



Food and Agriculture
Organization of the
United Nations



General Fisheries Commission
for the Mediterranean
Commission générale des pêches
pour la Méditerranée



Building a future for sustainable small-scale fisheries in the Mediterranean and the Black Sea Regional
Conference (7–9 March 2016, Algiers, Algeria)

Panel 4 - Enhancing small-scale fisheries value chains

*Zerrouky R., Malorgio G., Mulazzani L., Azzone E., Galli D., Lelli S.,
Michellini M., Toma M., Ugolini R., Zuccaro M.*

Main features of small-scale fishery

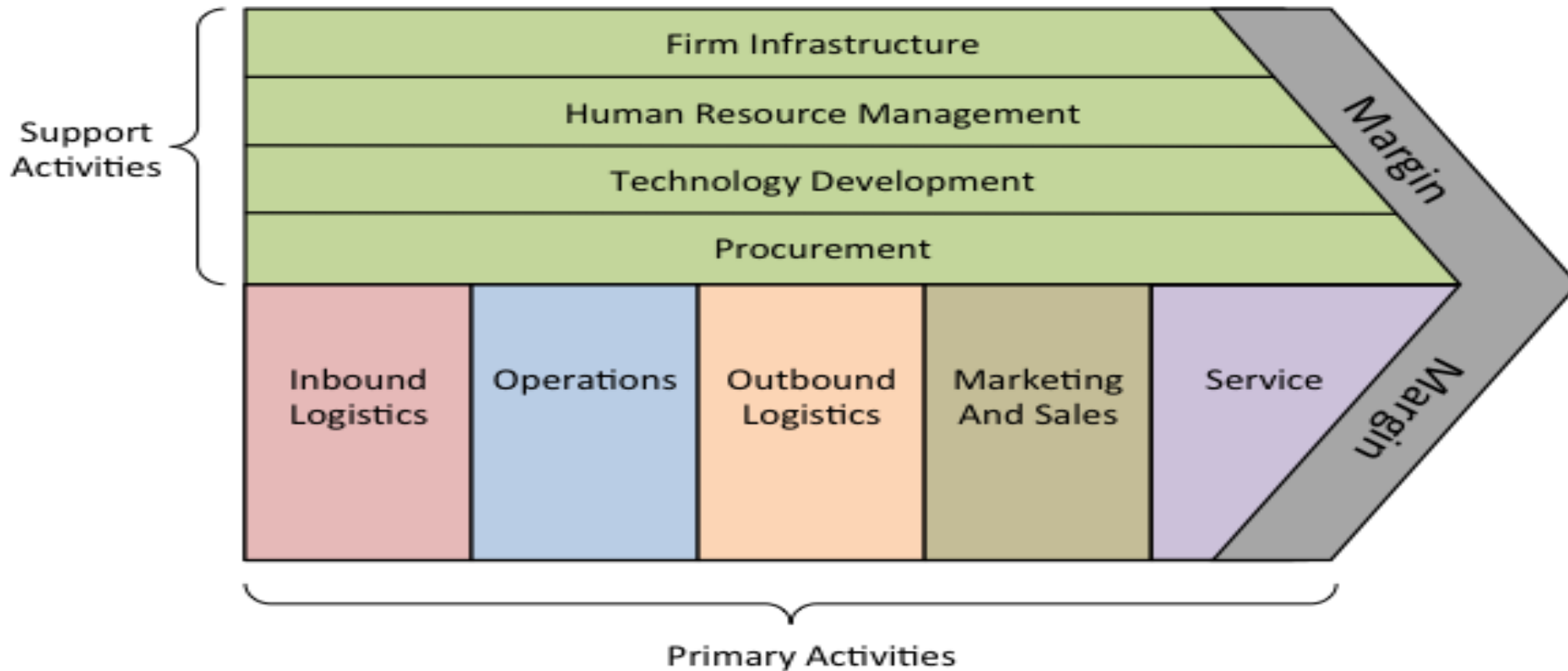
- Scarcity of economic resources
- Low capital of investments, lack of innovation
- More sustainability for the over-exploitation of fish stocks
- Fish products destined mostly for local market and tourist market
- Weak market position
- Fragmentation of production, small fishing groups
- Difficulty to comply with sanitary and safety standards
- Competitive advantage: low cost and product quality

