Unlocking Finance in Small Scale Fisheries

A FoF (working) FRAMEWORK

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Blue Ventures Event

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Blended Finance and Business Innovations
Future of Fish Approach

We empower thriving, resilient ocean communities.

- We work closely with in-country partners to diagnose problems.
- We co-design innovative strategies and solutions.
- We apply the Fishery Development Model that takes a systems-approach to developing data-rich fisheries by identifying culturally appropriate and fishery specific incentives and interventions critical to success.
Why is it so hard to get finance to flow to SSF?

Especially for private capital and commercial return-seeking investment:

- No stand-alone solutions
- Need for investable entities
- Need for risk management

→ Non-mature SSFs: Strategic (catalytic & upfront) and long-term financing is key
FoF Finance framework

Built from (recognised) approaches:

- Integrated Landscape Management
- Blended Finance

To apply system thinking, support & co-design with Seascape orgs and stakeholders, NGOs and FIP managers to design strategies to unlock finance for an specific fishery.
The framework seeks to

→ **Design** to solve multiple (and complex) objectives and manage expectations within the Seascape (not only fisheries)

→ **Structure** to generate Return + reduce Risks + increase Leverage (of private funding) + increase Impact

Aiming to leverage transformation capital for system change underpinning the blue economy
No solution fits all: types of capital vs. profiles of investment

Enabling investments:
- Systems-level research and market development
- Set foundations & Enabling conditions
- Develop innovations, incentives & drivers for impact

Impact investing - Commercial (Private)
- Grant/Seed/Catalytic/Guarantees (public, development or private)

Operations & Asset investments:
- Long term & productive
- Focus in investable entities

GRANT (public)
- RETURN
+ RISK
- maturity /Investability

+ RETURN
- RISK
+ maturity /Investability

No solution fits all: types of capital vs. profiles of investment
Framework (I)

1 - MAPPING THE SYSTEM

Evaluate the maturity of the specific system - and how your Entity/Project interrelates

Assess the Conditions to Unlock Investment:

➔ Fishery System Enablers
➔ Drivers for Engagement and Impact
➔ Requirements for Investable Entities/Projects
Framework (II)

2 - ELEMENTS FOR YOUR STRATEGY

When thinking about solutions, think strategically across all three of these elements in order to apply true landscape and blending approach and setting up the design of solutions.

Levels of Engagement: How does your small scale fishery contribute to the national and global level strategies?

Phases of Investment: How to phase investment and interventions?

Landscape Levers: How do you identify the right type and combination of funding instrument for your small-scale fishery?
3- BUILD YOUR SOLUTION: activities to get started & facing barriers

Act. 1: Identify your **targets** (community, fishers, coops, anchor firms) & key **stakeholders** (seascape and funders)

Act 2: Identify your (existing or new) **Investable Entity/Project/Solution** (Business/service provider vs. finance structure/vehicle)

Act 3: **Design, Model & Structure**
- *iterate and apply the framework* (levels, levers, phases) to meet conditions for investment (system enablers, drivers, requirements).
- *get into the numbers* to understand current cash flows, assess and create revenue streams, define investment needs and measuring risks.
- *conduct feasibility* of the model and evaluate robustness of revenue streams potential and investable solution.
To apply the framework

To meet the goals and unlock finance it is all about understanding, measuring, mitigating and managing risks, where

Building **Social Capital**
and promoting **Finance Culture**

become **key management and risk-mitigation tools** to **ensure long term sustainability** and

are critical to achieve the **conditions to unlock investment**
3- A (working) framework for Belize
National Strategies at Umbrella Level

FIP (and fishing cooperatives) as one connector, integrating fisheries management with:

- National trade strategies
- Blue Economy Strategies
- NDC - Carbon Commitments
- SDGs and Social development strategies
- Ecosystem services & Nature Solutions

Impact on the ground and in the water

Objective - Fishers & communities to become DRIVERS & KEY STAKEHOLDERS of Blue Economy & Conservation strategies.
THANK YOU

https://futureoffish.org/

Email: hello@futureoffish.org
Fairer Finance for SSF
Mangroves and Blue Carbon finance
Mangroves are the cornerstone of climate change adaptation for hundreds of millions of the world’s most vulnerable people.

**FISHERIES**
Shelter and food for many important seafood species

**RESOURCES**
An important source of timber, fuelwood, food and medicinal plants

**CLIMATE REGULATION**
Highly effective long-term carbon stores

**PROTECTION**
Protection against storm surges, coastal erosion and coral reef sedimentation
Financing mechanisms for mangrove conservation and restoration

- Philanthropic contributions
- Private sector partnerships
- Government funding
- Locally raised funds
- Payments for ecosystem services including Blue carbon
Blue Carbon

- Has been adopted by voluntary carbon markets across the globe by virtue of it being measurable and standardized.

