

Annual Report - December 31, 1999

EXECUTIVE SUMMARY

Institutional Development

MAC made significant progress in the area of governance and administration, including formally establishing a broadly balanced and representative Board of Directors, creating an Advisory Board, ensuring support services are in place, and having the Executive Director complete management training. The Board and other stakeholders held a strategic planning workshop to craft the MAC mission statement and objectives and formulate a strategic plan.

A solid financial basis for MAC network and certification development has been established by successfully obtaining funding commitments from WWF-US, the Packard Foundation Conservation Program and Organizational Effectiveness Program, the MacArthur Foundation, the Forum Secretariat/Canada-South Pacific Ocean Development Program, USAID, and the marine ornamentals industry. It is important to note that no funding sources were able to support the MAC Director and main office - highlighting the critical role of Packard Foundation support for core institutional functions, freeing the Executive Director to develop and implement the organization's programs, including leveraging other funding sources for certification development.

Network Development

Efforts in 1999 focussed on establishing familiarity with MAC and certification among key stakeholder groups in strategic locations. A solid network of industry, hobby, government and NGOs has been established in major Western Pacific source countries and in the principal import countries. The MAC Network database is growing rapidly and currently contains almost 900 individuals from 40 countries. We have been proactively providing regular information to the network through the MAC website and "MAC News" bulletins every 2-3 months.

Important progress in developing the network has been made through direct consultations with industry, hobby, science, and government stakeholders. Particular effort has been placed on developing government relations, including through participation in the US Coral Reef Task Force and International Coral Reef Initiative. MAC is also responding to media interest in the marine ornamentals trade, and is increasingly sought out by the media.

Certification System Development

The ambitious certification development timeline established during the Strategic Planning calls for the standards of best practice to be finalized and tested in marine ornamentals collection and trade by mid-2000. Following this, MAC will undertake information dissemination and certification training in parallel with awareness raising among hobbyists and public aquariums. A working draft of the MAC Standards of Practice was produced in mid-1999.

Other certification development activities included studies to identify certification documentation system needs and analysis of the costs and benefits of compliance with certification. Workshops on certification standards of practice were convened by MAC at the Marine Ornamentals '99 Conference to gather broader stakeholder input. MAC is also collaborating to develop an international data recording and reporting system that will allow certification and labeling to be developed based on consistent, comprehensive, quality information on the marine ornamentals trade.

Progress, Challenges and Lessons Learned

Significant progress has been made in achieving MAC's mission. At the same time, challenges and unanticipated situations have emerged, including:

- Greater than expected demand for MAC services, resulting in limits to MAC capacity to respond.
- Lack of experts in certification system development, delaying progress in this area.
- Major US interest in regulating the marine ornamentals trade, requiring MAC involvement in response actions.
- Time required to develop support services, creating demand on limited MAC personnel capacity.

Lessons learned include the need to:

- Rapidly and strategically add key staff and consultants.
- Increase the level of effort and capacity on certification system development.

- Continue to place a high priority on network development and communications.
- Outsource additional support services as much as possible.

MAC is now fully established and recognized as the leader and coordinator for developing sustainability in the international trade of marine ornamentals. MAC is also more widely seen as a leader in bringing industry, consumer and environment stakeholders together to establish sustainability and conservation in the use of marine habitat and resources.

MARINE AQUARIUM COUNCIL

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1. Institutional Development

Governance and Administration

Significant progress has been made in developing the MAC Board and an Advisory Board, consolidating necessary support services, and improving the Director's professional skills.

- MAC Board of Directors: Continued efforts to achieve broad, balanced representation in developing the MAC Board have succeeded, with the few remaining slots to be filled soon. The Board was able to meet twice during 1999, once by conference call and once in person.
- MAC Advisory Board: A process for establishing an Advisory Board was agreed upon and initial members have been recruited.
- Board level communications: The Board and Advisory Board are kept informed of developments through regular memos from the Director.
- Business Operations: MAC accounting, bookkeeping and information technology support services have been further developed to keep pace with the organization's needs.
- Director Training: The Director was awarded a Fellowship from the Harry and Jeanette Weinberg Foundation and received extensive training and a certificate in Non-Profit Management.