Value Chain Analysis

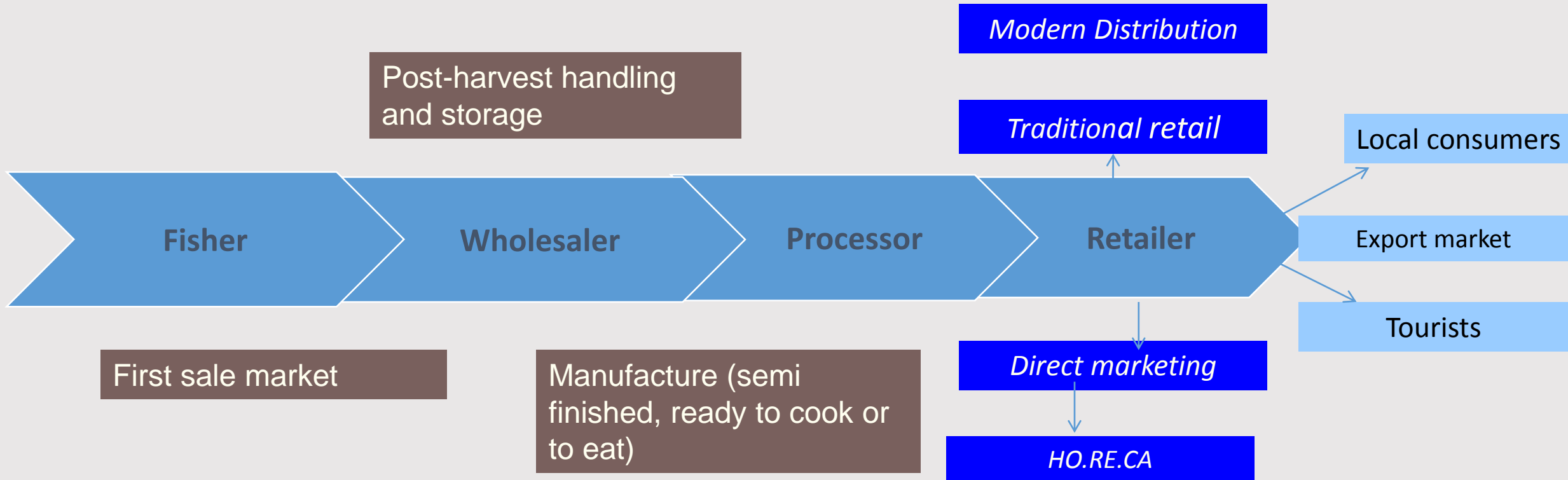
- Value chain analysis systematically maps the economic agents participating in the production, distribution, marketing and sales of particular product
- Value chain analysis can play a key role in identifying the distribution of benefit of economic agents in the chain.
- Value chain analysis can be used to examine the tools of upgrading within the chain.
- Value chain analysis can highlight the role of governance in the supply chain.

Value chain inside the firm

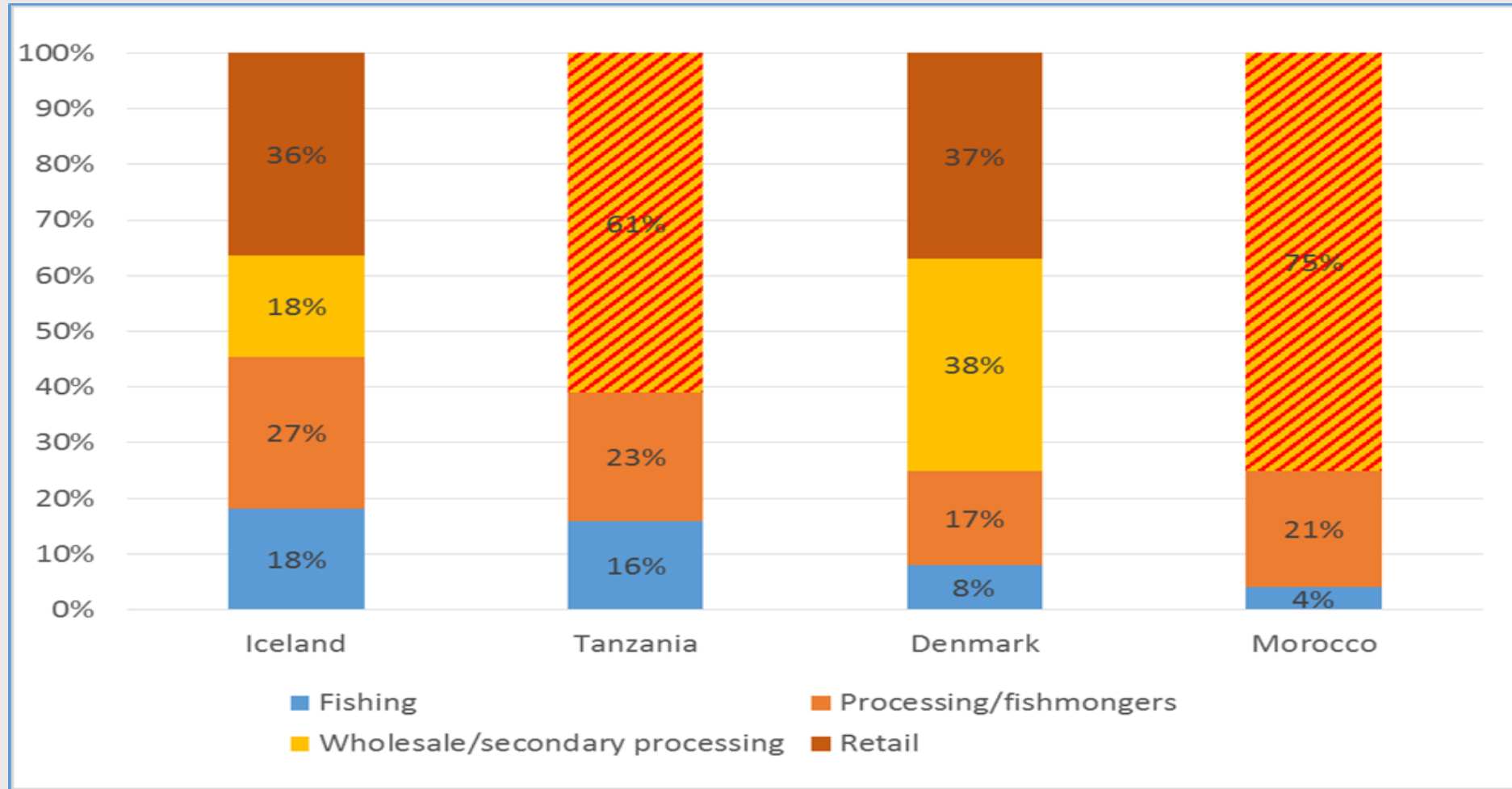
Narrow approach: a value chain includes the range of activities performed within a firm to produce a certain output.



