



## Aquaculture and Social License

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### The Opportunity

More than 90% of world's fisheries are fully fished or overfished, according to FAO's "The State of World Fisheries and Aquaculture 2020." At the same time, protein consumption is predicted to nearly double between 2017 and 2050, with marine-based proteins gaining market share.

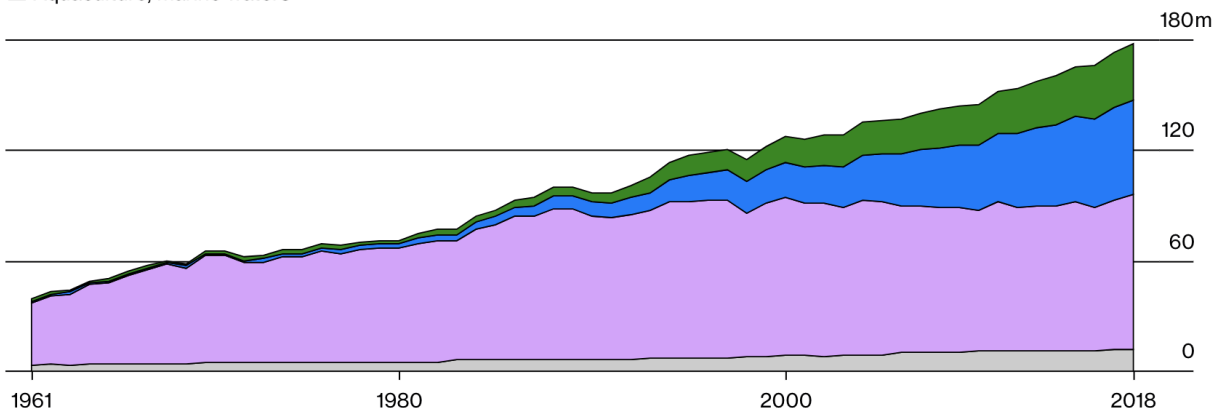
Aquaculture is essential to meet this growing demand while protecting our oceans and the environment. Aquaculture now supplies the majority of the fish we consume. There is enormous growth potential in land-based fish farming with shrinking wild catch and some marine-based farms under mounting pressure to clean up or close.

The ability of aquaculture to grow and meet this impressive potential is based, in part, on earning and maintaining social license.

### Sourcing the World's Fish

Global capture fisheries and aquaculture production, in metric tons

■ Capture fisheries, inland waters ■ Capture fisheries, marine waters ■ Aquaculture, inland waters ■ Aquaculture, marine waters



Excludes aquatic mammals; crocodiles, alligators, and caimans; and seaweeds and other aquatic plants.

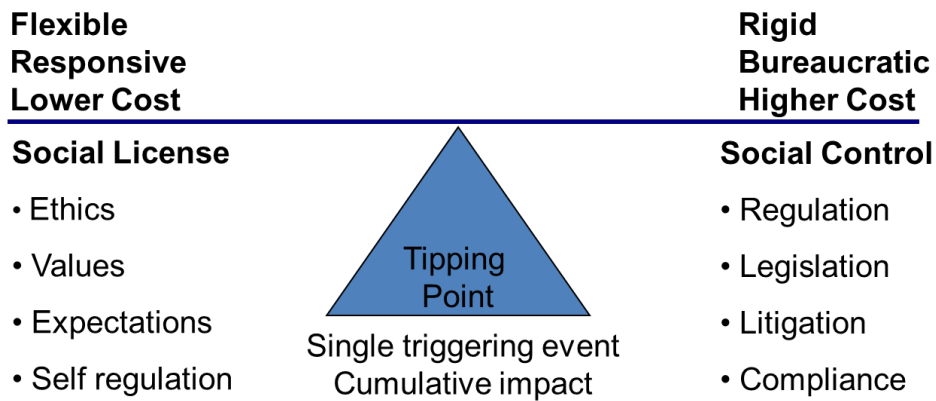
Data: Food and Agriculture Organization of the United Nations

### Social License

Social license is the privilege of operating with minimal formalized restrictions by operating in a manner consistent with social values and expectations, resulting in public trust.

