“The hard work that goes into FIPs is still undervalued in the marketplace,” he said.

NorPac Fisheries Export Founder Tom Kraft agreed.

“The market seems to accept participation in FIPs rather than recognize performance in FIPs,” Kraft said.

This issue of how to incorporate new models into the FIP space while still clearly differentiating better performers seems to be developing into a full-fledged conundrum for the fishery improvement community.

Even WWF, which is perhaps the staunchest advocate for “comprehensive FIPs” – FIPs having the ultimate goal of meeting Marine Stewardship Council equivalency – recognizes the challenges in engaging new fisheries.

“WWF has pushed for a five-year timeline for the implementation of FIPs, which we are seeing in our own work is harder and harder to meet,” WWF Director of Fisheries in Transition Stephanie Bradley said. “It was helpful to see that challenge raised in the CEA report by other FIP implementers.”

FisheryProgress.org was created to help companies track how FIPs are progressing towards their goals.

“We are able to provide the seafood industry with a huge amount of data on FIPs progress in a format that allows for easy comparison of FIPs,” said Kristin Sherwood, program director and lead for the FisheryProgress.org site. “Buyers have an important responsibility to not just source from any FIP reporting on FisheryProgress, but rather to use our data to understand what FIPs are leading and which are lagging. Buyers can receive notifications about changes in FIPs they source from, so they can reward progress and encourage lower performing FIPs to improve.”
Industry Leadership

WHILE THERE IS AN ISSUE in the marketplace around the correct valuation of performance, participation should not be dismissed, according to the CEA report. The investment the seafood industry is making in FIPs is significant and continues to grow. A CEA review of 25 FIP budgets provided to FisheryProgress.org indicates that FIPs on average cost between USD 22,000 (EUR 20,036) and USD 1.7 million (EUR 1.5 million) per year to administer, with one FIP reportedly spending USD 4 million (EUR 3.6 million) annually. Tuna, snapper, and mahi FIPs are generally the most expensive. CEA found these FIPs tend to be in high-volume, high-unit fisheries and cost the most to implement on both a total and per-unit basis.

As the model for FIP implementation has evolved and diversified, so have the models for funding. Industry is now a major sponsor of FIPs, and traditional FIP implementation sponsored by philanthropic foundations has become less common as NGOs shift their seafood markets funding to FIP implementation support systems, such as supply-chain roundtables and FisheryProgress.org. This is a significant shift. Philanthropic seafood markets funding topped out at more than USD 50 million (EUR 45.5 million) annually in 2016 (from the Walton, Packard, and Moore Foundations specifically) and will likely continue to recede in the future, according to CEA. The report did note that this shift may be offset somewhat because the largest share of geography-specific seafood markets funding went to U.S. multilateral aid, like USAID and the United Nations Global Environment Facility (which recently directed funding into the FIP space for the first time). Foundations also support FIPs through their country programs which help with newer, less-developed FIP implementation. Chile, China, Indonesia, Japan, Mexico, and Peru are countries where foundations are beginning to implement this model.

Market access was always assumed to be a driver for FIPs, but the idea that FIPs are like a capital investment in a fishery that will return long-term assured supply and reduced risk was also part of the original theory of change. While assured supply may be a longer-term value for participation in a FIP, it was not identified as a driver for FIPs in the CEA report.

For many FIP participants, leading change in how fisheries are managed was more important than following dollars. But in all these instances, leadership seems to have paid off.

NorPac’s Tom Kraft has experience working in multiple FIPs. Kraft said there are clear benefits to participating in a FIP, including avoiding the costs of moving to a new fishery and suppliers, which for NorPac would mean significant quality assurance, health and safety, traceability, and training expenditures. Still, the cost is not the primary motivation for engaging in FIPs, Kraft said.

“We want to work where we can make a difference and help create benefits for the people and communities we work in,” he said. “Maybe I am just not very good in keeping a pure business focus, as our commitments to a fishery and addressing key challenges in partnership with fishers, government and other supply chain actors is an important defining factor in who we are as a company. Thankfully, it has been a recipe for success. But never easy.”

