

IDH, the Sustainable Trade Initiative

Aquaculture Program

Farmers In Transition (FIT) Fund

2017 – 2020 Prospectus



Contact

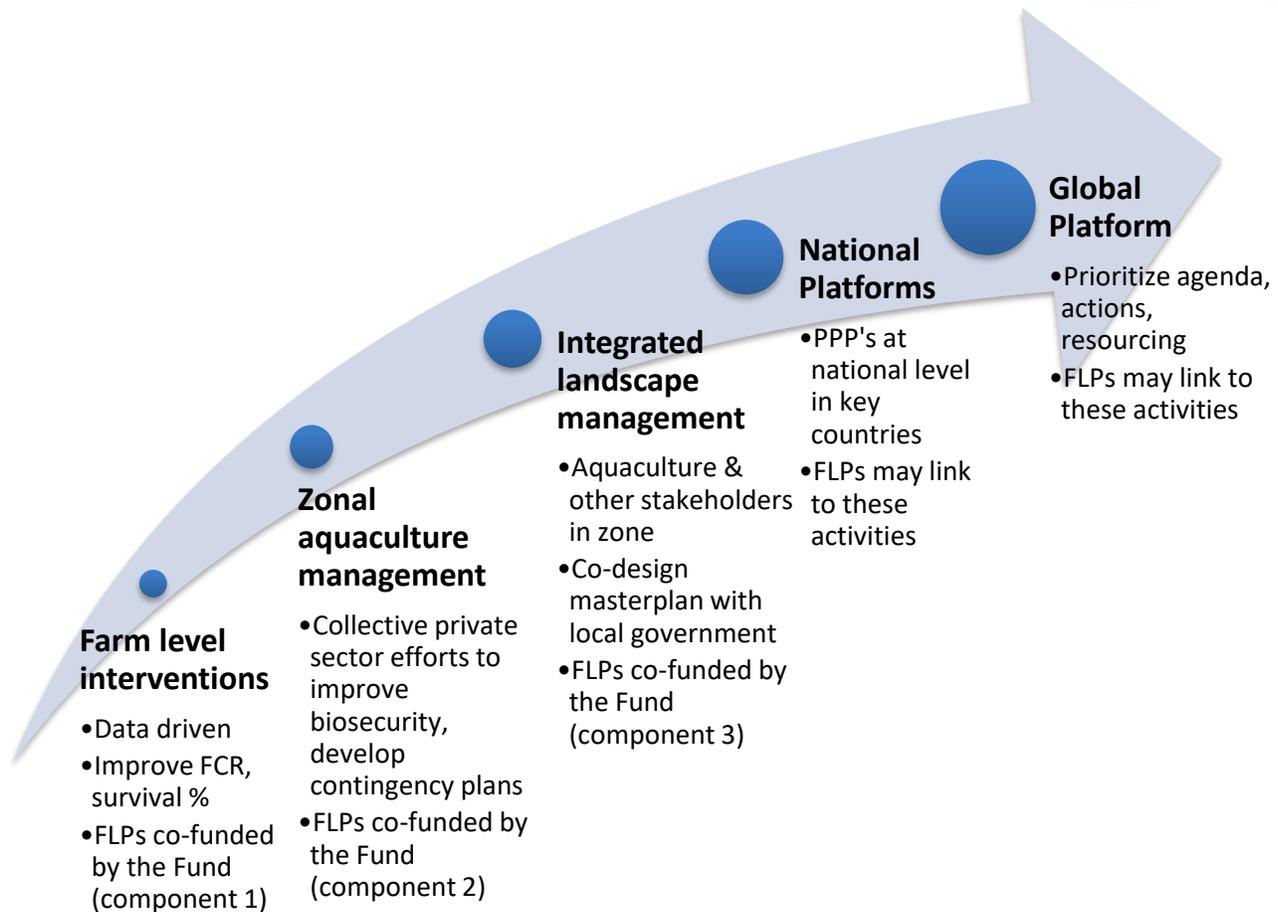
Roy van Daatselaar
Program Officer Aquaculture
M: +31(0)6 5286 2394
E: vandaatselaar@idhtrade.org
S: r.vandaatselaar

Flavio Corsin
Director Aquaculture, Agrochemicals
M: +31(0)6 1140 4008
E: Corsin@idhtrade.org
S: flavio.corsin