When a company operates in a manner largely consistent with the ethics, values and expectations of the stakeholders who control social license they generally enjoy greater operating freedom and less oversight, which results in lower operating costs.

Once public trust has been violated or brought into question, social license begins to erode and is replaced by greater social control in the form of legislation, regulation or mandates from the market.



The catalyst for revoking social license and replacing it with social control can be a single high-profile event (Arthur Anderson and Enron, Peanut Corporation of America, etc.) or a series of events with impact over time (Oxycodone epidemic, confinement housing for livestock, impact of fossil fuels on climate, etc.) In either case, once lost, social license is never fully restored. The impact of social control can be mitigated over time, but only with additional costs and a sustained track record of performance that aligns with the expectations of those who control social license.

Public trust and the resulting social license are every organization’s most valuable intangible assets and should be protected as such.

### **Community Advisory Panels (CAPs) as a Social License Intervention**

Shared values are the foundation of building trust. In fact, CFI’s peer reviewed and published trust-building model shows that shared values are three to five times more important than sharing data or science in building trust.

When a new or expanding aquaculture facility is proposed it can lead to conflict between groups that hold competing values (i.e. protecting local natural resources vs. promoting economic growth), or a perceived gap between those promoting growth or a new facility, and those in the community. Left unaddressed, this perceived gap or lack of values alignment can lead to an erosion of trust, loss of social license, rejection of the proposed facility or greater social control which results in additional cost.

CFI has found that CAPs can be an effective intervention to better align values and build trust. The CAP process is designed to engage those with disparate interests to explore the challenges and objections and look for shared values to build trust.

The CAP process begins by identifying influencers in the community who have expressed concern and connecting with them individually to better understand the underlying issues, and to identify others who may be helpful in the CAP process.

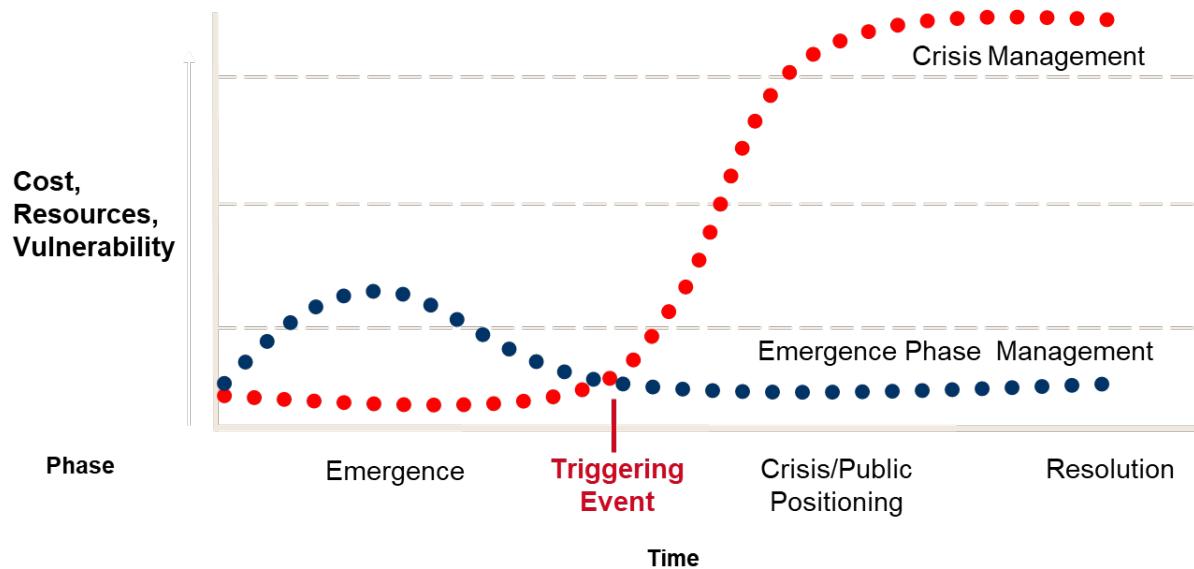
The ideal CAP participant is neither an ardent supporter nor dedicated detractor, but someone in the community who has influence, is a reasonable skeptic, has the ability to offer



