



## **Action Plan to Promote Responsible Aquaculture Standards in Vietnam**



June 2016

## ACKNOWLEDGEMENTS

The completion of this Action Plan to Promote Responsible Aquaculture Standards in Vietnam could not have been possible without the contributions of a number of institutions and individuals. The report was developed by the the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) in close collaboration with IDH, The Sustainable Trade Initiative and the United Nations Environment Programme (UNEP), through its Trade, Policy and Planning Unit, Economy and Trade Branch, under its Green Economy and Trade Opportunities Project (GE-TOP). Special thanks go to our partners for their support and participation in the development of this Action Plan and for their continued involvement to ensure its successful implementation. These include: Can Tho University, Directorate of Fisheries, Department of Agriculture and Rural Development in Dong Thap Province, Institute of Strategy and Policy for Natural Resources and Environment, National Institute of Finance, The State Bank of Vietnam, Vietnam Association of Seafood Exporters and Producers, Vietnam Fisheries Society, Vietnam Trade Promotion Agency. Furthermore, the authors are grateful to the many individuals whose names may not all be enumerated. Their contributions are sincerely appreciated and gratefully acknowledged.

## ACRONYMS AND ABBREVIATIONS

Abbreviations	Full name
ASC	Aquaculture Stewardship Council
BAP	Best Aquaculture Practices
BSI	Banking Strategy Institute
CAEPS	Certified Aquaculture Export Potential Study
CIEM	Central Institute of Economic Management
DARD	Department of Agriculture and Rural Development
D-fish	Directorate of Fisheries
GGAP	The National Action Plan on Green Growth in Vietnam
IDH	IDH, The Sustainable Trade Initiative
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development
ISPONRE	Institute of Strategy and Policy on Natural Resources and Environment
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
SCP	Sustainable Consumption and Production
NGO	Non-governmental Organization
NIF	National Institute of Finance
PPP	Public Private Partnership
SBV	The State Bank of Vietnam
UNEP	United Nations Environment Programme
VASEP	Vietnam Association of Seafood Exporters and Producers
VietGAP	Vietnamese Good Agricultural Practices
VietTrade	Vietnam Trade Promotion Agency
VIFEP	Vietnam Institute for Fisheries Economics and Planning
VINAFIS	Vietnam Fisheries Society

## I. Introduction

The application of internationally recognized sustainability standards in Vietnam's aquaculture sector is increasingly necessary, not only to promote economic efficiency and sustainability but also to enhance the green growth potential of aquaculture for national use as well as export purposes. Aware of such trend, the Government of Vietnam has been very supportive to promote sustainability standards in the Aquaculture Sector through various enabling policies and mechanisms. Examples of such are Decision No. 899/QĐ-TTg of the Prime Minister on agricultural restructuring towards increasing added value and sustainable development, followed by the Action plan of fisheries restructuring towards increasing added value. Despite these efforts, the Sector has been struggling to comply with internationally recognized sustainability standards due to numerous challenges, including: (i) limited financial capacity of farmers to invest in the application of standards; (ii) limited Government Budget to support standards application process; (iii) improper Government Planning for Aquaculture production; (iv) miscommunication or lack of communication between the private and public sector; (v) unbalanced market rewards for standard complying products compared with the resources invested by farmers. These factors have contributed to reducing farmers' willingness to apply standards in their production.

Answering these challenges, in 2013 and 2014 the United Nations Environment Programme conducted the Certified Aquaculture Export Potential Study (CAEPS) in collaboration with IDH, which assessed the main challenges to the application of standards in the aquaculture sector and making a series of recommendations to address these. Following the successful completion of the CAEPS, the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), in close collaboration with IDH, The Sustainable Trade Initiative and UNEP conducted a series of consultations for the ultimate development of an Action Plan to Promote Responsible Aquaculture Standards that would put into action the recommendations made in the CAEPS. As part of this process an Expert Consultation (detailed in Section 3 of this document) and a Consultation Workshop (detailed in Section 4 of this document) were organized with a multitude of relevant stakeholders, progressively building on the CAEPS recommendations and refining the possible actions of an Action Plan (Section 5).

The development process of the CAEPS has had mutual synergies with ongoing national initiatives and policy processes. The National Green Growth Strategy was at the basis of the development of the CAEPS study. Elements of the CAEPS recommendations and its principles seem to have contributed to the The National Action Plan on Green Growth in Vietnam (GGAP), the National Action Plan on Sustainable Production and Consumption up to 2020, with a vision to 2030 (adopted in 2014 and early 2016 respectively), and are in line with the Master Plan for Agriculture and Rural Development in Vietnam up to 2020, vision to 2030, approved by the Prime Minister on the 2<sup>nd</sup> of February, 2012 and the Master Plan on Fisheries Development in Vietnam up to 2020, vision to 2030 approved by the Prime Minister on the 16 of August, 2013. More information on these relevant initiatives and policy processes is available in section V.b Strategic Alignment.

It is important to note that this is a living document. It will continue to evolve as implementation of the Action Plan progresses, as commitments from stakeholders are secured, and as it is aligned with relevant ongoing policy processes and initiatives.