Fund Raising

Efforts to raise funds for MAC's network and certification development activities have been very successful, establishing solid financial basis for network and certification development. However, these efforts have consumed a considerable amount of the Director's time, especially early in the year when there was no clear long-term core institutional support available. The 2 year commitment of Packard Foundation support for core institutional functions was critical, as no other sources were interested or able to support the Director's salary and main office costs. The Packard Foundation grant has been essential in freeing the Executive Director to develop and implement programs, including leveraging other funding sources.

The following other sources of income have been developed:

- WWF-US: Support for several months core costs, contingencies, and communications/media planning, beginning in early 1999.
- Packard Foundation Conservation Program: 2 year commitment beginning mid-1999 to support core institutional costs and some program development and operations costs.
- Packard Foundation Organizational Effectiveness Program: for Strategic Planning in 1999.
- MacArthur Foundation: 3 years support for awareness raising and certification system development. Approved in late 1999, funds available in early 2000.
- South Pacific Forum Secretariat/Canada-South Pacific Ocean Development Program: Support for pilot certification development in South Pacific region over 3 years. Approved in late 1999, funds available by mid-2000.
- USAID: Support for certification development in SE Asia over 1 year, with offer to consider a proposal for further support. Approved in mid-1999, funds available in early 2000.
- Industry: Industry cash contributions to MAC operations have begun with MAC industry Board members raising funds in late 1999.
- South Pacific Forum Secretariat: Support for MAC assistance in writing the report "Marine Ornamentals Trade: Quality and Sustainability for the Pacific Region".
- Global Environment Facility (GEF): Project development funds probable in first half of 2000 - pending submission of revised proposal and approval by Indonesia GEF Focal Point - to develop proposal for GEF Medium Size Grant for certification development in Indonesia.

The Board Budget and Finance Committee will be provided with a 1999 finance report and budget for the year 2000 as soon as possible.

Strategic Planning

With the support provided by a grant from the Organizational Effectiveness Program of the Packard Foundation, the MAC Board and several other key stakeholders met to develop the following MAC mission statement and objectives (see Appendix 2), and a strategic plan for certification development through to 2001 (see Certification Development section below). The Mission of the

Marine Aquarium Council is to conserve coral reefs and other marine habitat by creating standards and educating and certifying those engaged in the collection and care of ornamental marine life from reef to aquarium.

2. Network Development

Certification for the marine aquarium industry involves a complex mix of stakeholders. Our efforts in 1999 focussed on contacting stakeholders to establish familiarity with MAC and certification. This included developing a MAC Network database and proactively providing regular information to the stakeholder network. Important progress in developing the network has been made through consultations with stakeholders in key source and import countries, and through presentations at conferences, including the important US Coral Reef Task Force and International Coral Reef Initiative processes. MAC is also responding to media interest in the ornamentals trade whenever possible, and is increasingly sought out to assist and provide direct input to media coverage.

Stakeholder Network Status

- Industry stakeholders: Network very well developed in SE Asia, Pacific Islands, US and parts of Europe.
- Hobby stakeholders: Network very well developed in US and beginning in Europe.
- Government stakeholders: Network well developed very rapidly in US government agencies and with some key EU, Philippines' and Indonesian agencies.
- Public aquarium stakeholders: Network very well developed in US and well started in Europe.
- Environment NGO stakeholders: Network very well developed in US and well started in Europe.
- Scientific community stakeholders: Very well developed network, being formalized through development of a MAC Scientific Advisory Committee.

Communications

- The MAC Website continues to serve as a key entry point for information access and the MAC Network "sign up" form has been very successful. The database and website have been maintained and are being prepared for upgrading in January 2000.
- The MAC Network database is constantly being added to and is the basis for a rapidly growing e-mail/fax contact list of almost 900 individuals from 40 countries.
- The "MAC News" was produced at least quarterly, with 5 issues in 1999, and distributed to the e-mail/fax contact list.
- MAC provided written response to popular press articles on aquarium trade, e.g. National Geographic, ABC News, NY Times, Sea Grant.
- MAC has actively engaged the electronic media opportunities, e.g. Associated Press, German TV, NBC TV.
- MAC has featured prominently in several hobby/industry publications, including: Freshwater and Marine Aquarium, Vol 22, No 6 and No 9, 1999 (Editorials by Dennis Gallagher); Tropical Fish Hobbyist, Vol 48, No 1, 1999 (Article on Phil Shane, with sidebar on MAC); Sea Scope, Vol 16, Summer 1999.
- MAC collaborated with the South Pacific Forum to produce a report on "Marine Ornamentals Trade: Quality and Sustainability for the Pacific Region" that will be published soon.