Introduction

Health and disease management is arguably the most critical challenge the aquaculture sector faces. Diseases have always challenged the development of the sector. Although the sector generally bounces back after an outbreak and considerable progress has been made in pathogen/disease detection, it does not seem to be any more prepared to deal with diseases than it was two decades ago. In fact, similarly to previous diseases, the Early Mortality Syndrome (EMS) outbreaks in shrimp in Asia and Latin America have led to crop failures for several hundred thousands producers, resulting in global price and supply volatility of farmed shrimp. In subsectors that are not affected by major disease outbreaks the volatility in survival ranges in the two digit percentage figures for which explanations like weather and seed quality are generally blamed, often without concrete evidence. Agrochemicals (e.g. antibiotics) use is still prevalent in large segments of the industry, arguably driven by a general lack of knowledge on the application and effectiveness of such treatments against the emerging disease problems. This often leads to misuse of these substances, which may affect food safety and market access of aquaculture products. As food safety is the top priority for seafood buyers, aquatic animal health management is a critical issue to address.

In 2013 IDH opened its Farmers In Transition (FIT) Fund (the “Fund”). In the first three years the Fund has been very successful in rolling out global and large scale support to aquaculture producers to implement better practices and shift to certification. However this mechanism did not address the critical challenges on health and disease management which often goes beyond the level of the farm. IDH has now transformed the Fund to specifically address health and disease management in the aquaculture sector and adopt a more data-driven approach to farming practices.



Purpose and objective of the Fund

As outlined in the figure above the Fund can co-invest in field level projects (FLPs) at various levels ranging from supporting private sector companies to adopt a data-driven approach (e.g. making better use of data collected for certification purposes) to improving farm efficiency (component 1), to improving disease management amongst aquaculture producers by developing zonal management regimes (component 2), to full-fledged landscape integration of zonal management with aquaculture producers and other public and private sector actors in the landscape with the aim to improve health and disease management for the area (component 3). These activities in the field can then be linked to platforms at national (component 4, e.g. Seafood Task Force in Thailand or the PPP Fish in Vietnam) or global level (component 5, e.g. GSSI) as to strengthen collaborative efforts.

Principles

IDH will only co-fund **private sector supported FLPs** and as such requires Applicants to clearly state the private sector share of co-financing as to account for at least 60% of the total project proposal. The funding provided by IDH will always be dependent on the private sector contribution.

Focus species for the Fund are **pangasius, shrimp and tilapia** within the focus countries **Ecuador, Indonesia, Thailand and Vietnam**. FLPs for other countries can be considered if relevant.

No separate proposals can be developed that only address component 4 or 5 as the Fund can only provide direct support to activities under component 1 – 3. The following chapters will explain how the Fund can co-fund activities under these three components:

Proposals for FLPs should comply with the following criteria:

1. The Applicant can prove it can account for the private sector share of the financing of the project
2. The Applicant has the expertise to implement the FLP.
3. The Applicant can be a non-for-profit organization or a private company.
4. The Applicant is responsible to account for the IDH contribution and the Private Sector contribution in the FLP to IDH.
5. The Applicant can propose an institution to carry out the data analyses on:
 - a. Aquatic level¹
 - b. Economic level²
6. The Proposal specifies the exact activities for which support is asked.
7. The Proposal clearly defines a timeline for these activities. FLPs addressing only component 1 may take 1 – 2 years. FLPs addressing component 2 or 3 may take up 2 – 3 years (final date of implementation can be no later than 31 December 2020).
8. The Proposal provides a detailed plan for data collection, analysis and feedback.
9. The proposed budget should be reasonable and sufficient, to provide successful implementation of the FLP.
10. The Applicant and Partners comply with the M&E requirements of IDH as set out in this document.
11. The Applicant and Partners agree through a written commitment that no (mangrove) deforestation will occur within the proposed project. M&E criteria and management plans may be developed in areas that pose a high risk for deforestation in order to safeguard the commitments.
12. The Applicant and Partners agree to share lessons learnt and key recommendations generated from the data analysis.
13. The Applicant agrees to share aggregated information on health and disease provided the information does not make the producers involved in the project as recognizable externally.

¹ With a level of expertise at least comparable to the ERAAAD (either University of Prince Edward Island or the Norwegian Veterinary Institute).