## II. Certified Aquaculture Export Potential Study (CAEPS)

As a consequence, a Certified Aquaculture Export Potential Study (CAEPS) under the title “Sustainability Standards in the Vietnamese Aquaculture Sector” (from now on referred to as “CAEPS”) was sponsored by UNEP and IDH. CAEPS was implemented by the Ministry of Industry and Trade of Vietnam (MOIT) with the involvement of the Ministry of Agriculture and Rural Development (MARD) and the Ministry of Natural Resources and Environment (MONRE), and was conducted to assess the situation and main challenges to the application of standards in the aquaculture sector. The main objectives of CAEPS were i) Analyze the economic, social and environmental benefits and costs that arise from green economy measures, using the example of sustainability certification in Viet Nam's aquaculture sector; ii) Identify trade opportunities associated with the transition to a green economy in Viet Nam's aquaculture sector (with a focus on pangasius and shrimp); iii) Review how compliance with standards improves the sustainability of the Vietnam's aquaculture sector; iv) Identify the challenges related to sustainability certification in the Vietnam's aquaculture sector, including assessing the 'capacity gap' for public and private actor compliance with internationally recognized sustainability standards; and v) Formulate strategic policy recommendations to address the identified challenges for enhancing sustainability certification and sustainable trade opportunities for the Vietnam's aquaculture sector.

In general, CAEPS showed that the aquaculture sector in Vietnam has strongly developed in the last two decades but also confirmed that there are many difficulties and challenges against the shift towards increased sustainability in the sector. In order to address these challenges, CAEPS made a series of recommendations on issues such as Production Land and Planning, Infrastructure, Employment and Organizational Model of Production, Linkages in Aquaculture Production, Science and Technology, and Capacity of the Private and Public Sector. An Executive Summary of CAEPS can be found on Annex 1 and detailed recommendations of the study can be found in Annex 2.

## III. Post-CAEPS Expert Consultation

To realize the recommendations of CAEPS as mentioned above, an action plan was proposed to harness the trade potential of sustainable aquaculture products, focusing on shrimp and pangasius. To produce this plan, several institutions and experts from government agencies and non-government organizations were consulted from August 2014 to June 2015.

### a. **Objectives of the consultation**

- Summarise the recommendations of CAEPS
- Discuss and prioritise the recommendations of CAEPS
- Coordination of relevant stakeholders to propose an action plan for implementing these recommendations

### b. **Methodology**

Responsible and competent agencies and related experts in the aquaculture sector (government institutions, associations, researchers) were consulted to contribute to the action plan. These included:

- Department of Aquaculture (Directorate of Fisheries)

- Vietnam Institute for Fisheries Economics and Planning – VIFEP (Directorate of Fisheries)
- Institute of Policy and Strategy for Agriculture and Rural Development – IPSARD (Ministry of Agriculture and Rural Development - MARD)
- Central Institute of Economic Management (Ministry of Planning and Investment - MPI)
- Multilateral Trade Policy Department, VietTRADE (Ministry of Industry and Trade - MOIT)
- National Institute of Finance (Ministry of Finance - MoF)
- Vietnam Association of Seafood Exporters and Producers (VASEP)
- Vietnam Fisheries Society (VINAFIS)
- Provincial DARDs of Dong Thap, Ca Mau
- Can Tho University

### **c. Scope**

The Scope of the Post CAEPS consultation was to address the questions and issues below:

- What development strategy should Vietnam’s Aquaculture sector follow?
- What are the challenges and difficulties to develop sustainable aquaculture? What changes in policies and practices should be applied to address these?
- What is the mechanism to apply sustainability standards in aquaculture? What incentives exist to encourage farmers to follow standards in production?
- What actions and policies are necessary to harness the trade opportunities for responsible aquaculture products

### **d. List of actions**

As a result of the consultation process, the following actions were proposed as concrete next steps for implementation of CAEPS recommendations:

- i. Review the production plans, trading plans and relevant regulations (i.e. environmental regulations) in aquaculture sector.
- ii. Review the development situation of national and international cooperation platform in aquaculture.
- iii. Assess and review the opportunities to adopt the Public Private Partnership (PPP) models at regional and national level, including a thorough discussion and finalization of which Aquaculture products and which areas/regions could apply PPP; propose where the pilots should be implemented, who should participate in PPP and what information sharing mechanism/principles should be applied.
- iv. Review and strengthen the capability of sustainable aquaculture extension system.
- v. Build pilot models on:
  - a. the adoption of new technologies to promote application of sustainability standards in Aquaculture Production
  - b. ecological aquaculture
- vi. Develop monitoring systems to implement traceability of aquaculture products.
- vii. Develop branding for Vietnamese sustainable aquaculture products.
- viii. Build a guiding manual for easier adoption of current policies at provincial level to support the sustainable development of aquaculture.
- ix. Build an environmental monitoring system for the sector.

## IV. Post-CAEPS Consultation Workshop

### a. Overview

In order to assess and prioritise the recommendations of CAEPS and align efforts from key players promoting sustainability standards in aquaculture, a national workshop was organized. The objective of the workshop was to consult with experts in the related sectors to ensure the practicality and feasibility of CAEPS recommendations considering the current reality of aquaculture production (mainly Pangasius and Shrimp) in Vietnam, and identify the **actions** to be implemented.