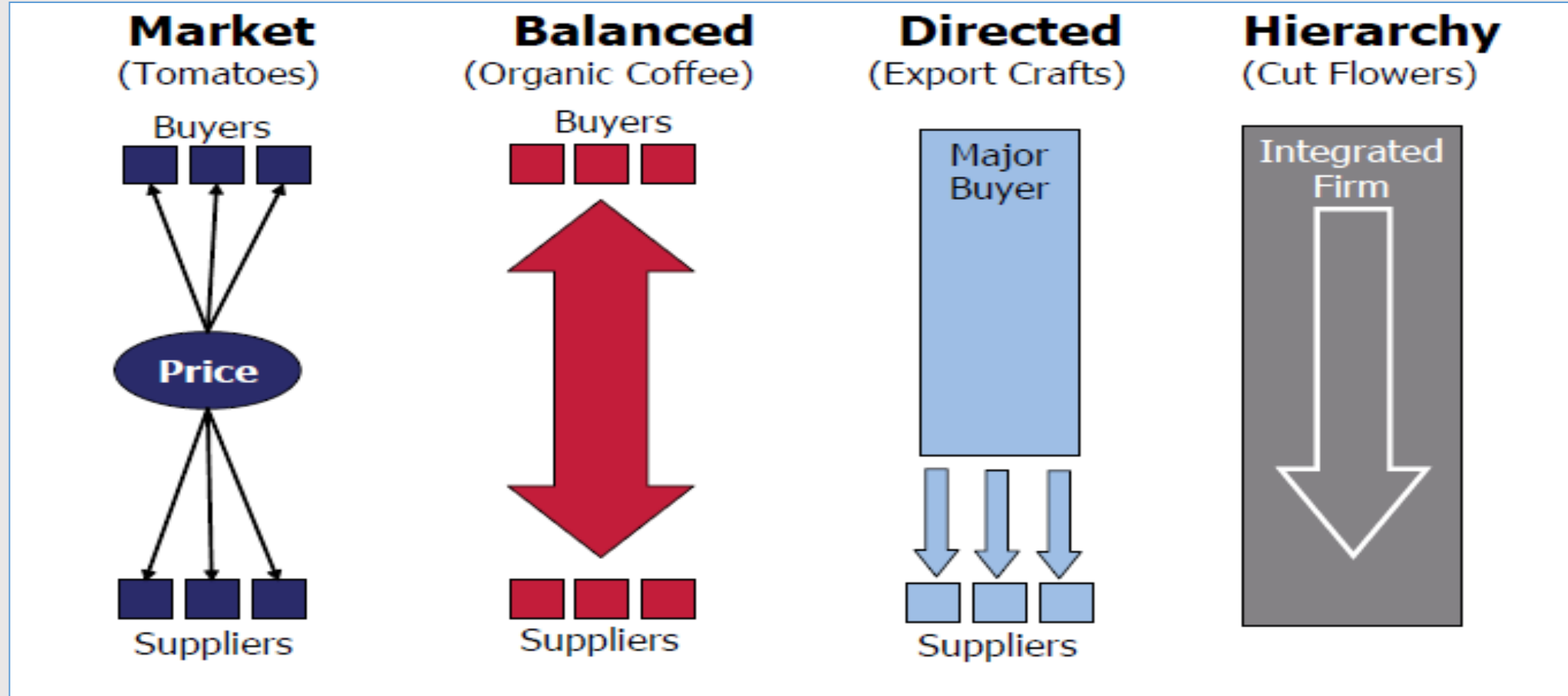
Value chain broad approach



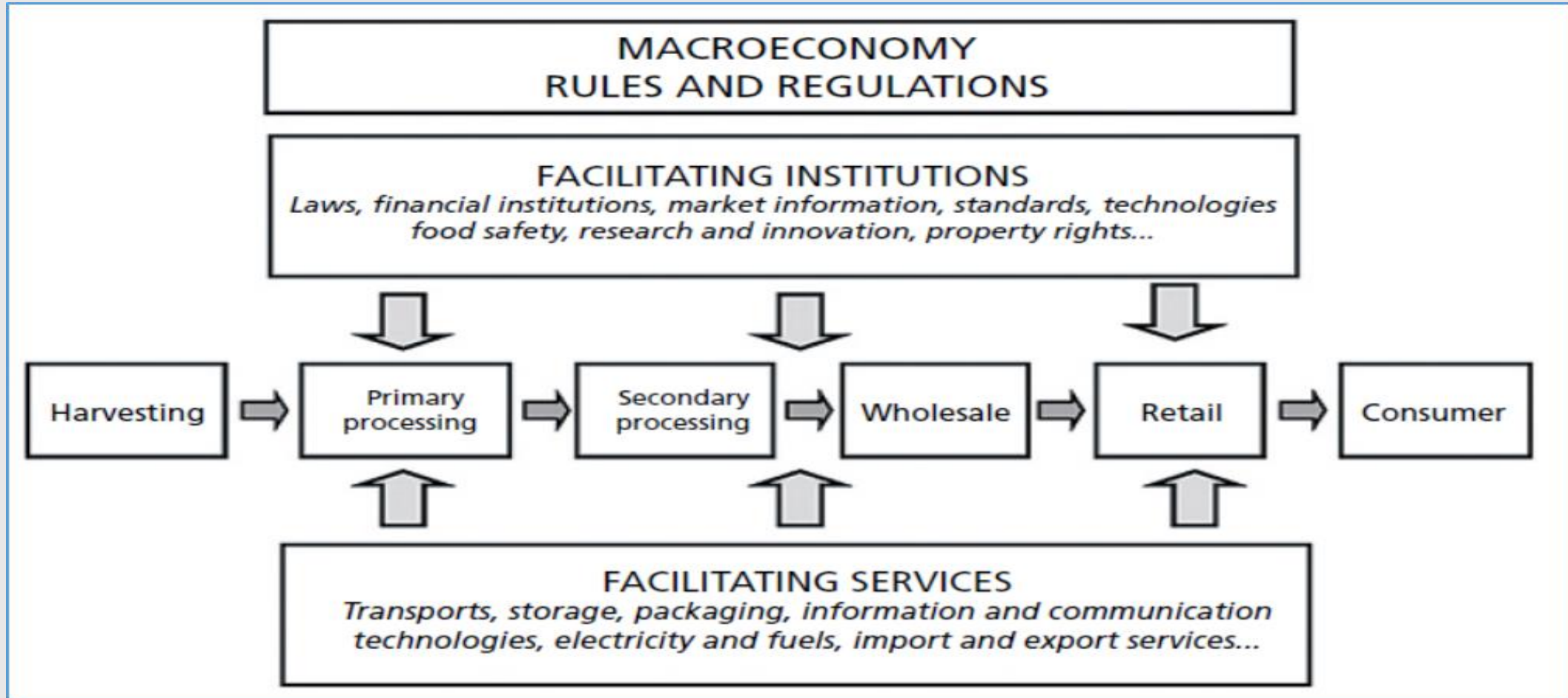
Value distribution in the chain



Leadership in the value chain



Beyond the value chain

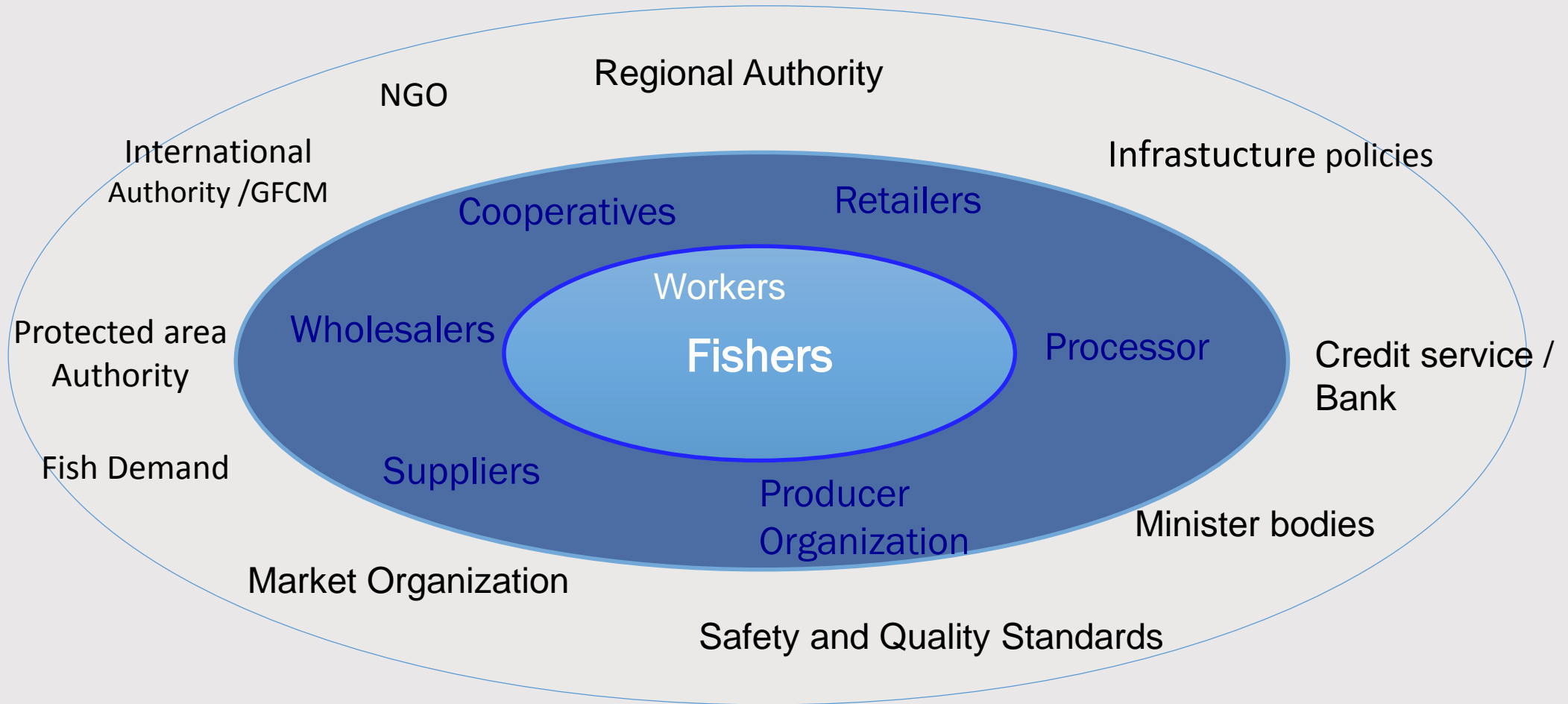


Beyond the value chain

Complementary approaches to stress the importance of other elements for the development of the value chain:

- Coastal Community Clusters
- Blue Growth and Marine Spatial Planning
- Ecosystem Services framework
- Multifunctionality approach