- Traditionally done using a carbon ‘standard’.

- Once a project is registered (validated) under the standard, it’s able to sell carbon offsets on the voluntary carbon market that are ‘verified’ by the standard body.
Coastal communities as the stewards of coastal conservation

- Are often best placed to manage and restore nature.

- Most at risk from collapsing mangrove forests & fisheries.

- Most to gain from conservation success.

- Need financing options that outweigh the opportunity costs of mangrove conservation.
Tahiry Honko case study

- The Tahiry Honko project, located in the Bay of Assassins, Southwest Madagascar is the first community led blue carbon sequestration project in Madagascar.

- Verified under the Plan Vivo standard.
Barriers to fair Blue Carbon finance

- Policy
- Cost
- Inequality
- Co-benefits
What could be done or is being done to address barriers to fair climate finance for local communities.

- Strong social safeguards
- Recognition of mangroves for all their ecosystem benefits
- Harnessing advances in monitoring technologies and recognizing indigenous knowledge
- Innovative finance mechanisms
- Adjustment of carbon prices to recognize the efforts that go into successful conservation projects.
Thank you
Connecting the Dots: Linking Sustainable Wild Capture Fisheries Initiatives and Impact Investors

A SYNTHESIS OF FINDINGS BASED ON MULTI-FISHERY VALUE CHAIN ANALYSIS

PREPARED WITH SUPPORT FROM:
THE DAVID AND LUCILE PACKARD FOUNDATION
THE GORDON AND BETTY MOORE FOUNDATION

PREPARED BY:
WILDERNESS MARKETS
MARCH 2016
**Integrated Framework**

### Key Data Points

**01** - Resource: Stock health, landings volume and value

- **Value Chain**: In sustainable fisheries, secure tenure is guaranteed through various measures, including quota, licenses and permits. Numerous NGOs are working to provide secure tenure in fisheries.

**02** - Harvesters: Fleet size, capacity, and landings volume and value by gear type

- **Value Chain**: Many types of gear are used to harvest the resource; numerous NGOs focus their efforts to find low impact/high-efficiency gear.

**03** - Shoreside Services: Availability, condition, and control

- **Value Chain**: Services vary in importance by fishery: Ice, Fuel, Bait, Cold storage, Unloading, Boat and net repair.

**04** - Processing and Distribution: Number and location of processors, logistical infrastructure, and number of product lines

- **Value Chain**: Primary Processor, Secondary Processor, Fish and Seafood Wholesalers, Domestic Export.

**05** - Sales Outlet: Product preparation

- **Value Chain**: Fish and Seafood Markets, Restaurants, Food Service, Local Markets, Grocery Stores, Specialty/Gourmet Shops.

**06** - End Market: Product preparation, and export volumes and values

- **Value Chain**: Domestic vs Export Markets, Commodity, Mid-price, High Value—speciality and “craft” markets.

### Investment Requirements

**Investable Entities**:

**Business Cases**

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**Actions taken at levels with darker colors are associated with more direct impact on the resource; the farther from the resource the action is taken, the more indirect and harder to trace the impact will be.**

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**Sources:**


Foodweb handbook.pdf
Upgrading Strategies

Integrated Framework

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Value Chain

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- Many types of gear are used to harvest the resources; numerous NGOs focus their efforts to find low impact/high-efficiency gear.

- Services vary in importance by fishery:
  - Ice
  - Fuel
  - Unloading
  - Boat and net repair

- Primary Processor
  - Secondary Processor
- Fish and Seafood Wholesalers
  - Domestic
  - Export

Investment Requirements

- Firm Level Upgrading Strategies
  - Upgrading By:
    - Improving process
    - Specializing in new functions
    - Moving into new market channels
  - Upgrading Requires:
    - Access to learning, know-how, skills
    - Appropriate incentives
    - (Incentives, expected returns)

- Market Upgrading Strategies
  - Certification
  - Standards and Branding
  - Improved infrastructure and services
  - Access to infrastructure and services

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SOURCE:
Integrating Stock Health

Integrated Framework

Interventions

Key Enablers of Sustainability
- Secure Tenure
- Sustainable Harvests
- Robust Monitoring and Enforcement

Alternative Tenure Mechanisms
- TURF’s
- Concessions
- Reserves

STOCK HEALTH

Cost for design/planning of governance and implementation
Costs for ongoing management and monitoring
Fleet capacity management costs

