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NACA
An intergovernmental organisation that promotes rural development through sustainable aquaculture. NACA seeks to improve rural income, increase food production and foreign exchange earnings and to diversify farm production. The ultimate beneficiaries of NACA activities are farmers and rural communities.

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Cooperatives: The future of small-scale farming?

Pick any emerging industry you like and consider its development over time. The pattern should be familiar: A few pioneers kick things off and achieve early success. A 'goldrush' ensues with large numbers of entrants piling in chasing (what looks like) easy money. This is followed by a production boom and a price collapse, at which point the uncompetitive tend to go out of business. The survivors pick up the pieces and expand their own holdings, gaining economies of scale. Slowly, the industry consolidates and settles into a new and somewhat less dynamic equilibrium.

This trend of competition and consolidation appears to be an inevitable economic consequence in the development of a new industry. It is, according to popular economic theory, both normal and good, in that it leads to cheaper prices and a higher standard of living for consumers.

The benefits of this cycle to producers are less clear. The social impacts associated with people going out of business are considerable. The price of failure and debt can be high, particularly among poor rural communities where there are few other livelihood options. Asian aquaculture is to a large extent characterised by large numbers of small-scale and frequently poor producers. How can these people compete effectively with larger, more industrialised operations in an increasingly globalised world?

One possible solution is for small scale farmers to emulate the pattern of consolidation through formation of farming cooperatives or 'clusters'. NACA has explored this approach over the last ten years or so, mainly working with small-scale shrimp farmers in India, Vietnam and Indonesia, and more recently with catfish farmers in the Mekong Delta. By working together, small farmers can wield greater market power when buying inputs for their farm or selling their product. They gain economies of scale and increase their negotiating power with government authorities, who find it much easier to deal with organised groups than thousands of individual farmers.

NACA has sought to use cooperatives as a practical mechanism to develop and implement better management practices among small-scale farmers. Many better management practices are things that require neighbouring farmers to coordinate their activities, for example in the timing of stocking, harvesting and discharging water and in obtaining healthy seed. The financial benefits of participating in the cooperative (and the potential impacts of non-compliance on neighbouring crops) result in considerable incentive as well as peer pressure amongst members to follow the cooperative's rules. Such self-regulation is both effective and sustainable when farmers gain a benefit from it.

NACA has recently begun expanding its work on better management practices to cover other commodities in the region including tilapia, snakehead, striped catfish and seaweed. I refer interested readers to the article concerning a project funded by the ASEAN Foundation in this issue.

Simon Wilkinson