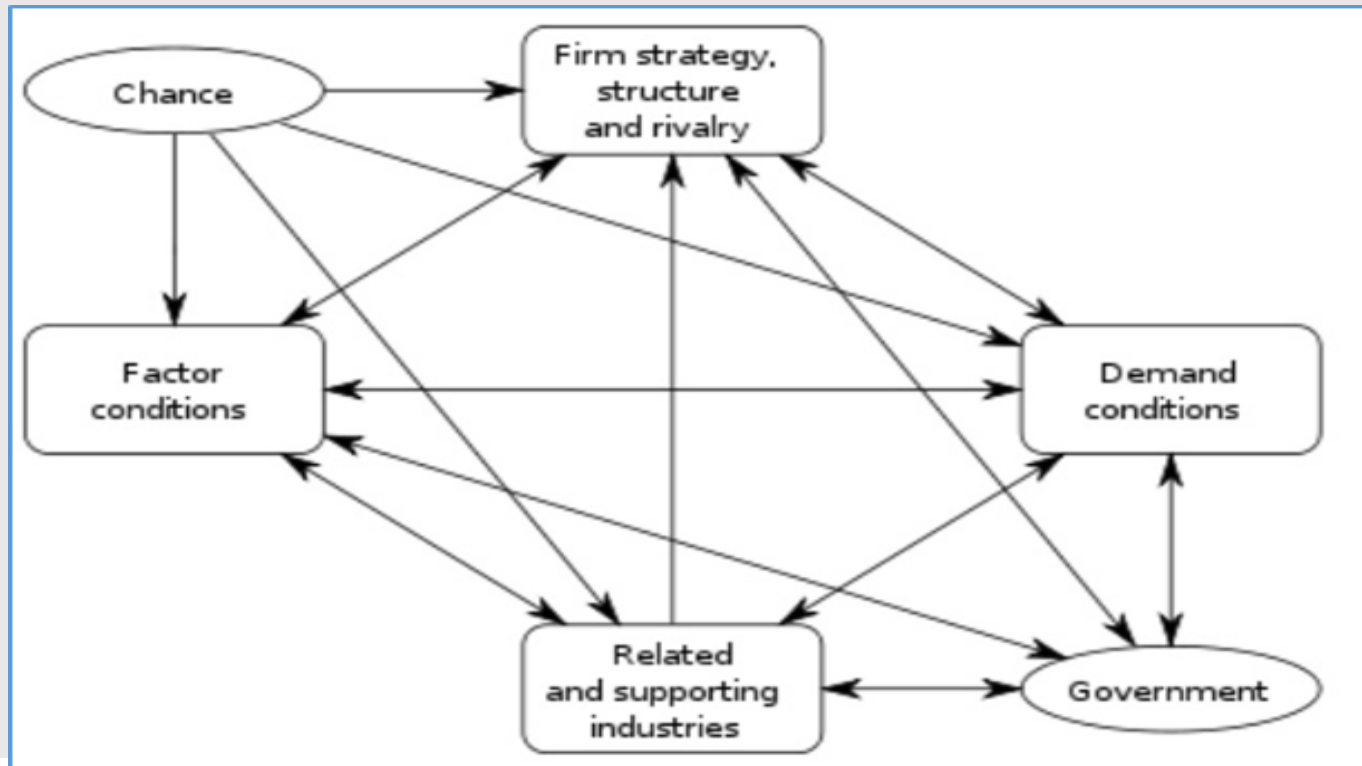
Fishery stakeholders and governance



Coastal Community Clusters

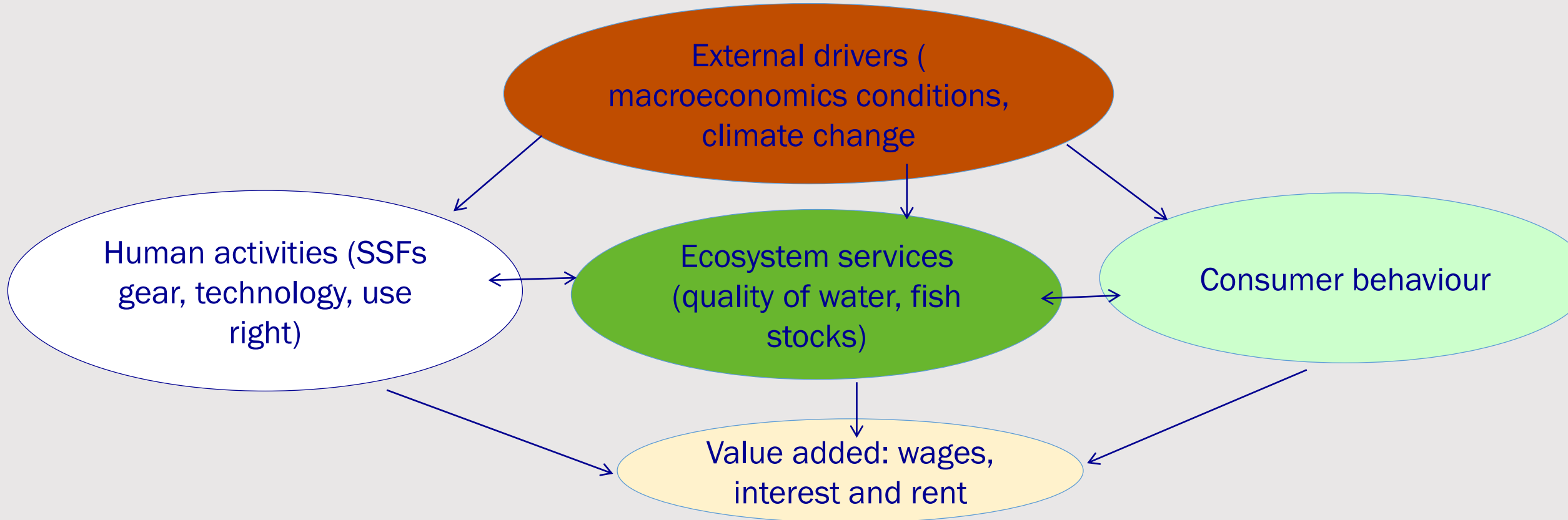
A **coastal community cluster** is a **marine geographical location** where resources and competences are complementary and integrated **under a common governance**, giving it a key position in a given economic branch of activity. The **economic agent relationship** has the potential to affect competition by