The workshop was held on 8 July 2015 in Hanoi to consult with a variety of experts in fisheries, finance, banking, natural resources and environment. The workshop included a presentation on CAEPS updates and in-depth discussion on current challenges to the aquaculture sector and the application of sustainability standards. The actions identified during the Expert Consultation were also thoroughly discussed by all workshop participants. Based on the proposed activities in CAEPS, the actions proposed and feedback from the workshop, an Action Plan specifying the next steps, detailed timeline and responsible entities to support standards application and sustainable development of Vietnam's Aquaculture would be developed.

### b. Participation

Around 20 experts representing a variety of stakeholders participated in the workshop. This included the Directorate of Fisheries, MARD, MOIT, MONRE, Research institutes (including IPSARD, ISPONRE, National Institute of Finance - NIF, Banking Strategy Institute - BSI), local departments of Agriculture and Rural Development traders, co-operatives, and banks.

### c. Outcomes of the workshop

During the workshop, experts discussed and provided feedback on the content, arrangement and prioritization of the recommendations. These inputs were valuable to improve the impact of CAEPS, leverage the recommendations to action, and thus contribute to the sustainable development of the aquaculture sector (shrimp and pangasius) of Vietnam.

The participants agreed that many measures were needed to support aquaculture farmers to sustain the application of sustainable standards in their production. The following should be emphasized:

#### *i. Restructuring the supply chains of aquaculture products*

There should be a stronger connection between farming households and processing enterprises and between government agencies and the private sector to strengthen the inspection and control of food quality and safety. Processing factories are supposed to sign long-term direct agreements/contracts with groups, teams or co-operatives of farmers to create sustainable large-scale input supply sources for production. This connection can provide good conditions for the application of a traceability system and sustainability certification in the long run for the whole supply chain. Whenever the sustainable criteria of certification system are pursued by the producers (including aquaculture farmers and processing enterprises), the environment will be better protected or at the very least, the negative impacts of aquaculture to the environment are minimized. In other words, the

aquaculture sector should be restructured to be efficient from an economic point of view, sustainable in environmental terms, and reasonable from an organization perspective.

*ii. Enhancing role of associations in the application of new technological standards*

Farmers need to regroup in associations or co-operatives to develop their influence in the relationship with the authorities and enterprises. This also helps them to enhance their capacity in developing infrastructure to approach sustainable development. Besides, professional associations (i.e VASEP) need to propose tangible solutions to encourage and/or push their members to apply modern eco-friendly standards, provide them with technical guidance and up-to-date information about export markets, especially technical barriers adopted by local authorities and other countries.

*iii. Gradually amending and upgrading the VietGap standard to increase the compatibility with international standards.*

The increased compatibility (in economic, social and environmental aspects) of VietGAP with international recognized standards such as GlobalGAP, ASC or BAP will encourage its popularity in the aquaculture sector. In the long run, it is essential to link VietGAP standards with international standards to simplify the certification process, reduce their production cost and broaden the range of sustainability criteria that need to be fulfilled.

*iv. Improving information systems*

The purpose of developing and improving information systems is to facilitate extension services including vocational training and technology transfer to better support farmers in the application of sustainable practices in aquaculture. This is also to create a channel for receiving feedback from practical experiences including technical risks or environmental incidents to help farmers prepare and react.

Regarding the Action Plan, the experts agreed on restructuring and regrouping the proposed recommendations into 4 key groups in order to clarify and reduce overlap. These are:

- *Green Growth strategy harmonization;*
- *PPP model promotion on national and provincial scale;*
- *Trade promotion for certified products;*
- *Access to finance for farmers to apply sustainability standards.*

*v. Providing timely updates on market requirements*

The forecast and updates of the market requirements (i.e new technical barriers, changes in fiscal and financial policy or social, economic, environmental situation) could support the producers and exporters to plan their production and trade activities. This action should be taken by Ministry of Industry and Trade in collaboration with Vietnam embassies in the buying countries/regions.

In conclusion, no objections were raised against the recommended actions. However, some adjustments and rearrangement were necessary due to concerns about resources and mechanisms to implement. The workshop participants agreed to concentrate resources and prioritise solving important and urgent issues in the upcoming period, while other recommendations would be implemented in the longer term to encourage the sustainable



development in aquaculture sector of Vietnam. As a consequence, the action plan attached includes a variation of the action packages that were prioritized.

## V. Action Plan for the Sustainable Development of Aquaculture (Shrimp and Pangasius)

### a. Objectives

The overall objective of all actions mentioned in this Action Plan is to support to the sustainable development of the aquaculture sector (focus on shrimp and pangasius) relating to economic, social and environmental aspects. It specifically aims to implement and upscale the recommendations of CAEPS, and it outlines the steps and actions for Vietnam to harness sustainable trade opportunities arising from sustainability certification in the aquaculture sector. The economic aspect has a focus on the harnessing opportunities for the sustainable aquaculture products in the international markets to increase benefits. The social and environmental aspects focuses on the encouragement of standards (such as ASC and GlobalGap) to ensure the social and environmental objectives.