Outreach

MAC outreach and networking activities in 1999 included:

- Participating in, and making presentations at, key stakeholder conferences, including: 1999 Marine Aquarium Conference of North America (MACNA), World Aquaculture Society Annual Conference, Aquarama '99, Annual Conference of the American Zoo and Aquarium Association, European Union of Aquarium Curators Annual Meeting, International Business Forum meeting on Sustainable Production and Consumption, Hawaii International Air Cargo Symposium.
- Convening a panel of MAC, industry, environment organization and World Bank representatives that fielded questions from hobbyists and retailers during the Internet 'Town Meeting' on certification organized by Dennis Gallagher (MASNA).
- Convening a MAC forum on certification and labeling for the hobby and industry at MACNA.
- Undertaking consultations with most of the major aquarium fish importers in California and several of the largest importers in Europe.
- Playing a major role in Marine Ornamentals '99 Conference, including participation in organizing committee and keynote presentations by MAC Executive Director and several Board members.

Government Relations

MAC activities in 1999 to specifically develop and foster interaction with key government agencies included:

- Participating in, and making presentations at, the US Coral Reef Task Force and International Coral Reef Initiative meetings.
- Developing and maintaining ongoing communications with numerous US federal and state agencies and holding 2 MAC meetings with US Coral Reef Task Force agencies.
- Organizing MAC Network input to US Fish and Wildlife call for public comment on the trade in non-food coral reef species, including presentations by MAC Executive Director and several Board members at the official public hearing.
- Meeting with the EU Scientific Authority for CITES and EU fisheries, trade and environment officials.

- Meeting with Fiji fisheries, trade and environment officials.
- Making presentations at: the Seminar on Trade and Environment convened by the South Pacific Forum for Pacific Island governments; the Indonesia Workshop on Marine Products Certification that included several Indonesia government representatives.

3. Certification System Development

An ambitious proposed timeline for certification development was established during the Strategic Planning workshop. Working groups are being established to finalize the standards for best practices and a full, working version of the certification system is to be tested by key partners in the collection and trade and made available to the marine ornamentals industry as a whole by mid-2000. A working draft of the MAC Standards of Practice was produced in mid-1999 and circulated among stakeholders for comment.

Following this, there will be a period of about 6 months for MAC to undertake all reasonable efforts to make information and training on certification available to operators in all parts of the chain of custody. In parallel, we will step up our awareness raising with hobbyists and public aquariums. During this period, industry operators - from collection to retail - will be encouraged to become audited for initial certification so that they will be ready and able to supply certified aquarium organisms when certification "goes public".

Certification Studies

During 1999 several certification development studies were conducted by consultants, including:

- An analysis of the ornamentals supply chain to identify a certification documentation system for tracking "units" of marine aquarium organisms and recommend aquarium holding/transport systems and facilities that allow a "unit" of certified ornamentals to be kept intact and identifiable from source through to export.
- A study of the "Chain of Custody Cost/Benefit Analysis" of the supply chain in the Philippines by a team of MBAs to evaluate the operational steps from collectors to exporters, identify the steps best suited for certification audit, and analyze the costs and benefits of compliance with certification.

Workshops on Certification Standards of Practice and Trade Information

MAC utilized the Marine Ornamentals '99 Conference (Hawaii, 17-20 Nov 1999) to allow participants the opportunity to provide input to certification development by convening the following series of workshops:

- Certifying Water Quality and Husbandry: What are Best Practice Standards?
- Certifying Cultured Organisms: What are the Best Practice Standards?
- Certifying Live Coral and Live Rock Collection: What are the Best Practice Standards?
- Certifying Fish and Invertebrate Collection: What are the Best Practice Standards?
- Trade Data and Information: What do we need to know and how do we get it?