² With a track record of expertise in increasing profitability in the aquaculture or agriculture sector.

Key Performance Indicators

As part of the 2016-2020 overall strategy of IDH, a Results Measurement Framework (RMF) has been developed. The RMF allows IDH to measure the effects of its programs through Key Performance Indicators (KPIs). Individual programs such as the Aquaculture program will have to report against mandatory KPIs which are measured across the board for all programs. Next to the general indicators in the RMF, the IDH Aquaculture program also has a set of aquaculture specific KPIs. The table below outlines the KPIs that need to be reported against in all FLPs:

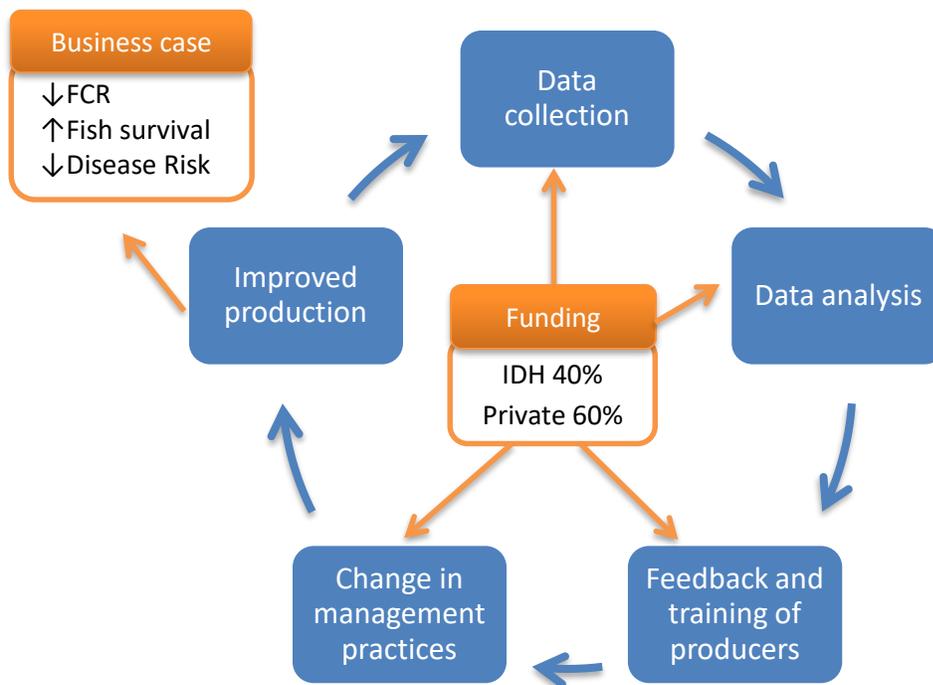
Indicator	Metrics
Number of producers/workers (m/f) trained on key subjects for sustainable production	The number (#) of persons trained, with the following distributions: <ol style="list-style-type: none"> Gender segregation The number (#) of individual training events The topic of the training (see measurement guidance for the list of topics that should be selected)
Adoption rate by producers/workers (m/f) of improved practices	The number of target producers/workers that adopted the new practices, per practice with the following distributions: <ol style="list-style-type: none"> Gender segregation Percentage of these producers/workers as share of total population of producers/workers trained
Volume of sustainably produced production	Metric tons (MT) of production segregated for species
Production efficiency	Feed Conversion Ratio (FCR)
Fish/shrimp survival	Survival rate (%)
Farmland area where trained practices are applied	Hectares (ha) of land where trained practices are applied within the farm system.

IDH has developed a KPI Guidance Document for IDH Aquaculture Implementing Partners (“Guidance Document”) as a reference for how to measure these indicators. The Guidance Document is attached hereto as Annex 1.

