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

- RETURN
+ RISK
- maturity /Investability

+ RETURN
- RISK
+ maturity /Investability

<u>Enabling investments:</u>

Systems-level research and market development

Set foundations & Enabling conditions

Develop innovations, incentives & drivers for impact

<u>Operations & Asset investments:</u>

Long term & productive

Focus in investable entities

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?

Framework (III)

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 unluck 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.

Questions
Resources and Feedback

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

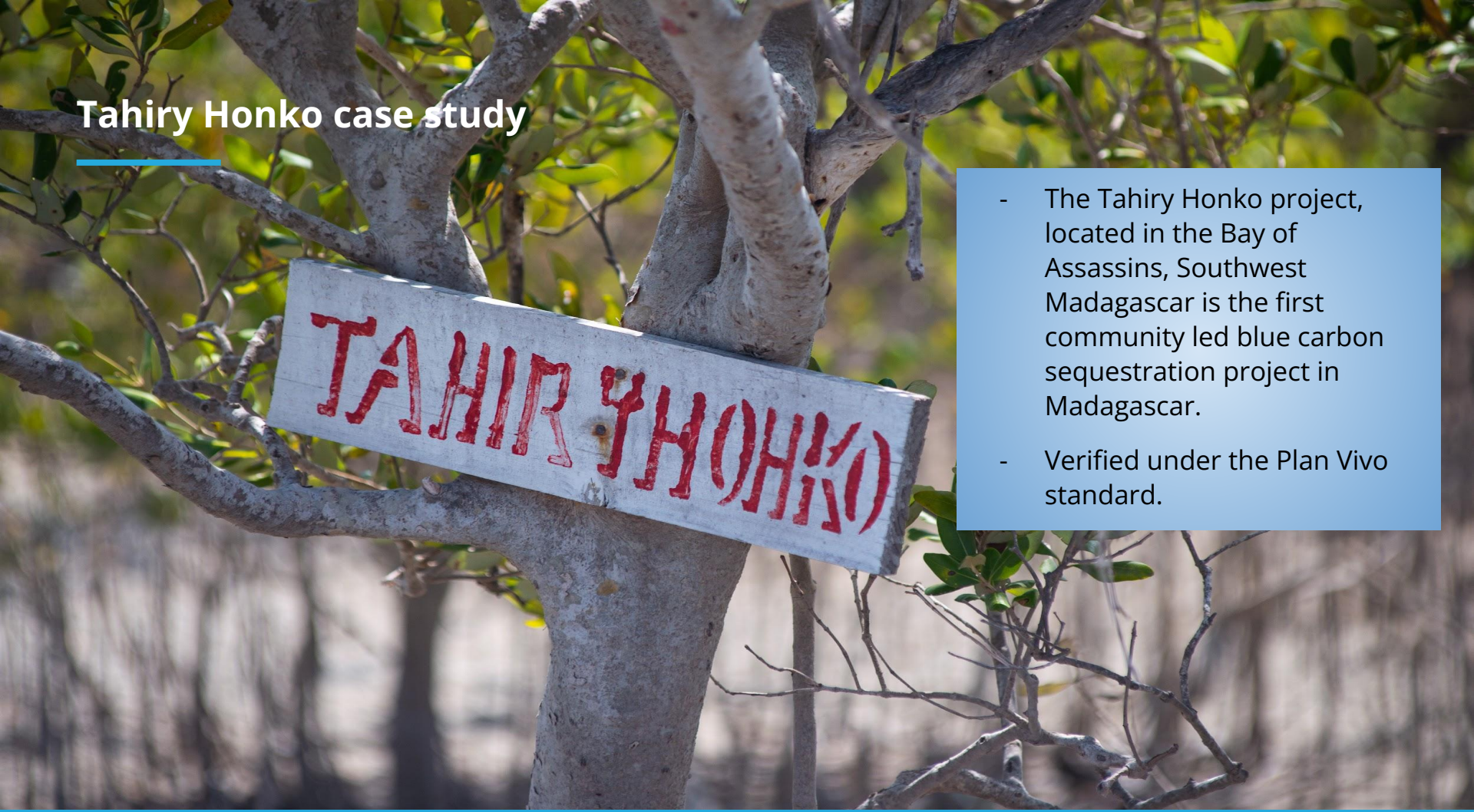
Blue Carbon

- 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



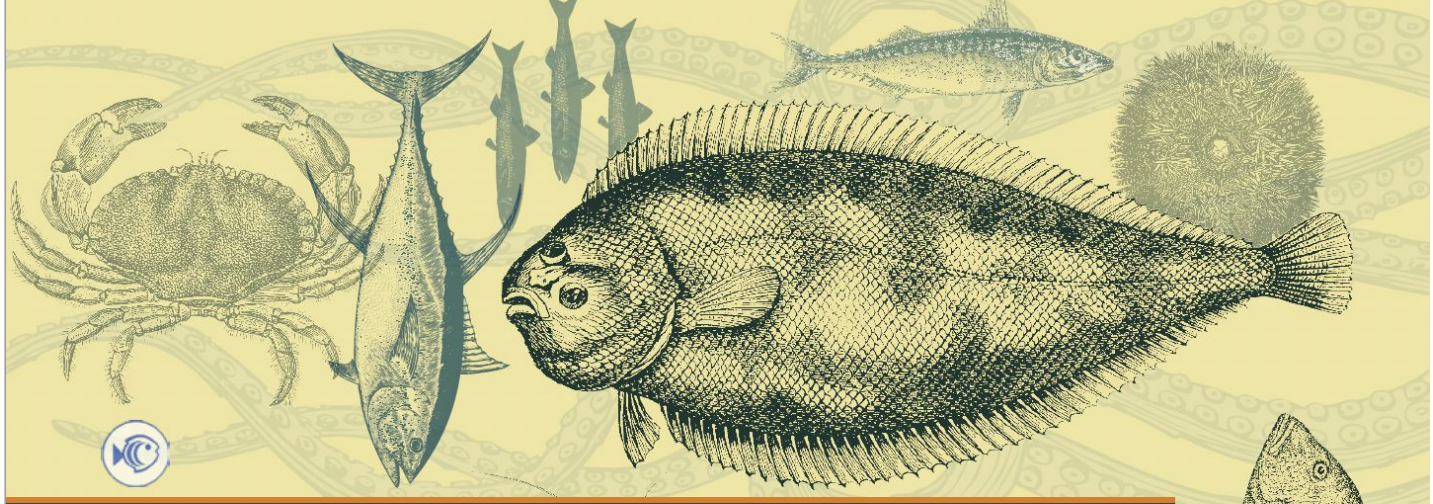
- The Tahiry Honko project, located in the Bay of Assassins, Southwest Madagascar is the first community led blue carbon sequestration project in Madagascar.
- Verified under the Plan Vivo standard.

Barriers to fair Blue Carbon finance

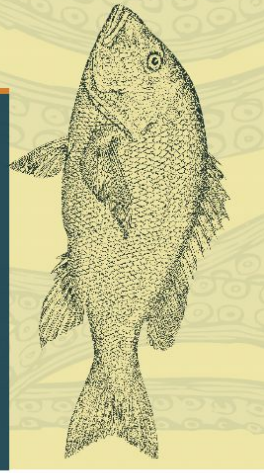
What could be done or is being done to address barriers to fair climate finance for local communities.