The Action Plan was developed based on a series of key principles: i) should aim at bringing the Green Growth Strategy to life to ensure the sustainability of aquaculture development while meeting high-level market requirements; ii) should ensure that sustainable production and consumption activities are implemented synchronically to achieve fast and efficient economic development, contribute to environmental protection, poverty reduction and restructure the economy; iii) should promote the Public Private Partnership (PPP) investment model; iv) should be linked to the national trade promotion program to support building brand name for sustainable Vietnamese aquaculture products and harness the trade opportunities for responsible aquaculture of Vietnam; v) should include available financial support (access to finance) to ensure the feasibility of the recommendations; and vi) should reflect the related macro policy.

### b. Strategic Alignment

Bringing together efforts related to sustainability standards in the aquaculture sector requires careful alignment and consideration of a number of ongoing initiatives and policy processes in the country.

These include the National Green Growth Strategy and the National Action Plan on Green Growth in Vietnam (GGAP). The Strategy highlights three key strategic objectives: i) reducing greenhouse gas emissions and promoting clean energy measures, particularly through the use of renewable energy; ii) greening current industries by promoting energy and resource efficient technologies; and iii) greening the national lifestyle and promoting sustainable consumption. One of the activities of the GGAP includes encouraging and supporting rapid development of eco product industries, making and explicit mention of the need to “formulate special policies for technical and economic assistance (...) and develop traditionally green products such as aquaculture.”

The “National Action Plan on Sustainable Production and Consumption up to 2020, with a vision to 2030” adopted in early 2016, is one such initiative. One of the Prioritized Implementation Programs under this National Action Plan on SCP is to “Promote sustainable exports and improve sustainable export competitiveness capacity to enterprises in key export products.” Specific activities under this implementation program include:

- i) Assess potential export market and capacity to supply sustainable products of Vietnam enterprises; identify trade opportunities for export and participation in global sustainable value chains for key sustainable export

- products of Vietnam which were labeled green, energy-saving and other eco-labels;
- ii) Support trade promotion and market access for key sustainable export products;
  - iii) Develop databases and guidance documentation about sustainable regulations and standards system to products from export markets;
  - iv) Guide and deliver technical support for export enterprises applying international sustainable standard and regulations to products from export markets;
  - v) Develop and improve policies to support export enterprises applying sustainable standards for export products.

Besides the National Action Plan for SCP, the Master Plan for Agriculture and Rural Development up to 2020, vision to 2030 is of great importance and relevance for this Action Plan. The key objectives of this Master Plan are:

- To shift the overall development of agriculture towards modernization and sustainability orientation
- To enhance productivity, quality and competitiveness of agriculture production
- To improve the efficiency of land use, water, labor and capital.

With specific indications to Vietnamese Aquaculture, The Master Plan on Fisheries Development in Vietnam up to 2020, vision to 2030 provides guidances for the sector on the targets, actions, strategy. Several key actions from the Master Plan that the Action Plan to Promote Responsible Aquaculture Standards in Vietnam aligns with include:

- To promulgate incentive policies to attract foreign investment, private sector and especially investment form of public - private partnership (PPP) in field of fisheries
- To continue to research mechanism and policies of preferential credit for development, i.e preferential credit policy for fishermen, cooperatives, enterprises to invest in responsibly exploiting and processing fisheries, fishing logistics
- To encourage the application of environmentally friendly technologies for cleaner production in fisheries processing sector

Of similar importance, and in light of the highlighted challenges in financing for the implementation of sustainability programs in the aquaculture sector, suggested actions should be aligned with funding mechanisms in existence.

### ***c. Responsible Organizations***

As proposed in Table 1, the main institutions in charge include: 1) the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)- Ministry of Agriculture and Rural Development (MARD); 2) the Ministry of Industry and Trade (MOIT); 3) the Ministry of Natural Resources and Environment (MONRE); and 4) the Ministry of Planning and Investment, being the focal agency in green growth and responsible for leading and coordinating the implementation of the National Action Plan on Green Growth in Vietnam (GGAP). Their role would be as coordinators, facilitators, and conveners of stakeholders in order to guarantee the implementation of the Action Plan.

The involvement of other institutions would also be crucial for successful implementation of the different objectives and actions listed in the Action Plan. This would

include other related institutions such as Directorate of Fisheries (D-Fish) of the Ministry of Agriculture and Rural Development (MARD), the Central Institute for Economic Management (CIEM) of the Ministry of Planning and Investment, Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE) of the Ministry of Natural Resources and Environment (MONRE), National Institute for Finance (NIF) of the Ministry of Finance, Viet Nam Trade Promotion Agency (VietTrade) of the Ministry of Industry and Trade, and the Bank Strategy Institute (BSI) of the State Bank.

International organizations and NGOs would also have a crucial role to play in the successful execution of the Action Plan. This could include IDH, The Sustainable Trade Initiative which would act as a sponsor for action plan activities and will champion the pursuit of public-private partnerships for sustainable development of the aquaculture sector in Vietnam. Support could also include the participation of international and United Nations organizations, such as the United Nations Environment Programme, wherever necessary.

