



A Guide to Biodiversity for the Private Sector

www.ifc.org/BiodiversityGuide

Grupo Granjas Marinas shrimp farm: From environmental consciousness to sustainable development

The Bottom Line

Good practices and community relations can have important business benefits. Yet, biodiversity good practices cannot be the responsibility of just one person. To ensure the long-term success of a biodiversity strategy, it needs to be part of the culture of a business, by training employees and providing the right incentives for implementation.

Grupo Granjas Marinas (GGM), the Honduras-based subsidiary of Sea Farms International, produces, processes and markets Pacific white shrimp from 6,900 ha of aquaculture ponds around Choluteca, 150km south of Tegucigalpa. GGM, which was first established with a single pilot project in the early 1970s, now operates a series of farms in the area, on land leased from the Honduran government. The company, which is vertically integrated, from genetic research to the production of value-added processed shrimp, is not only Honduras' largest shrimp operation but also the largest employer in Southern Honduras. GGM has 1,000 employees involved directly in shrimp farming and a further 1,000 working in processing and packing.

GGM operations are located on Honduras' Pacific coast, across a range of habitats, including salt flats, mangroves and dry forests. Some of these habitats, particularly fragments of dry forest in the company's farm areas, are sensitive and threatened. The region



As part of its community outreach program, Grupo Granjas Marinas operates a nursery that produces seedlings for surrounding communities.

faces significant pressure from a rapidly increasing population, agricultural development, fishing and other human activities.

Shrimp farming takes place in similar ecosystems throughout the Americas, along the East African coast and in Asia. The environmental and social impacts associated with shrimp farming can include mangrove and other habitat clearance with associated local and regional loss of species, discharge of polluted and nutrient rich water, chemical contamination, erosion and siltation, and wasted by-catch. Shrimp farming is a particularly good example of the importance of healthy ecosystems to the financial bottom line of a company. Any one of these impacts on its own could compromise a business in a variety of ways; taken together, the impact can be devastating.

GGM's biodiversity practices: why best practice makes sound business sense

The mantra at GGM is "quality and efficiency," which relates not just to its product and processes but to its relationship with the environment. The original concept behind GGM's business ethic in the early 1980s was to be "neighborly, decent and treat others and the environment with respect." This basic concept was based on the recognition that good practice would bring access to capital, operational cost savings, better staff relations, a less risky operating environment and, ultimately, new markets and high-value customers.

The company's production ponds are situated on salt flats located behind coastal mangrove fringe forests, and in the rainy season, some undeveloped salt flats adjacent to the farm become winter lagoons, important sites for migratory birds. The shrimp ponds built on salt flats also serve as artificial wetlands that host migratory birds as well as other local fauna. GGM views this

surrounding ecosystem as providing valuable services that contribute to its core business operation. It has designed wastewater treatment systems to ensure that shrimp ponds do not create pollution, has encouraged the growth and management of nearby mangrove forests that protect the ponds from most storms and wave damage, and has been active in planting of mangroves along the berms of its ponds, thereby reducing erosion. The farms are also surrounded by several protected areas, which GGM helped to establish and now jointly manages with government agencies. Monitoring of the area of mangrove within and around the company's farms has shown a net increase of mangroves in the area since GGM began its operations.

Efforts like this affect the bottom line by saving costs associated with having to clean input water, replace lost stock or manage pond erosion. These efforts are also important in securing and maintaining orders from international buyers concerned about environmental performance in supply chains

The company has also invested in developing strong employee and community relations. Employees are included as effective shareholders; as a result of this system, in a region plagued by industrial action, the company has not lost a single day's operation to strikes in 15 years.

GGM's community outreach projects include support to environmental issues and sustainable resource use. For instance, the company operates a nursery for surrounding communities, producing seedlings of fruit trees, cashews, hardwoods and firewood. The species in the nursery were chosen based on a survey of local people to determine which plants they most wanted. The seedlings are grown as part of a joint project, in which the government supplies labor through a USAID fund that pays local people, and the company provides water and materials and transports plants to their final destination.

Stakeholder concerns

The company has not been without its detractors, though. In recent years, concerns about GGM's environmental and social performance have been expressed by both national and international NGOs, including the local Committee for the Defense and Development of the Flora and Fauna of the Gulf of Fonseca (CODDEFAGOLF) and a British organization, the Environmental Justice Foundation.

[\[http://www.ejfoundation.org/page211.html\]](http://www.ejfoundation.org/page211.html) While controversy remains over the practices of some international shrimp producers, independent investigations, including one by the British television station BBC4

[\[http://www.bbc.co.uk/bbcfour/documentaries/features/price-of-prawns.shtml\]](http://www.bbc.co.uk/bbcfour/documentaries/features/price-of-prawns.shtml) and UK-based retailer Marks and Spencer, [\[http://www2.marksandspencer.com/thecompany/index.shtml\]](http://www2.marksandspencer.com/thecompany/index.shtml) GGM's largest UK customer, found that the company's practices met high social and environmental standards, including on biodiversity issues. Nevertheless, the campaign by the NGOs, particularly their efforts to convince Marks and Spencer to cancel its contract with GGM, posed a real business threat to the company, and required GGM to credibly demonstrate the effectiveness and sustainability of its practices.

Moving beyond the short term: making good practice sustainable

Even with such a clear and comprehensive business case for biodiversity, the question of sustainability remains of fundamental importance. With the encouragement and support of the IFC, GGM has developed an environmental and social management system (ESMS) that helps make sustainable business activities part of the company culture. Although the company hired someone to implement the ESMS, GGM also realized that it would not be enough to rely on just one individual in this process. By strengthening company procedures, modifying job descriptions, training employees responsible for making decisions on a daily basis and providing the right incentives for effective implementation, GGM was able to help support the long-term sustainability of its strategy. This is particularly important as the company grows internationally, and is fundamental to meeting the expectations of key stakeholders.

Through its work with national and international associations, the company defines best practice in relation to cleaner production and reduced environmental impact, and it uses its commitment to environmental performance as a key element of its brand equity.