Sources:
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Indonesia Example
## 2016 Stock Assessment Data

<table>
<thead>
<tr>
<th>Area</th>
<th>WPPNRI</th>
<th>Small Pelagic Fish</th>
<th>Large Pelagic Fish</th>
<th>Demersal Fish</th>
<th>Reef Fish</th>
<th>Shrimp Penaeid</th>
<th>Lobster</th>
<th>Crab (Mud)</th>
<th>Blue Swimming Crab</th>
<th>Calamari</th>
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<td>Makassar Strait - Flores Sea</td>
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<td>Arafura Sea - Timor Sea</td>
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</tbody>
</table>

*WPP Utilization Rate per Kepmen KP No. 47 / 2016*
Nearly half (48%) of the categories of Indonesian wild capture stocks are overexploited and an additional 37% are fully exploited – 85% of Indonesian fisheries are considered fully or over exploited.
Investment Opportunities

Categories of Investment

Management – Costs to establish an effective management system and provide ongoing management

Infrastructure – Public infrastructure costs for roads, ports, electricity and communication

Enterprise – Firm level and market level upgrading strategies to improve product quality and access to higher value markets
# Components that Directly Impact Stock Health

<table>
<thead>
<tr>
<th>Value Chain</th>
<th>Key Data Points</th>
<th>Intervention Types</th>
<th>Indonesia Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource</td>
<td>Stock health, landings volume, and value</td>
<td>• Data Management</td>
<td>• One Data initiative across 7 DGs?</td>
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<tr>
<td>Harvesters</td>
<td>Fleet size, capacity, and landings volume and value by gear type</td>
<td>• Alignment of DG data and incentives</td>
<td>• BALITBANG (Science and Technology Innovation?)</td>
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<tr>
<td>Shoreside Services</td>
<td></td>
<td>• Address IUU</td>
<td>• PSDKP (Surveillance)</td>
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<tr>
<td>Processing &amp; Distribution</td>
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<td>• Fleet capacity management</td>
<td>• DJPRL (Spatial Planning)</td>
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<tr>
<td>Sales outlet</td>
<td></td>
<td>• Policy design and implementation</td>
<td>• DJPT (Capture Fisheries)</td>
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<tr>
<td>End market</td>
<td></td>
<td>• Management planning</td>
<td>• Port State Measures Agreement (43/2016)</td>
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<tr>
<td></td>
<td></td>
<td>• Ongoing management &amp; Enforcement</td>
<td>• MMAF minimum shell width (No. 1 Permen-KP/2015)</td>
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<td></td>
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<td></td>
<td>• MMAF prohibiting trawls and seine nets (No. 2 Permen-KP/2015)</td>
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<td>• Moratorium on Foreign Fishing Vessels (56/2014)</td>
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<td>• Closure of Banda Sea RFMA 714 (4/2015)</td>
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<td></td>
<td>• Re-licensing / re-registration of fishing boats @30 GT and above</td>
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<td></td>
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<td></td>
<td>• Fisheries management zone plans (TBC??)</td>
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<tr>
<td>Value Chain</td>
<td>Key Data Points</td>
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<td>Indonesia Examples</td>
</tr>
<tr>
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<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>1 Resource</td>
<td></td>
<td></td>
<td>• BPSDMPKP – Human Resources (not sure where to place)</td>
</tr>
<tr>
<td>2 Harvesters</td>
<td></td>
<td></td>
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<tr>
<td>3 Shoreside Services</td>
<td>Availability, condition, and control</td>
<td>• Data</td>
<td></td>
</tr>
<tr>
<td>4 Processing &amp; Distribution</td>
<td>Number and location, logistical infrastructure</td>
<td>• Access to Infrastructure</td>
<td>• One Data Initiative</td>
</tr>
<tr>
<td>5 Sales outlet</td>
<td>Product preparation</td>
<td>• Firm Level Upgrading Strategies</td>
<td>• DJPDS (Product Competitiveness and Logistics)</td>
</tr>
<tr>
<td>6 End market</td>
<td>Product preparation, export volumes and values</td>
<td>• Market Level Upgrading Strategies</td>
<td>• BKIPM (Quarantine / Quality / Food Safety / Biosecurity</td>
</tr>
</tbody>
</table>

Indirect Impact on Stock health

- Infrastructure initiatives- Ports, Ice, cold storage initiatives
- Negative Investment List Changes for cold storage
- Tax incentives for processors
- Domestic Processing Requirements for Export