#### ***d. Detailed Action Plan***

Table 1 provides the details of the proposed Action Plan to Promote Responsible Aquaculture Standards in Vietnam, focused on shrimp and pangasius. The different objectives of the action plan are listed in the second column of the table and are derived from the four key issue areas proposed at the Post-CAEPS Consultation Workshop. These include: 1) Ensuring that aquaculture sector development is aligned with the objectives of Green Growth Strategy and National Action Plan on Sustainable Production and Consumption; 2) Promoting PPP model on national and provincial scale to mobilize capital for the sustainable development of aquaculture; 3) Facilitating access to finance; 4) Stimulating trade of sustainable products; and 5) Developing supporting policies.

Under each of these objectives, a series of actions are suggested, which are detailed under the third column. The fourth column provides a detail of the different organizations involved in the implementation of suggested actions depending on their strategic role and details their different roles (chairing, coordinating, or leading if not otherwise indicated). Also importantly, the fifth column provides information on the funding sources for proposed activities, and the sixth column details the time frame for execution of suggested activities.

**TABLE 1: ACTION PLAN FOR THE SUSTAINABLE DEVELOPMENT OF AQUACULTURE (SHRIMP AND PANGASIOUS)**

	<b>Objective</b>	<b>Action</b>	<b>Organization involved</b>	<b>Budget provision</b>	<b>Time Frame</b>
1	Ensuring that aquaculture sector development is aligned with the objectives of Green Growth Strategy and National Action Plan on Sustainable Production and Consumption	Adjust the planning on pangasius aquaculture and processing development in Mekong Delta to the year 2020 (Decision No. 3885/QĐ-BNN-TCTS of MARD dated Sept. 11, 2014) to ensure land/water surface use remains at 5,300-5,400 ha as planned for 2016 and does not increase to 7,600-7,800 ha as planned for 2020	Chair: D-Fish Coordinative Bodies: IPSARD, IPSONRE	MARD, MONRE and Provincial Authorities	Quarter III 2016 (should be annually repeated)
		Complete the map of registered pangasius aquaculture based on the Planning on Pangasius aquaculture and processing development in Mekong Delta to the year 2020 (Decision No. 3885/QĐ-BNN-TCTS of MARD on Sept. 11, 2014)	D-Fish	MARD and Provincial Authorities	Quarter IV 2016
		Issue a regulation (e.g. Circular) to enforce linkage between processing enterprises and shrimp aquaculture areas based on the planning on brackish water shrimp aquaculture in Mekong Delta to the year 2020, vision to 2030 (Decision No. 5528/QĐ-BNN-TCTS of MARD on Dec. 31, 2015)	D-Fish	MARD and Provincial Authorities	Quarter IV 2016
		Organize workshop(s) to reach an agreement on how to conform to the requirements of international standards: - GlobalGap, ASC focus on food safety, traceability and social, environmental issues (mainly to export to EU); - JAS focus on antibiotic residue (mainly to	Chair: MARD, Coordinative Bodies: MONRE, MOIT	MARD, MONRE, MOIT, IDH and other Donors	Quarter IV 2016

		export to Japan); and - BAP focus on food safety, social responsibility, environmental protection (mainly to export to U.S)			
		Organize workshop (s) to identify how to introduce traceability regulations into the Vietnamese aquaculture sector	Chair: D-Fish Coordinative Bodies: VietTrade, VASEP	MARD, MOIT, IDH and other Donors	Quarter I 2017
		Establish pilot(s) to apply process of traceability in aquaculture	D-Fish	MARD, IDH and other Donors	Quarter II 2017
		Propose a traceability process for Vietnamese aquaculture (revise and force to implement Circular No. 03/TT-BNNPTNT on traceability and recall of low quality products in the fisheries sector on Jan. 2011)	Chair: D-Fish Coordinative Body: VietTrade, Market Surveillance Agency (MOIT)	MARD, MOIT,	Quarter II 2017
		Identify the good production models to fit with objectives “reduce GHG and green production and sustainable consumption” of Green Growth Strategy (Decision 1393/QĐ-TTg on September 25, 2012) and objectives “enhance natural resources management, reduce GHG and other negative impacts to environment and optimize environmental use” of Agricultural Sector Restructuring Program (Decision 899/QĐ-TTg on June 10, 2013)	Chair: D-Fish Coordinative Body: ISPONRE/MONRE	MARD, IDH and other Donors	Quarter II 2017
2	Promoting PPP model at national and provincial scale to mobilize capital for the sustainable development of aquaculture	<i>2.1 Promote PPP at national level</i>			
		Issue a Circular to guide implementation of Decree 15/2015/ND-CP on PPP application in general.	Public Procurement Agency (MPI)	MPI	Quarter III 2016
		Based on the Circular issued by MPI, MARD issues a Circular to guide	Chair: Dept. of Planning/MARD	MARD	Quarter IV 2016