Castro Vega, like Kraft, also felt like a bond was created with the producers whose value is essential to their business model, but difficult to quantify. “I am not going out to shop suppliers. We are committed to Mexican shrimp producers in an artisanal, small-scale fishery,” he said. “Del Pacifico’s participation in a FIP was not a cost-benefit analysis for the return on the FIP. It was a cost-effective tool to improve the sustainability of the fisheries they were sourcing from and committed to and a way to communicate that commitment to the marketplace.”

Assured supply and reduced risk were also significant factors in Anova Seafood’s entrance into leading the creation of a FIP, but like NorPac and Del Pacifico, the company was not the sole driver. According to Helen Packer, manager of Anova’s Fishing and Living Program, the FIP came as a result of commitments the company made to offer traceable and certified products.

“Anova wanted to supply sustainable tuna to the marketplace, but also continue to work with suppliers we have had since the ‘90s and the company was committed to improving the lives and communities we work with,” she said.

Anova has been working to engage artisanal fisheries in FIPs since 2007 – a challenging proposition that has required leadership and commitment to develop an efficient process for engagement in those fisheries, Packer said.

A CEA review of 25 FIP budgets provided to FisheryProgress.org indicates that FIPs on average cost:

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<th>PER YEAR TO ADMINISTER A FIP</th>
<th>ANNUALLY ONE FIP REPORTED SPENDING</th>
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<td>Between $22,000 and $1.7 million</td>
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Sustainability’s Last Mile

CEA DETERMINED THAT 38 percent of global catch is engaged in sustainability, either through MSC certification, a FIP, or effective national management. Of that total, 16 percent comes from the E.U. Common Fisheries Policy or from Canada, the U.S., Australia, or New Zealand; 13 percent is covered by MSC certified-catch; and FIPs represent the remaining 9 percent. Collectively, this represents the low-hanging fruit for sustainability – those fisheries under strong national management or influenced by Western retailers and buyers with sustainability commitments.

The largest volumes of unengaged seafood are coming from China and Indonesia. There were only five Asian FIPs a decade ago. Now there are 57 active or completed FIPs in the region. Indonesia has been the epicenter of the growing movement toward FIP adoption in Asia, with 19 FIPs, including 14 focused on tuna and 21 projects implemented locally by WWF-Indonesia serving the domestic market, which were not considered FIPs in the CEA study. FIPs are also currently being developed in China, Japan, Vietnam, the Philippines, and India, and are designed to influence more inter-Asian seafood trade.

In an effort to get more return on their investment in FIPs, non-Western companies would like to have their product recognized for their FIP work, and with less retailer and end-of-supply-chain demand for FIPs in Asia, on-product recognition could be necessary to drive change in these markets.

The CEA report includes examples of on-product labels and in-store messaging associated with FIPs. In some cases, this may be one company trying to get market-recognition for its engagement in a FIP. In other cases, like international items produced by members of the National Fisheries Institute’s Crab Council, products carry the “Committed to Sustainability” logo associated with FIP work.

Finding new ways for companies to get value from their participation in FIPs can certainly drive participation in FIPs and the impact of FIPs on fisheries, but with little oversight around marketplace claims, the issue of rewarding participation rather than progress arises as a disincentive to progress. As FIP implementation continues to evolve beyond the work of the members of the Conservation Alliance for Seafood Solutions (a coalition of NGOs working to align how organizations engage industry), the ability to verify market-based claims will become more challenging. This can potentially jeopardize the long-term value of FIPs to the industry.

Latin America is another area of significant FIP activity. Mexico has seen rapid growth in FIPs. The country now has Mexico has seen rapid growth in FIPs. The country now has 19 FIPs, including 14 focused on tuna.
While global fisheries still have a significant journey ahead to become sustainable, sustainability efforts are facing a challenge similar to “last-mile logistics” – the economic concept that refers to the tendency of the “last mile” of delivery to be the most complex and costly to providers of goods and services. The last mile is often outside a company’s existing distribution network, as well as those of its supply chain partners, or other available resources. Similarly, fisheries engaged in FIPs traditionally lie outside the reach of existing sustainability tools and efforts such as national law, international treaties, and other marketplace tools like certification, a primary reason why FIPs were developed.