increasing the productivity of the companies in the cluster, by driving innovation and stimulating new businesses in the field

Factors of success



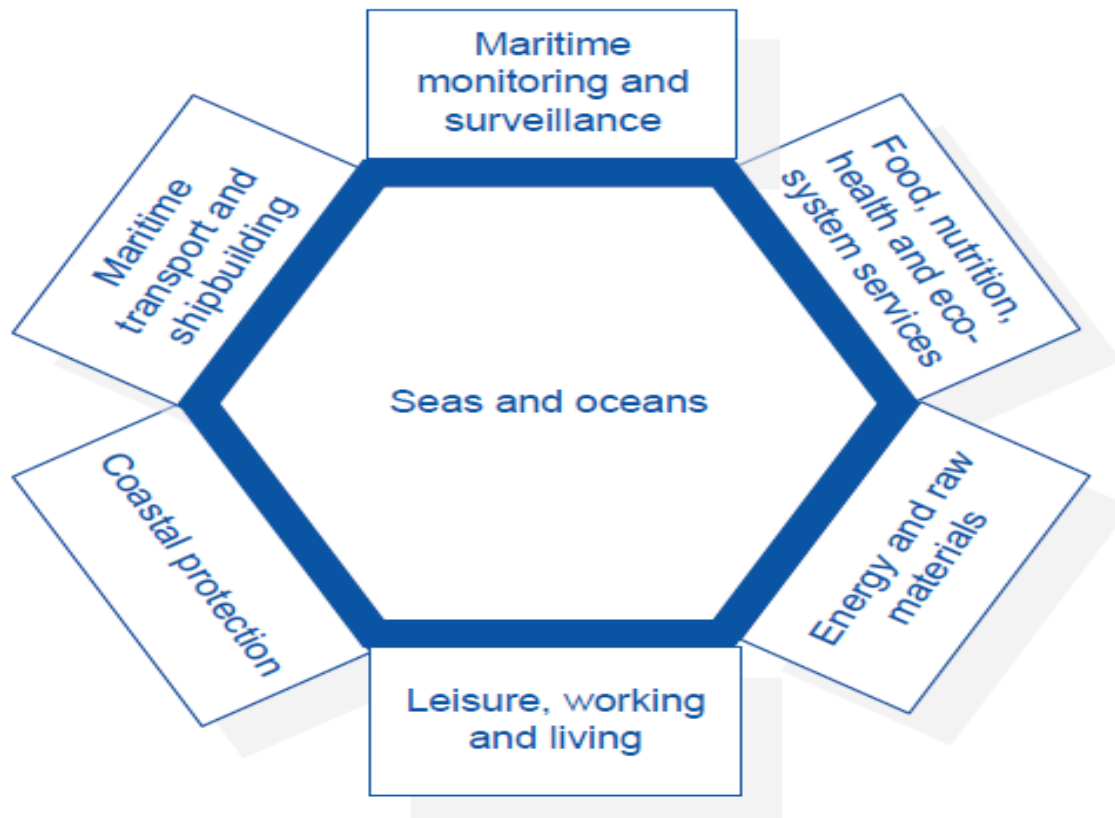
Ecosystem services approach

Ecosystem service are components of nature enjoyed, consumed or used to yield well-being. The ecosystem service approach may play an important role showing the **connection** between the costal/maritime human activities and the environment.