Component 1: Adopting a data-driven approach to optimize production efficiency

Disease outbreaks and volatility in survival is often associated with poor feed performance, resulting in financial losses and poor efficiency in natural resource use. Data are increasingly being used to identify risk factors in human or veterinary medicine. Only through population data we can know that doing X (e.g. use of certain products) is associated with a decreased or increased risk of experiencing disease Y. Huge amounts of data are being collected e.g. to comply with certification requirements. These data are used at best to manage farms on a day-to-day basis (e.g. changing water when the data say that the water quality is poor etc.) or to monitor farm performance and at worse they are only made available to auditors to grant certification. However, much more can be done with those data if analyzed by professionals like epidemiologists. A data-driven health and feed performance approach is being developed in order to improve overall farm efficiency through reduced mortality, disease risk and improved feed conversion. This approach will eventually support farmers in implementing better management practices and improving the resilience of the sector. For this model to work successfully IDH aims to facilitate:

1. Data collection on different production parameters at farm level and, as needed involving other value chain players.
2. Data analysis by aquatic epidemiologists, economists, etc.
3. Feedback to producers on how to mitigate disease risks and optimize production efficiency based on population statistics.
4. Share experiences to other industry players as to create appetite for this data-driven approach to be scaled up (e.g. through public sector etc.) as to also improve the effectiveness of response.



Eligible activities for co-funding under component 1

Activity	Comment	IDH %	PS %
Data collection by internal (employed) persons	Data collection can be on water quality, fish health, production practices	0%	100%
Data collection by external (contracted) persons	Data collection can be on water quality, fish health, production practices	40%	60%
Data analysis	The standard of the institute carrying out the data analyses should have the right expertise. Their level should be comparable to the expertise of ERAAAD ³ .	50%	50%
Feedback and training of producers	Based on analysis of data	50%	50%
Change in management practices	Based on analysis of data	30%	70%
Project management & reporting (excluding auditing costs)		50%	50%
Financial auditing of the project		100%	0%
Total		<40%	>60%

What data is eligible for collection under component 1?

Data collection can take place at many different levels, indicators and timelines. The Fund is flexible in terms of the design of the FLP and the type of data that is collected through the various components, as long as a solid plan is in place for the collection and analysis of data, and feedback of outcomes to producers with the aim to improve practices. As such, data collection can include, but is not limited to the information below:

- Information about the farm or pond from which information is collected (e.g. location, area, etc.)
- Outcomes of production such as yield, crop duration, occurrence of disease, but can include also quality attributes at processing etc.
- Production information such as source of seed or feed, agrochemicals being applied. If possible also including occurrence of water exchange, data from water testing etc.
- Frequency of data collection (e.g. ranging from data collection only at start and end of crop cycle, to weekly collection of data)

Note that these data points are additional to the mandatory KPIs as outlined in the Key Performance Indicator paragraph.

³ either University of Prince Edward Island or the Norwegian Veterinary Institute

Component 2: Adopting a zonal management approach to aquaculture

Implementing improved biosecurity protocols and collective management of critical disease risks amongst aquaculture farmers with shared (water) resources, aquaculture farmers can improve risk mitigation resulting in optimized production, lower disease risk and a faster and more targeted response in case of an emergency. As such, zone management poses a strong opportunity to improve health & disease management. For this reason, in addition to the data-driven approach to optimize farm efficiency as outlined above under component 1, zonal management will also be supported through the Fund. This component can be complementary to component 1.

Eligible activities for co-funding under component 2

Activity	Comment	IDH %	PS %
Items included under Component 1			
Data collection by internal (employed) persons	Data collection can be on water quality, fish health, production practices	0%	100%
Data collection by external (contracted) persons	Data collection can be on water quality, fish health, production practices	40%	60%
Data analysis	The standard of the institute carrying out the data analyses should have the right expertise. Their level should be comparable to the expertise of ERAAAD ⁴ .	50%	50%
Feedback and training of producers	Based on analysis of data	50%	50%
Change in management practices	Based on analysis of data	30%	70%
Project management & reporting (excluding auditing costs)		50%	50%
Financial auditing of the project		100%	0%
Items specific to Component 2			
Identification of the zone including geographical boundaries, stakeholders, issues		50%	50%
Development of zonal management plan focused on health & disease management and production risk mitigation		50%	50%
Implementation of zonal management plan: training of farmers, farmer organization, training on data collection	All clearly linked and identified as needs in the zonal management plan	50%	50%

⁴ either University of Prince Edward Island or the Norwegian Veterinary Institute