Increasingly, FIPs are not only outside the sphere of traditional market influences, but are addressing more complex issues sometimes rooted in challenges that lie outside the supply chain. Like last-mile logistics, developing the network and logistics to engage and influence the remaining unengaged fisheries will likely increase in complexity and cost to the industry compared to other supply chain improvements. But FIPs may still be the most efficient way to bring these fisheries into global markets.

Incorporating Social Issues

THE FIRST STEP to improving the social impacts of supply chains is to engage key stakeholders. However, this task is more difficult than it appears, according to a recent study (Crona et al., 2019), which found that less than 25 percent of FIPs studied reported engaging fishers. Moreover, that engagement typically involved education and training; Fishers were rarely involved in policy dialogues about how the program will affect them. Less than 7 percent of FIPs report fishers as a lead actor, and no FIPs reported social or economic data collection. These findings mirror CEAs conclusions from site visits and interviews in the development of its report.

Beyond simply engaging stakeholders, FIPs are also trying to improve the livelihoods of workers and communities dependent on the seafood trade. One successful approach to addressing social issues through FIPs is based on the Fair Trade model. Fair Trade has worked on market-based solutions to improve lives of producers in extractive industries for decades. The model has two important elements that fit well with FIPs – first, the Fair Trade program takes a step-wise approach to its certification that mirrors the general approach taken by FIPs. As a rule, price-premiums are non-existent or fleeting when it comes to FIPs and most marketplace tools. Fair Trade has developed a model that does include a price premium that is then passed on to producers. Fair Trade also creates a structure through which producers can organize and decide how to invest and manage their money and programs. Anova Seafood – a company that has participated in a number of FIPs – found value in Fair Trade’s structure as much as the organization’s experience in social issues.

“Fair Trade has been a perfect complement to the FIP process. It has helped get fishermen more engaged, organized and provided a base for a co-management structure in the fishery,” Anova’s Helen Packer said.

Anova has used FIPs to address a number of different issues in fisheries including social issues, data collection, implementing management, and supporting artisanal fisheries. So the company appreciates the variety of approaches FIPs offer, but Packer also warned the lack of recognition for strong performers in the marketplace is a disincentive for change and a challenge for FIP implementers in the coming years.
CEA cites other organizations operating in this space, including Comunidad y Biodiversidad AC (COBI), the Yayasan Masyarakat dan Perikanan Indonesia (MDPI), and Blue Ventures, all of whom come to the table with existing capacity and expertise to work on social issues. While many of these FIPs have a social focus, the engagement of social issues in other FIPs is still low. Only 19 percent of other FIPs self-identify on FisheryProgress.org as addressing social issues.

Beyond addressing new issues like worker rights and social issues, FIPs have also diversified into new models to engage a larger portion of the industry. The comprehensive FIPs model advocated for by organizations like WWF have a clear timeline, indicators, and a defined endpoint. This goes a long way in insuring performance, but creates a higher level of commitment for entry. Through its Target 75 program, the Sustainable Fisheries Partnership is trying to use the FIP model to engage the mass-middle by making the pursuit of sustainability the norm, while dis incentivizing laggards.

“Our goal with Target 75 was to document how far industry-NGO partnerships have advanced seafood sustainability – and then set a broader, more ambitious, global goal with specific milestones to achieve it.”

The number of SRs with seafood company involvement has more than doubled since 2015, from 71 to 151 in February 2019.

SFP uses supplier roundtables (SRs) to engage broad sets of supply chain actors. According to the CEA report, SRs are now the predominant pre-competitive platform supporting FIPs and an effective means of collectively engaging supply chain companies. The number of SRs with seafood company involvement has more than doubled since 2015, from 71 to 151 in February 2019. Target 75 uses SRs as a way to organize the supply chain to use its influence to engage fisheries globally.