Blue Growth and Marine Spatial Planning

Blue Growth is the long term strategy to support sustainable growth in the marine and maritime sectors as a whole. Creating synergies between economic activities and addressing tensions clearly helps in realizing the Blue Growth potential.



Synergies:

- **Shared suppliers:** construction/reparation of boats for both fishing and touristic purposes.
- **Enabling activities:** as technology or credit, for the development of other economic activities.
- **Common use of infrastructures:** ports or interventions of coastal protections, wholesale market can benefit several maritime activities.
- **Shared input factors:** specialized workers such as sailors or maritime engineers, often locally trained.

Multifunctionality Approach

Functions of fisheries

Food production: this function clearly concerns a tradable commodity but also entails non-trade aspects such as food security and food safety

Environmental functions: small-scale fisheries are linked to positive externalities (or reduced negative externalities) on environmental issues.

Territorial functions: small-scale fisheries allow the monitoring of the sea, preserve cultural traditions and contribute to socio-economic development of coastal communities.

Social functions: it concerns impacts that help improving the local quality of life in coastal communities, including employment and reduced emigration rates.

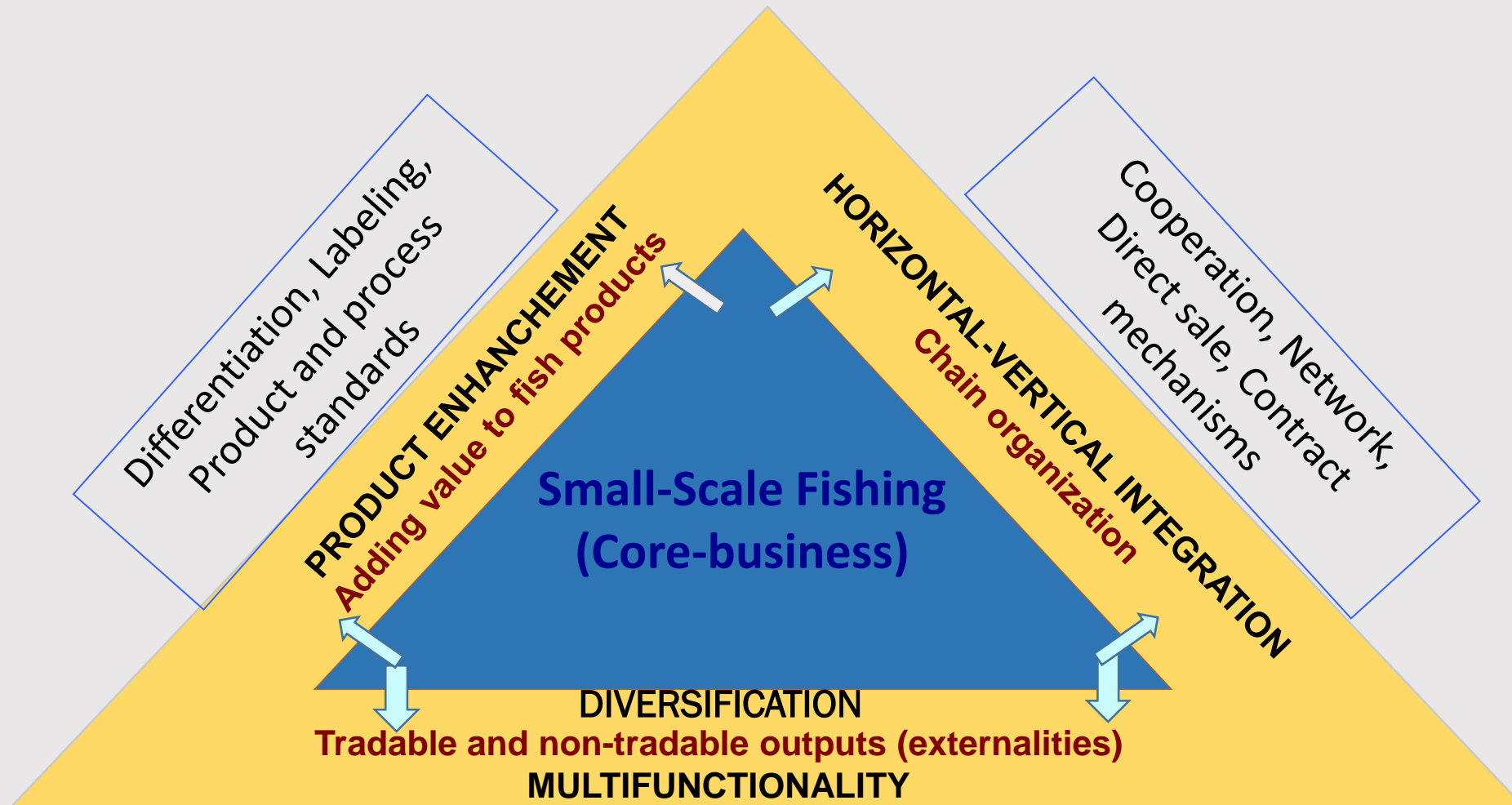
A new model for SSFs in Mediterranean and Black Sea