		implementation of Decree 15/2015/ND-CP on PPP application in Agriculture and in Aquaculture in Particular	Coordinative bodies: IPSARD and related Departments, General Department of MARD		
		<i>2.2 Promote PPP at provincial level</i>			
		- Identify and propose suitable PPP models for aquaculture sustainable development in general	Chair: IPSARD Coordinative bodies: NIF, BSI	MARD, Provincial Authority, IDH	Quarter IV 2016
		- Build a PPP model pilot in Dong Thap	Chair: IPSARD Coordinative bodies: Dong Thap PPC, IDH	Co-funding by Dong Thap PPC, IDH	Quarter III 2016
		- Implement PPP Model in Dong Thap	Chair: Dong Thap PPC, IDH, related Companies	Co-funding by Dong Thap PPC, IDH, Private Companies	2016 – 2017
		Upscale PPP Provincial model in Dong Thap to other Provinces and areas	Chair: IPSARD Coordinative body: Dong Thap PPC	MARD, Dong Thap PPC, IDH	Quarter II 2018
3	Facilitating access to finance	Sign an agreement with Vietnam Environment Protection Fund (VEPF) to get financial sources to support sustainable aquaculture development	Chair: D-Fish Coordinative Bodies: VEPF	MARD, MoF, State Bank, IDH	Quarter III & IV 2016
		Sign an agreement with the State Bank of Vietnam and other commercial banks to help the farmer and enterprises to access credit sources in practicing responsible aquaculture	Chair: MARD Coordinative bodies: SBV, PPC of Dong Thap and related Provinces, Banks	MARD, related provinces	Quarter II 2017
4	Stimulating trade of sustainable products	Promote program to build brand-name for sustainable aquaculture products of Vietnam	Chair: VietTrade Coordinative Body: D- Fish, related Provincial Authorities	MARD, MOIT, IDH	Quarter IV 2016, Quarter I 2017
		Propose a new program to seek and	Chair: VietTrade	MARD, MOIT, IDH	Quarter IV 2016,

		penetrate markets for sustainable aquaculture products of Vietnam	Coordinative Body: D-Fish, VASEP, related Provincial Authorities, Consular Dept./MoFA		Quarter I 2017
		Organize an annual exhibition for sustainable aquaculture products in Vietnam	Chair: VietTrade Coordinative Bodies: D-Fish, VASEP, Processing Enterprises	MARD, MOIT, Processing Enterprises	Quarter I 2017
		Set up a program to help Processing Enterprises and related Bodies to participate in the international exhibition to advertise and market sustainable aquaculture products	Chair: VietTrade Coordinative Bodies: D-Fish, VASEP, Processing Enterprises	MARD, MOIT, Processing Enterprises	Quarter I 2017
		Issue a new legal document (for example, Inter-Ministry Circular of MOIT and MARD) to guide implementation of National Action Plan on Sustainable production and consumption up to 2020, with a vision to 2030	MOIT, MARD	MOIT, MARD	Quarter II 2017
5	Developing supporting policies	Issue a Manual to guide the implementation of Decree 55/2015/ND-CP (policy of credit to serve for agriculture and rural development), 210/2013/ND-CP (policy to encourage enterprises to invest into agriculture and rural development), 15/2015/ND-CP (investment following the PPP formulation) and Decision No. 62/2013/QD-TTg (policy to encourage the development of co-operation, collaboration to link agricultural production with consumption, build large field) in aquaculture sector. This Manual will be annexed to the Circular on PPP application	Chair: IPSARD Coordinative Bodies: NIF, BSI	IPSARD, IDH, Banks	Quarter IV 2016



		in Agriculture and Aquaculture, to be issued by MARD			
		Conduct a policy-action research (PAR) to propose and test policies on applying international certificates/standards, including implement a research to propose policies and then establish several pilots to verify the feasibility of the policy, based on the outcomes of the pilots, adjust the policy for other regions of similar characteristics.	Chair: IPSARD Coordinative Bodies: D-Fish, NIF, CIEM, BSI, VietTrade, VASEP	MARD, IDH	Quarter II 2017
		Issue a legal document (for example, Circular or Decision of Minister of MARD) on supporting international certification/standards	MARD	MARD	Quarter II 2017

## VI. Next Steps

The Public-Private Partnership platform (PPP Fish) for Aquaculture in Vietnam would be a suitable and efficient instrument for the successful implementation of the Action Plan to Promote Responsible Aquaculture Standards in Vietnam. This is of course, in close cooperation with key stakeholders in the sector, including public partners like Directorate General of Fisheries (D-fish), Vietnam Institute for Fisheries Economics and Planning (VIFEP), private representatives like Vietnam Association of Seafood Exporters and Producers (VASEP) and Vietnam Fisheries Society (VINAFIS), and non-profit organization like GIZ, IDH and WWF.

The organizations have been collaborating on different projects for sustainable development of Aquaculture in Vietnam, and in September, 2015, signed a Cooperation Agreement specifying the roles and responsibilities of each partner, as well as a detailed plan for actions to be taken in the upcoming period. This Cooperation Agreement is open to join by other organizations of similar interest and goals. Brought under the umbrella of the platform, the Action Plan for CAEPS will be agreed on and facilitated - of which the progress will be reported on in the biannual and annual meetings of the key partners. One equally important next step is to coordinate with ongoing initiatives in the proposed action areas in order to prevent overlap and rather to promote synergies between ongoing projects. This will be achieved via sharing and learning in the PPP platform, as originally agreed by the partners on signing the Cooperation Agreement.