Development of farming protocols linked to health & disease management plan		50%	50%
Establishment of (public) private governance body of the zone		50%	50%
Equipment or construction needed to improve health & disease management	Only if clearly linked and identified within the zonal management plan	0%	100%
Water quality tests, kits and sampling tools	Only if linked to the implementation of the zonal management plan and accompanied by a declaration that such tests were not performed before implementation of the zonal management plan	40%	60%
Probiotics or water disinfectants	Only if linked to the implementation of the zonal management plan and accompanied by a declaration that such products were not used before	40%	60%
Fish / shrimp health testing	Only if linked to the implementation of the zonal management plan and accompanied by a declaration that testing was not undertaken before	40%	60%
Investments and adoption of better practices to improve seed quality	Only if linked to the implementation of the zonal management plan and accompanied by a declaration that such practices were not adopted before	0%	100%
Total		<40%	>60%

Component 3: Integrated landscape management in aquaculture to mitigate critical production risks

In addition to the zonal management approach to aquaculture as described above as component 2, fully integrating aquaculture farmers into the wider landscape (including other resource users) potentially brings the greatest impact in terms of mitigating critical production risks related to health & disease management. Activities under this component should include mapping of stakeholders within the landscape (aquaculture producers, other agricultural producers, other industry players, public sector and regulators), identification or production risks through multi-stakeholder engagement, and the development of masterplans at landscape level to manage production risks in collaboration with public authorities and regulators.

Eligible activities for co-funding under component 3

Activity	Comment	IDH %	PS %
Items included under Component 1			
Data collection by internal (employed) persons	Data collection can be on water quality, fish health, production practices	0%	100%
Data collection by external (contracted) persons	Data collection can be on water quality, fish health, production practices	40%	60%
Data analysis	The standard of the institute carrying out the data analyses should have the right expertise. Their level should be comparable to the expertise of ERAAAD ⁵ .	50%	50%
Feedback and training of producers	Based on analysis of data	50%	50%
Change in management practices	Based on analysis of data	30%	70%
Project management & reporting (excluding auditing costs)		50%	50%
Financial auditing of the project		100%	0%
Items specific to Component 2: N/A as Component 3 has similar interventions as Component 2, though specifically includes collaboration with public regulators			
Items specific to Component 3			
Identification of the zone including geographical boundaries, <u>all</u> stakeholders in the landscape, issues		50%	50%
Development of zonal management masterplan focused on health & disease management and production risk mitigation		50%	50%
Implementation of zonal management masterplan: training of farmers, farmer organization, training on data collection; all in collaboration with public authorities	All clearly linked and identified as needs in the zonal management masterplan	50%	50%
Development of farming protocols linked to health & disease management plan		50%	50%
Establishment of public-private governance body of the zone		50%	50%

⁵ either University of Prince Edward Island or the Norwegian Veterinary Institute

Equipment or construction needed to improve health & disease management	Only if clearly linked and identified within the zonal management masterplan	0%	100%
Water quality tests, kits and sampling tools	Only if linked to the implementation of the zonal management masterplan and accompanied by a declaration that such tests were not performed before	40%	60%
Probiotics or water disinfectants	Only if linked to the implementation of the zonal management masterplan and accompanied by a declaration that such products were not used before	40%	60%
Fish / shrimp health testing	Only if linked to the implementation of the zonal management masterplan and accompanied by a declaration that testing was not undertaken before	40%	60%
Investments and adoption of better practices to improve seed quality	Only if linked to the implementation of the zonal management masterplan and accompanied by a declaration that such practices were not adopted before	0%	100%
Total		<40%	>60%

National & Global Platforms

Activities under component 1 to 3 can be linked to National or Global Platforms as to strengthen collaborative efforts between public and private actors towards improved health & disease management. The Fund is not open to proposals which only address this level of interventions but instead IDH incentivizes Applicants to nest FLPs under existing platforms (e.g. GSSI, Seafood Task Force in Thailand, PPP Fish in Vietnam). Contact IDH to discuss the relevance of this.

Additional Funding

The Applicant may for all components involve other sources of funding (e.g. public) which may complement the funding from IDH and the private sector. However this funding does not affect the ratio of IDH vs. private sector contributions of 40% - 60%.

Both for the data-driven approach under component 1 as well as for the zonal management approach under component 2 and 3 there may be additional sources of private sector funding associated with certification, which can be taken into account. Although the FIT Fund cannot co-fund efforts towards achieving certification, IDH recognizes that certified producers contribute to responsible production by adhering to criteria on health and feed management as set out in those standards. Accounting for such additional contributions brings two advantages to the application:

- (1) these efforts will be considered by IDH as to strengthen the application and may therefore ease the approval of proposals and
- (2) Applicants bringing in a significant amount of additional private sector investments may apply a **more flexible co-funding ratio**. The core IDH vs. private sector ratio (40-60 as indicated above) may in this case be adjusted as long as it never fall below 50% - 50%, whereas the total ratio IDH vs. private sector (including also the efforts towards certification) must be <30% - >70%.