The multifunctional fishing entrepreneur:

Differentiation should be the strategy used to internalise externalities, transforming non-tradable functions in tradable services

New strategies for fishers



Ittiturismo, fishing-tourism, other economic activities
adoption of more sustainable fishing practices; environmental protection

Upgrading chain strategies

- **Process upgrading:** achieving a more efficient transformation of inputs into outputs through the reorganization of productive activities.
- **Product upgrading:** improving in quality and products design that enable producers to gain enhanced value.
- **Functional upgrading:** increasing value added by diversifying the mix of activities conducted within the firm or moving the activities location to different links in the value chain.

Four pillars for enhancing SSFs value chains

Following the theoretical approaches before mentioned and analyzing five Mediterranean case studies, four pillars for **enhancing SSFs value chain** have been identified:

- | | | |
|-------------------------------|---|---|
| ■ Sustainability dimension | → | Co-management, MPAs |
| ■ Marketing strategies | → | Labeling, Product standards
Coordination along the chain |
| ■ Inter-sectorial integration | → | Diversification, Coastal
Community Cluster |
| ■ Institutional services | → | Access to formal finance,
Infrastructure |

There is a strong complementarity between these pillars

Sustainability dimension and value chain

- Considering the biological characteristics of fish stocks, competitiveness requires sustainability → **Value is linked to ESs**
- Considering the social characteristics of SSFs, sustainability requires participation, cooperation and empowerment, responsibility → **Value is linked to efficient management**
- Sustainability can be linked to quality standards and labelling → **Value is linked to marketing**
- MPAs may attract tourism and increase demand for sustainable fish products → **Value is linked to integration**

See the cases of Bibaine Lagoon – Tunisia (labelling, management), and Porto Cesareo – Italy (MPAs, management, tourism integration)

Marketing strategies

- Marketing strategies include different possibilities: product differentiation, labelling, short value chains, horizontal/vertical cooperation.
- **Labelling** (Bibaine Lagoon – Tunisia):

Advantages:

- Identifies origin/producers of a fisheries
- Links product/territory
- Simplifies the decision-making process upstream and downstream supply chain
- Reduces health and commercial risks for the consumer
- Ensures competitive advantages for the enterprise

Disadvantages:

- Lengthy of procedures
- Not always response to market demand
- Sometime imposed top-down
- Possible regulatory restriction on origin statements
- High commitments required
- High communication expenditures

Horizontal and vertical coordination

Vertical coordination:

Joint ventures
Consortia
Service agreements
Contracts

Benefits:

- Quality improvement
- Control of upstream production practices
- Reduce transaction costs;
- Added value for all partners;
- Improve communication;
- Improve stability of price/returns

Horizontal coordination:

Cooperatives
POs
Cofradias
Prud'homies

Benefits:

- Volumes
- Stability of production
- Negotiation power
- Management on resources
- Scale and scope economy



Intersectoral integration

- Small enterprises competitiveness is enhanced by strong clustering coastal community: economies of scope, agglomeration economies
- This includes strong relationships with all public and private actors of the local environment.
- Touristic services are directly and indirectly linked to small-scale fisheries ([Porto Cesareo - Italy](#); [Marsa Matrouh - Egypt](#)):
 - SSFs create attractions for tourists
 - Tourists increase fish demand
- Other synergies with maritime activities for shared suppliers (e.g. construction/reparation of boats), enabling activities (e.g. technology and credit), common use of infrastructures (e.g. ports), shared input factors (e.g. specialized workers)

Institutional services and credit

- Public institutions should provide basic infrastructures and services to foster value chain and prevent market failure
- Access to formal finance is a crucial concern. This includes access to both formal credit for capital expenses and financing for fishing operations
- Facilities and financial products can be developed in partnership with rural banks for medium to long-investment; formal chain financing schemes (production contracts, storage receipts) can be applied with the participation of fisher, traders and public authority.
 - Wholesale markets: see the Algiers (Algeria) case, Marsa Matrou – (Egypt)
 - Credit: see the Tyre (Lebanon) case

Preliminary conclusions

- Fostering an enabling policy environment for market development for small fishers can be facilitated by considering the whole stakeholders interests, e.i. public and private.
- Reducing poverty, in the long run, can only be achieved by increasing the value of the catches, rather than their quantity.
- Value chain is associated with the concept of governance and ecosystem, which are of key importance for fisheries because fisheries value chains crucially depend on the utilization of natural and environmental resources.
- Four relevant areas of intervention have been identified: sustainability aspects (including co-management and MPAs), marketing strategies (labelling, quality standards), inter-sectoral integration, and provision of infrastructures and services (in particular wholesale markets and credit).