## Annex 1- Executive Summary of the CAEPS

The Government of Vietnam has expressed strong interest in promoting the diffusion of internationally recognized sustainability standards in Vietnam's aquaculture sector through facilitative policies and mechanisms that accelerate green growth. The application of green economy measures and certification for production and processing of aquaculture products has the potential to improve the sustainability, productivity and quality of aquaculture production. Additionally, green economy measures can open new export markets that allow for higher value addition and even price premiums for sustainably-produced products, which can in turn lead to enhanced trade flows in sustainably produced aquaculture goods.

This study contains a survey involving 55 farms and processors in both shrimp and pangasius in Vietnam. It shows positive results for the application of sustainable certification in the shrimp sector, and to a lesser extent, for pangasius. In shrimp aquaculture, the effect of sustainability certification on the net economic benefits (gross margin) for both farms and processors are positive. The social and environmental benefits are positive both in farming and the processing/export of shrimp.

The landscape in pangasius aquaculture is not so positive. The effect of certification on the net economic benefits is negative for pangasius farms and statistically uncertain for pangasius processors/exporters. For processors, the survey found that the increase in prices and sales of certified pangasius is uncertain, and so is the effect of certification on the social and environmental benefits in pangasius farming and processing/export.

The survey has some limitations, most importantly the fact that certification in the aquaculture sector has only recently emerged. Additionally, it was difficult to expand the field surveys to the other stakeholders in the aquaculture sector, such as newly-certified and non-certified farms, new feed producers, fingerling producers, medical and chemical producers and suppliers, etc.

Challenges for compliance with internationally recognized sustainability standards remain, including the poor overall master planning for both shrimp and pangasius growing, lack of integrated infrastructure to reach economies of scale in production, the weak model of employment and organization of production, as well as the poor linkages in aquaculture production. In addition, the capacity gap in the private and public sectors still hinders the sector to catch up with international sustainability standards.

The policy recommendations emphasize that the capacity of both private sector and public sector needs to be strengthened to facilitate a green transition in the aquaculture sector. For the private sector, this includes awareness raising, financial support and strengthening of the bargaining power of both farmers and processing/exporting businesses. For the public sector, a mechanism for effective collaboration and coordination among key ministerial administrations (i.e., MoIT, MARD, MPI, MONRE) should be created. The structure should allow for on-time issuance of policies and guidelines at the national level, and swift adjustments in response to the existing and projected market demand and the needs of the producers. Such a structure should also be implemented at the local level.

## **Annex 2- Policy Recommendations to Address the Challenges and to Harness Trade Opportunities Derived from Sustainability Certification**

This section presents potential responses to the identified challenges in the CAEPS, making recommendations to harness the trade opportunities derived from sustainability certification in the Vietnamese aquaculture.

### **6.1. Production Land and Planning**

It is recommended to speed up the review of aquaculture master plans (at the key production areas first) and to make the necessary adjustments, in order to create the favorable conditions to develop aquaculture infrastructure in an efficient and sustainable way. Clear and efficient planning helps to save costs and to facilitate socio-economic development, especially in remote areas. The implementation of the master plan can provide the framework for the development of an integrated synchronous infrastructure system to support a sustainable aquaculture sector. Criteria such as energy saving, optimal use of land and water resources, minimized pollution and degradation of land should be included.

The Master Plan of Aquaculture should be jointly developed by the MARD and MONRE, in order to ensure that aquaculture develops in an effective and sustainable way.

### **6.2. Infrastructure**

Establishing concentrated farming areas to closely link with processing plants should be the key direction of the future development of aquaculture and fisheries processing sectors. This would minimize the negative environmental impacts and support the synchronous infrastructure development. As a result, farmers and processors will find it easier to comply with sustainability standards. Less intensive production modalities, which reduce the pressure on land and water resources, should be introduced for the sustainable development of the sector.

The MOIT and the MARD have a key role to play through their collaboration. They can guide aquaculture producers to achieve reasonable scale in production and to ensure a traceability system. The MONRE and the MPI could design policies to promote practical research that develops the technology related to environmental and waste remediation (especially related to sewage of catfish and shrimp). The MPI also needs to design a policy framework to encourage the investment in infrastructure development and green technologies, to reduce production costs, and to enhance the competitiveness of the aquaculture sector.

For most sustainability certificates, the major investment is in infrastructure and in the production process. Funding is one of the critical bottlenecks to change production methods. Vietnam's credit system needs to be adapted, in order to support producers in improving their production. The MOF, the MPI and the State Bank are the key institutions that need to play a role in fixing these problems, by issuing policies that reduce credit procedures, expand credit limits or increase incentives.

### **6.3. Employment and Organizational Model of Production**

It is recommended to develop an improved training policy directed at upgrading the skills of workers in the aquaculture sector. Sustainability certification requires knowledge about the requirements to achieve the standards set by the certification schemes. An improved training

policy must take the needs of both short-term and long-term segments into account, so that the highly skilled technical, managerial and operational staff are adequately prepared and added to the labour force. National Extension Services should play a key role in this sector.

