



The Whole is Greater than the Sum of the Parts: How Complementary Programs and Private Sector Cooperation Have Contributed to the Development of the Sri Lankan Seafood Industry

Introduction

Ten years after the thirty-year conflict ended, the Northern Sri Lankan fishing industry looks substantially different. Although fishing was a pre-war livelihood for many families in the Northern districts of Jaffna, Mannar and Kilinochchi, during the war sea access was restricted, many fisher families were displaced, and infrastructure and assets were destroyed. In January 2019, two Sri Lankan blue swimming crab (BSC) fisheries became the first in Asia to receive the Monterey Bay Aquarium Seafood Watch's "good alternative" rating for sustainably sourced crab.¹ A range of actors and factors have contributed to these sector developments; this learning brief summarises some of the key ones.

¹ <https://www.seafoodwatch.org/seafood-recommendations/groups/crab?q=Crab&t=crab>.

From Building Boats to International Sustainable Sourcing Certification

The Department of Foreign Affairs and Trade (DFAT) of the Australian Government has been investing in the fisheries sector in Northern Sri Lanka since 2011. Responding to the post-conflict context, early efforts supported non-governmental organisations (NGOs) and United Nations (UN) agencies to transfer skills and assets to a population that had lost a vast amount of financial, human and social resources. Complementing government and development bank investment in basic infrastructure, such as roads and electricity, DFAT's initial sector investments were critical to catalysing industry development and facilitating a source of income for a re-settling



population. Multiple implementing agencies operationalised DFAT's support through its Australian Community Rehabilitation Program (ARCP). For example,

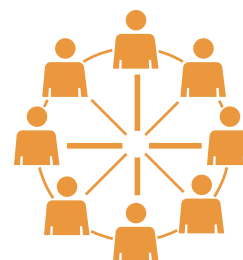
ZOA, a Dutch NGO supporting displaced people, worked on multiple constraints in the fisheries sector, including:

1. Improving market access for fishers through building access roads to main landing sites and sorting facilities;
2. Market information through piloting a texting process between different landing sites for fishers to have accurate pricing information; and
3. Bargaining power of fishers, by enabling over 300 to become debt-free to traders through a range of grants and access to micro-finance.²

Several stakeholders still cite the work

ZOA did to increase market price information symmetry as a key factor in fishery development.

Another ANCP partner, the UN International Labour Organization (ILO), also invested in the fisheries sector.³ They took a different approach than ZOA - rather than work directly with fishers, they opted



to use fishing cooperatives as their entry point. As inputs to the industry were not available locally, the ILO Local Empowerment through Economic Development (LEED) program began its work by supporting the development of a boatyard, including assets and skills training for women and youth to be able to build and repair boats. Women also benefited from subsidised boat purchase, which they could rent out, as they tend not to be as involved in fishing at sea. Other inputs, such as nets and subsidised engines, were also provided to allow people to enter or re-enter the fishing industry. ILO placed a heavy emphasis on cooperative governance and accountability and expended a lot of effort to strengthen cooperatives' abilities to engage with seafood buyers. Given the bonded labour relationship between some fishers and traders, they also worked to buy a limited number of fishers out of debt. With a view of market integration, as opposed to just livelihoods programming, they have supported the construction of three processing facilities in the Northern Province that employ over 500 people, mostly women, and provide links to exporters. ILO-LEED and cooperative partners report greater transparency of fishing income between men and

² Interviews with ZOA staff, 3 June 2019.

³ Per ILO-LEED staff, most work has been in the Kilinochchi district to date, with some additional work in Jaffna and Mannar.



women in fishing households, as better accounting practices have increased women's access to financial information.