“[SRs] were initially started to maximize efficiency for seafood buyers. In some sectors, SRs have acquired a life of their own and serve as centers of corporate activism. Some SRs are demonstrating terrific synergies. And clearly, in SRs the whole has become greater than the sum of the parts,” SFP said. “We replicated the early SRs by sector, and in some cases by country, to bring the industry’s expertise to the table to create a workplan of how Target 75 could be achieved.”

While there is broad support for diversifying the FIP model, there is also widespread recognition that engagement of more sectors and companies at a variety of starting points comes with trade-offs. One of those is the assurance of performance that comes with relying on a homogenous model and a standardized process for advancement.

SFP has created sector reports that provide a roadmap for each sector to achieve the goal of making 75 percent of its production sustainable or moving towards sustainability. The roundtables play the role of driver, but in a pre-competitive, collaborative way. This allows industry to identify key fisheries and farming areas for improvement, provide collaboration to support getting them started, monitor progress, and provide ongoing support – all elements identified in the CEA report as key to successful improvement projects.

The report acknowledged some companies felt the roundtables were not moving quickly enough to address their issues and needs. Other companies reported they found value in a diversity of approaches that allow them to align their supply chain with realistic goals.

“FIPs are really an emerging science, especially in sectors like squid and octopus, so insights learned from these projects are invaluable,” Stavis Seafoods Chief Sustainability Officer Richard Stavis said. “The SRs play a crucial role in that they enable monitoring of improvement projects and information sharing on improvements across a sector. They also serve as a signpost, alerting participants to FIP activities and highlighting opportunities for supply chain stakeholders to engage in improvements.”
The Future

FIPS HAVE EVOLVED to create more opportunity to engage with different sectors, in new geographies, and to address new issues – all of which have and should continue to drive participation. But this evolution and the diffusion of models has also disrupted the “demand drives performance” model for FIPs, and there do not seem to be any quick fixes to this challenge. Information is available for buyers to differentiate between well-performing FIPs and lower-performing efforts. But access to information does not provide pressure on retailers and buyers, or encourage them to source from high-performing FIPs and incentivize poorer-performing FIPs. Many companies do reward the good performers, but more often it is a company commitment to good practices, rather than market pressure, that drives the reward system. How this issue is addressed in the future will likely impact how well the FIP model performs moving forward.

The CEA report provides a glimpse at emerging models that might better operate in geographies that lack good fisheries management or platforms to engage stakeholders. The first model engages fishing communities directly to develop incentives for participation in improvement projects. The CEA found that in the absence of formal, enforced regulation, this may be the only way to drive improvement in fishing practices. Fishing communities often understand the importance of sustainable management, even in the absence of market demand, and can be engaged to improve practices based on their own interest in a stable fishery. The challenge with this approach is working in communities is expensive and will likely not address the full complement of issues facing a supply chain, according to CEA. While organizations like Fair Trade and SmartFish have implemented this type of multi-focused approach, its application may be limited to challenges in specific fisheries and by FIP managers that have the expertise to implement it.

Another developing approach in the FIPs space is to broaden the scope to the national level. This approach would look at improving multiple fisheries and sectors under the same national management, which could then address common challenges faced by each FIP, like data collection. However, this model requires the government to have both the capacity and the interest in improving fisheries management, and the capacity to engage with multiple fisheries at once. CEA cites this approach being implemented to varying degrees in Mexico and Thailand. In Mexico, Impacto Colectivo is still forming its agenda and approach, but there are indications that the government is willing to engage. In Thailand, the government appears to be responding to collective pressure from civil society and international policy, and the industry has been providing a supportive message for change in the Thai seafood sector.

Julie Kuchepatov, the seafood director at Fair Trade USA, said she’s seen the value of an evolving FIP landscape both for the market and for producers.

“We think fisheries and the workers and communities associated with those fisheries have benefited from an evolving FIP model, but as a certification program, we also value the rigor and the performance requirements of a standard like Fair Trade.”

Photo courtesy of Anova Seafood – Anova FairTrade Fishery