In the new context, moving into large-scale production is the most appropriate pathway. Therefore, the policies to accumulate production land or concentrate producers into larger-scaled units of production are key issues. This requires strong collaboration among various ministries, such as MARD, MONRE, MOSTE, MPI and MOF, to ensure effectiveness, sustainability and inclusiveness in using natural resources and production development.

#### **6.4. Linkages in Aquaculture Production**

To upgrade the scale of production, one of the key strategies identified is “linkage development”. Currently, the co-operative model still exists in aquaculture, but is not very effective and popular. The co-operative model should be developed to become the main base for strengthening the linkages in the aquaculture sector. Other possible linkage models (such as groups, clubs, associations, etc.) should also be considered for further support. The legal framework (i.e. contracts, planning, financial, human resources and land) is of key importance to support these policies. The MARD and Vietnam Co-operative Association (VCA) should play a key role by supporting the establishment, operation and development of linkage models, together with the supporting policies to be developed by the MPI, the MOF and the MONRE.

#### **6.5. Science and Technology**

As mentioned above, Vietnam’s aquaculture has a relatively long history of development and has recently made considerable achievements. However, due to limitations in many key issues such as land, finance, human resources, etc., this sector still receives limited investment and does not make use of the most appropriate science technology. However, the certification schemes all use criteria related to food safety, environment, ecology, etc., which require high investments in science technology. The focus should first be on food safety, environmental treatment and anti-disease problems, and later expanded to other related issues. The MOSTE should play a key role in this sector and National Extension Services should be a key institution in transferring technology.

#### **6.6. Capacity of the Private and Public Sector**

##### *Private sector*

The MARD should implement policies regarding training and education, to ensure the quality of human resources in aquaculture development. Management skills and techniques are the principal subjects. Further, policies relating to dissemination are needed to ensure that policies are implemented in reality. Awareness-raising is also necessary to facilitate the linkage development to gradually meet the requirements of international certifications.

To the farmer:

Relevant policies should be put in place to raise awareness among aquaculture producers on green and sustainable production, and to meet the requirements of international markets to increase exports. A higher level of knowledge and awareness will ensure the effectiveness of the policy and the long-term commitment of farmers. It is crucial to improve and expand the dissemination of information and knowledge in a transparent and effective way, so that farmers can make well-informed decisions. Dissemination can be done in many ways, such as

information workshops, training courses, distribution of flyers and leaflets, website-based information services, the establishment of online and offline forums on needs, demand, market and consumer trends, etc. National Extension Services should play a key role in this endeavour.

In addition, the financial capacity of farmers should be strengthened, so that they can afford investments to comply with sustainability standards. It is important to note that sector-specific policies of financial access are necessary for aquaculture farmers, since most of them cannot produce qualified collateral for commercial loans due to their limited assets. The MOF and the State Bank could be key units in issuing related policies, especially to facilitate the credit access for farmers.

Strengthening the bargaining power of farmers through capacity building, farmer organizations and linkages is also essential to implement policies aiming to strengthen farmers' capacities for negotiation, and to allow them to organize themselves into larger-scale producer groups or cooperatives. This would facilitate vertical and horizontal linkages among farmers and between farmers and other value chain actors, especially processors and exporters. The MARD and the VCA should play key roles in this endeavour, especially in establishing and developing linkage models.

To the processing and exporting companies:

Awareness raising for processing and exporting enterprises about sustainability certification schemes and standards is equally necessary. It is important that companies receive full, clear and precise information about the contents and procedures of different certificates. Local authorities and their functional departments could play a facilitating role because of their close relationship with company/enterprises in the different localities. However, support policies at the national level are necessary to ensure proper legal frameworks and resources for implementation.

Improved capacities for effective negotiation, market penetration and price setting are vital for processing and exporting companies, as this would help obtain optimum net profits, which would eventually provide larger net earnings for every actor in the domestic supply chain. The MOIT and the MARD are the key institutions to ensure the efficient capacity of the company when participating in the international markets. Policies of education and training on international law, trading and marketing should be very useful in this matter.

### *Public sector*

Through the Green Growth Strategy, several ministries/sectors are involved in Vietnam's transition to a greener economy. There is, however, insufficient collaboration among the related policy-making and administrative bodies. The government should play a key role in this sector to rule the collaboration between the ministries and sectors in management works. Therefore, the government of Vietnam should establish a clear mechanism of collaboration among the ministries.

For aquaculture, the situation is more difficult due to the generally low visibility of the sector to "non-fishery" government administrations, such as industry and trade, investment and planning, finance, natural resources and environment, etc. The responsibility for aquaculture production, promotion and trade seems to be deviated toward the D-fish and the MARD, with other ministries assuming little direct accountability. Given the coherent need for working together on current and future trade opportunities, it is recommended that a mechanism for

collaboration and coordination among the key administrations is put in place. The structure should allow for the timely issuance of policies and guidelines at the national level, and swift adjustments in response to the existing and projected market demand, as well as the status and needs of the producers. It is also recommended that the structure should reach out to the local levels.