constructive challenges and is willing to share concerns heard from others, and information from CAP meetings with their network.

When considering a CAP, it's important to recognize that community can be defined in two ways. One, a geographic nexus central to the facility in question. It could be a single community or a region, with a focus on one specific facility. Two, a group of people with shared interests. For example, this could be a state-wide gathering of aquaculture interests engaging with conservation and environmental stakeholders.

### CAPs as an Issues Management Strategy



CAPs can be created proactively or reactively. The issue lifecycle graphic above (originally created by Deborah Anderson of P&G) illustrates the three phases of every issue. The X axis is time while the Y axis reflects cost, resource commitment and vulnerability.

There are three phases in every issue, the emergence phase, the triggering event and finally, crisis management or working to resolution.

The emergence phase is when the issue is beginning to be defined by interested stakeholders. The company and others may not be aware, but interested community members, environmental interests, potential neighbors and others are sharing concerns, doing research and building informal networks. This is an ideal time to intervene with a CAP because opinions are still being formed and are more malleable than after a triggering event. This is also the most challenging time to form a CAP because there has not been a triggering event that serves as a catalyst to energize opponents and polarize the issue. Allocating resources to prevent opposition always seems like a good investment in hindsight, but rarely do organizations invest in community outreach prior to a triggering catalyst.



The challenge of limited proactive engagement holds true for both local communities and communities of shared interests. It's difficult to generate sufficient motivation to act without an imminent threat.

Triggering events frequently serve as the catalyst for both supporters and opponents to engage and take action. The event could be as significant as an illegal discharge from a similar facility that generates significant media interest, or as benign as the filing of a permit application. The defining characteristic is that the event "triggers" a reaction that serves as a catalyst to motivate stakeholders to act. The triggering event can also serve as a catalyst to begin formalizing the plan for a CAP. The impact of the event and the time between the event and formation of a CAP influence how polarized and intransigent divergent stakeholders are likely to be. Unfortunately, the impact of a triggering event is often underestimated, again limiting the willingness to allocate resources to effective resolution that preserves social license. Too frequently, individuals, companies or organizations that are dealing with the fallout from the triggering event view it as a single isolated event and adopt a defensive, "the less said the better" approach.

*Note: Participants of the CAP in Michigan identified the water issues in Flint, Michigan, as a triggering event that led to increased scrutiny and regulations impacting aquaculture production in the state.*

### **Leadership is Essential for Success**

Without effective intervention, the divisions created by a triggering event can have long-lasting negative impacts on a community. The polarized nature of today's political environment can amplify the divisions tied to a contentious project, damaging the social fabric for decades.

CAPs provide a strategic process that can reduce polarization and potential long-term impacts, but their success requires leadership. The CAP process is unfamiliar to most, and the initial outreach to potential participants is often met with skepticism about the motives, process, and objectives. The more contentious the issue or project, the higher the level of skepticism.

The company or organization sponsoring the CAP needs to demonstrate leadership by engaging an independent facilitator to lead the process. Building trust takes time – it is a process, not an event. CAP members must develop relationships of mutual respect and be willing to engage constructively on divisive issues.

Without leadership and a sustained commitment, the likelihood of success is diminished and the risk of continued polarization that results in greater social control is increased.

Previous experience and the work done on behalf of NCRAC project demonstrate the positive impact of CAPs.