In addition to development partners, the seafood industry has also played a key role in supporting post-conflict growth of the industry. Although some companies did source from Northern waters during the war, it was on a very limited scale, and Northern processing was absent until the war ended. As a consequence of the limited access to the sea during the conflict, stocks were relatively abundant compared with other over-fished areas, but there was limited biological and environmental data to assess the likelihood of environmental and economic sustainability. Thus, following a meeting convened by the Seafood Exporters Association of Sri Lanka (SEASL), supported by the

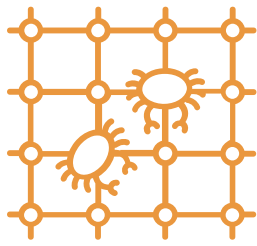
National Fisheries Institute Crab Council (NFICC), in 2013, the industry decided to implement a Fisheries Improvement Project (FIP) for BSCs.⁴ An FIP brings together actors along the value chain, as well as government regulators and scientists, to "create and implement a plan that will improve the economic, social, and ecological sustainability of a fishery."⁵ Continued support from NFICC, the Tabropane Seafood Group through SEASL and a range of partners including ILO, the Asia Foundation and Santa Monica Seafood allowed SEASL to work towards an improved rating over the past six years.⁶ This included a substantial investment in biological and ecological data collection and documentation in conjunction with the Sri Lankan Government, as well as efforts to document and improve fisheries management.

⁴ Creech, Steve. (2014) *Sri Lankan Blue Swimming Crab Fishery Assessment*. Seafood Exporters' Association of Sri Lanka. Available at: <https://www.aboutseafood.com/sites/all/files/Sri%20Lankan%20Blue%20Swimming%20Crab%20Fishery%20Assessment.pdf>.

⁵ Ibid.

⁶ White, Cliff (2019). *Upgrade in Seafood Watch Recommendation for Sri Lankan Crab a Milestone for Fishery Improvement Project*. Available at: <https://www.seafoodsource.com/news/environment-sustainability/upgrade-in-seafood-watch-recommendation-for-sri-lankan-crab-a-milestone-for-fishery-improvement-project>.

Over the years, DFAT has evolved from supporting fishing livelihood programs and now manages its economic partnership programs in a single Economic Opportunities for the Poor portfolio. In addition to funding a second phase of the ILO LEED program, which continues to support the fisheries sector, Market Development Facility (MDF) now forms a part of the EOP portfolio. MDF began operations in Sri Lanka in 2015 with the goal of facilitating employment creation and increased incomes. One of their strategic investment areas was to stimulate business activity in the conflict-affected North, and they found a fisheries sector with improved infrastructure, inputs and information, resulting from the stated complementary DFAT programs and private sector investment. That said, there were still constraints to business growth in the North, and MDF worked with three processors to stimulate employment and increase competition in the industry. MDF estimates that over 300 processing jobs have been created, 90% of which employ women, but their support to the wider industry has contributed to a more competitive sector, resulting in higher prices for over 20,000 BSC fishers and their families.⁷



Conclusion

The 2019 improvement towards sustainably sourced BSC was rightly celebrated by many who have directly or indirectly supported this process over the past six years. Premium markets for sustainably sourced crabs are now a possibility for Sri Lankan producers, but there remains work to be done to pass from the yellow “Good Alternative” to the green “Best Choice Alternative”. MDF continues to support the sector’s resilience by conducting a market analysis for sustainably sourced seafood. Encouragingly, private sector cooperation is also deepening, with additional seafood companies joining the FIP as it enters its next phase, and the development of an FIP for yellow fin tuna as well. No fishery outside of North America or Australia has managed to secure a green rating, so Sri Lanka could emerge as a leader in sustainably sourced crab, creating a name for itself and safeguarding incomes for thousands of fisher families.

⁷ See separate case study on “Systemic Change in the Sri Lankan Fisheries Sector: How Multiple Actors and Factors Have Contributed to a More Competitive and Inclusive Fisheries Sector”.

Market Development Facility is an Australian Government funded multi-country initiative which promotes sustainable economic development, through higher incomes for women and men, in our partner countries. We connect individuals, businesses, governments and NGOs with each other, and with markets at home and abroad. This enhances investment and coordination and allows partnerships to flourish, strengthening inclusive economic growth. In Sri Lanka, MDF works in diversifying tourism and improving authentic Sri Lankan goods.



MDF is funded by the Australian Department of Foreign Affairs (DFAT). It is implemented by Palladium in partnership with Swisscontact.