Marine Ornamentals Information System

Adequate information on the trade in marine ornamentals is lacking and discussions on sustainability are seriously under-informed, diverting the efforts of many stakeholders into non-constructive debate and creating the possibility of government decisions being developed in a vacuum or based on misinformation. An international program of documentation and data for marine ornamentals in trade is needed to provide consistent, comprehensive, quality information for MAC to develop and implement the certification and labeling in a timely manner.

MAC and the World Conservation Monitoring Center (WCMC) are collaborating to develop an international data recording and reporting system, and a proposal has been submitted to a major foundation for funding consideration. The system will build on the existing CITES data system and experience at WCMC, the MAC certification need to document certifiable compliance with standards of practice, and the need for an overall system of documenting marine ornamentals in trade. Marine aquarium industry representatives from around the world - especially exporters and importers participating in MAC - have volunteered to provide their data and to assist with the development of the MAC/WCMC documentation and data system and many of the other MAC stakeholders support this effort.

4. Progress, Challenges and Lessons Learned

As a result of the above activities and accomplishments, significant progress have been made in the areas of institution development, network development, and certification system development.

Some of the key challenges and unanticipated situations that have limited MAC's ability to achieve even greater progress include:

- Extremely rapid rise in demand for MAC services and information, creating a high demand on the limited personnel capacity to respond.
- Lack of readily available experts in certification systems to assist as consultants, limiting progress on developing the system.
- High level of interest in marine ornamentals trade by US government, including proposal for restrictive legislation, requiring

considerable time and effort in coordinating response actions.

- Amount of time required to identify and cultivate support services (e.g. for information technology, accounting) creating a high demand on the limited personnel capacity to respond.

Lessons learned from the progress in establishing MAC as an institution, developing the network and creating a certification system include the need to:

- Rapidly and strategically add key staff and consultants.
- Increase the level of effort and capacity on certification system development.
- Continue to place a high priority on network development and communications.
- Outsource additional support services as much as possible.

With the substantial progress achieved in 1999, MAC is now fully established and recognized as the leader and coordinator for developing sustainability in the international trade of marine ornamentals. MAC is also more widely seen as a leader in bringing industry, consumer and environment stakeholders together to establish sustainability and conservation in the use of marine habitat and resources.

Appendix 1

MAC BOARD OF DIRECTORS

- Mubariq Ahmad, Director, Indonesia Ecolabeling Institute
- Bruce Bunting, Vice President, World Wildlife Fund-US
- Keith Davenport, Director, Ornamental Aquatic Trade Association
- John Dawes, Coordinator, Ornamental Fish International
- Dennis Gallagher, Board Member, Marine Aquarium Societies of North America
- Nancy MacKinnon, Vice President, The Nature Conservancy
- Marshall Meyers, Executive Director, Pet Industry Joint Advisory Council
- Vaughan Pratt, President, International Marinelife Alliance-Philippines
- Phil Shane, President, Quality Marine Inc
- Dennis Thoney, Chair, Coral Reef Action Partnership, American Zoos and Aquariums Association
- Lolita Ty, President, Philippine Tropical Fish Exporters Association
- Tom White, Board Member, American Marinelife Dealers Association

Appendix 2

MAC MISSION STATEMENT

The Mission of the Marine Aquarium Council is to conserve coral reefs and other marine habitat by creating standards and educating and certifying those engaged in the collection and care of ornamental marine life from reef to aquarium.

The Marine Aquarium Council (MAC) is implementing its Mission by:

- Establishing independent certification process for those in the industry that meet best practice standards.
- Raising public awareness of the role of the marine aquarium industry and hobby in conserving coral reefs and other marine habitat.
- Assembling and disseminating accurate data relevant to the collection and care of ornamental marine life.
- Promoting the sustainable use of coral reefs and other marine habitat through the responsible collection of ornamental marine life.
- Ensuring the health and quality of marine life during transport.
- Encouraging responsible husbandry by the industry and hobby through education and training.

The Marine Aquarium Council (MAC) is an independent non-profit organization headquartered in Hawaii. MAC brings together representatives of the aquarium industry, hobbyists, conservation organizations, government agencies, public aquariums, international organizations and others - all with a shared interest in the future of the marine aquarium industry, and the marine organisms and habitat it is based on. There is no cost to participation in this MAC network that is open to those ready to collaborate and contribute to the MAC Mission.