The list below outlines eligible activities which can be considered additional private sector funding if linked to certification efforts:

Activity	Comment	IDH %	PS %	Additional PS %
Consultant fees associated with support to producer to comply with certification		0%	0%	100%
Establishment of new treatment ponds for water and/or sludge and associated facilities	Compliant to requirements as set out in standard e.g. aerator systems, seed of aquatic species for water treatment	0%	0%	100%
Raising dykes if to comply with standards to prevent escapees	Compliant to requirements as set out in standard	0%	0%	100%
Difference in price between "responsible" feed and conventional feed	Compliant to requirements as set out in standard and only if accompanied by a declaration that the responsible feed was not used before	0%	0%	100%
Difference in price between high quality (e.g. based on disease status) fish seed and conventional seed	If accompanied by a declaration that high quality seed was not used before	0%	0%	100%
Difference in price between high quality (e.g. based on disease status) broodstock and conventional broodstock	If the project includes also interventions at the hatchery level in addition to interventions at the farm level where the seed will be stocked, and only if accompanied by a declaration that high quality broodstock was not used before	0%	0%	100%
Total		0%	0%	100%

Innovation

Next to the standardized FLP approach as outlined above, the FIT Fund will allow for a small portion of funds to be allocated to innovative approaches addressing health and disease management. All Eligibility Criteria still apply, as does the IDH vs. private sector funding ratio of 40% - 60%. Further specifications about the target setting and KPIs need to be discussed with the IDH Aquaculture Program Team, yet requirements to take into account are:

- Scalability of the approach
- Pre-competitiveness of the approach
- Private sector buy-in to the project

Process

Applicants whom want to develop FLPs which only address component 1 can directly fill in the FLP Application Template. For component 2 and 3 IDH asks Applicants to first develop a concept note following the guidance of the Application Template. Upon consultation with IDH the Applicant may then develop a Full Proposal. Review of Full Proposals and feedback by IDH may take up three weeks, upon which an update to the proposal may be requested based on the feedback. Final Proposals will have to be presented to an Investment Committee at IDH which may take four weeks. Please contact IDH for the Application Template and further information on timelines.

Selection Criteria

FLP proposals will be assessed against the following criteria:

- Value (=impact) for money proposition
- Private sector co-funding (the higher the better)
- Additional private sector investments in certification (the higher the better)
- Relevance of geography (priority country)
- Preliminary commitment of companies in zone
- Preliminary commitment of public sector in zone
- Interest from other sectors
- Potential link to (inter)national platform
- Presence of landscape issues
- Human resources availability at IDH to monitor the project

Funding agreement

Upon final approval of the proposal, IDH will draft a funding agreement. All funding agreements will be subject to the General Terms and Conditions of IDH, the Sustainable Trade Initiative ("GTC", attached hereto as Annex 2). These GTCs state the rights and obligations of both the contracting party and IDH

regarding their cooperation in general. By handing in a proposal, the Applicant declares to unconditionally accept to the contents of the GTC.

Confidentiality

The documents provided to the Applicant by IDH will be handled with confidentiality. The Applicant will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Applicant or its engaged third parties will give IDH grounds to reject the proposal, without requiring any prior written or verbal warning.

All information, documents and other requested or provided data submitted by the Applicant will be handled with due care and confidentiality by IDH. The provided information will, after evaluation by IDH, be filed as confidential. The provided information will not be returned to the Applicant.

Contact

Roy van Daatselaar
Program Officer Aquaculture
M: +31(0)6 5286 2394
E: vandaatselaar@idhtrade.org
S: r.vandaatselaar

Flavio Corsin
Director Aquaculture, Agrochemicals
M: +31(0)6 1140 4008
E: corsin@idhtrade.org
S: flavio.corsin

Annexes

Annex 1: KPI Guidance Document for IDH Aquaculture Implementing Partners
Annex 2: General Terms and Conditions of IDH, the Sustainable Trade Initiative