- ✓ 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

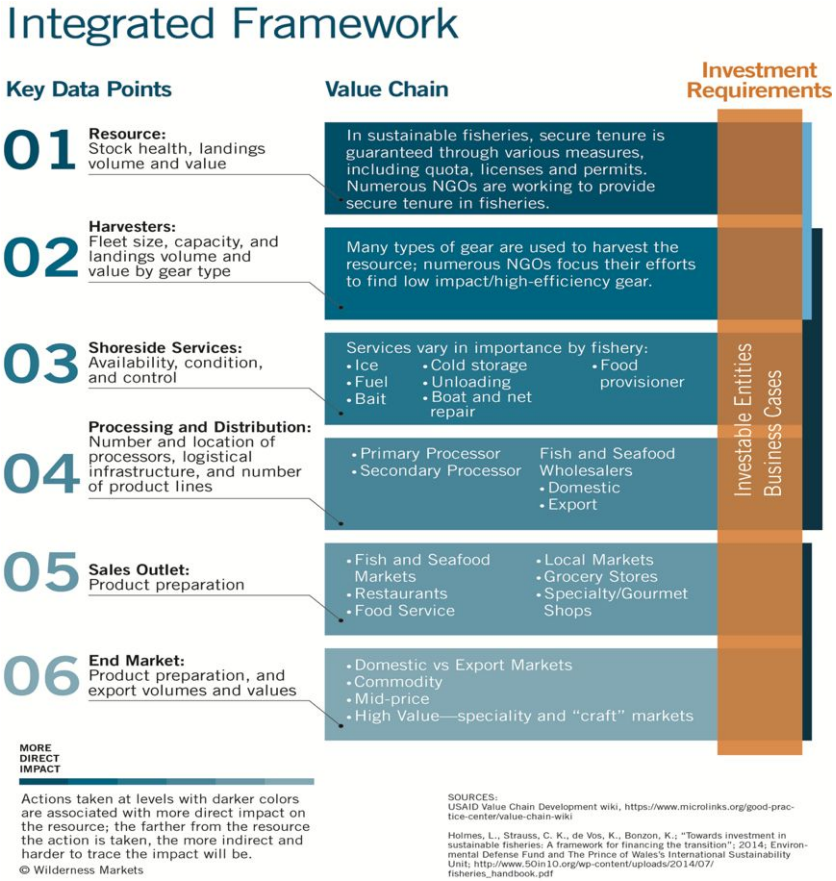


A SYNTHESIS OF FINDINGS BASED ON MULTI-FISHERY VALUE CHAIN ANALYSIS

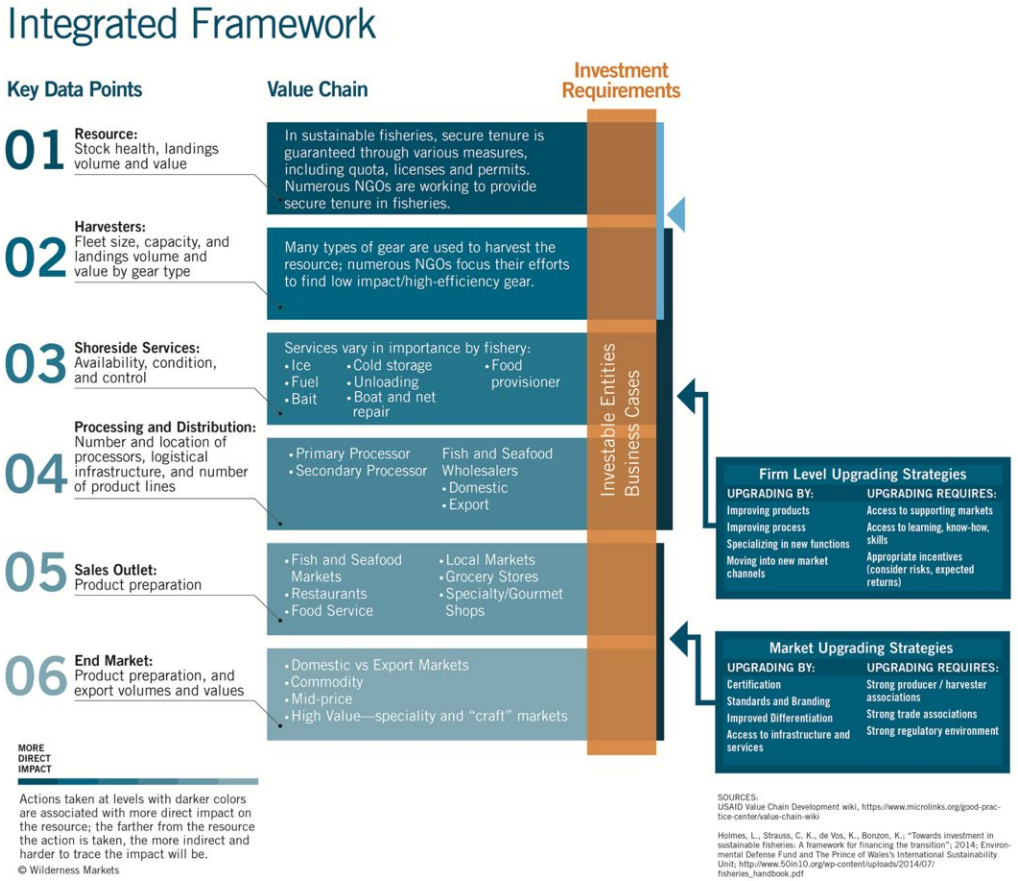
PREPARED WITH SUPPORT FROM:
THE DAVID AND LUCILE PACKARD FOUNDATION
THE GORDON AND BETTY MOORE FOUNDATION

PREPARED BY:
WILDERNESS MARKETS
MARCH 2016

Typical Value Chain Framework

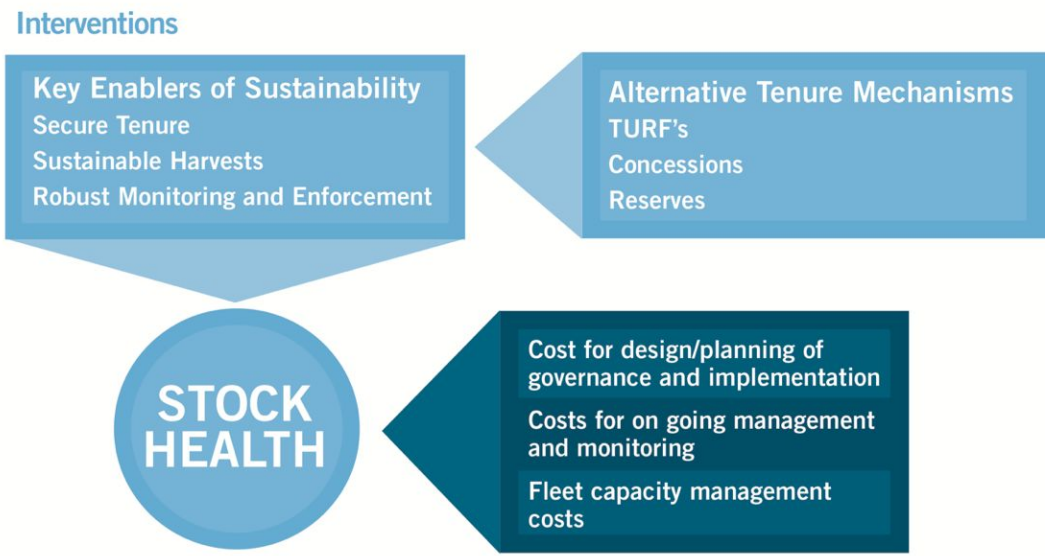


Upgrading Strategies



Integrating Stock Health

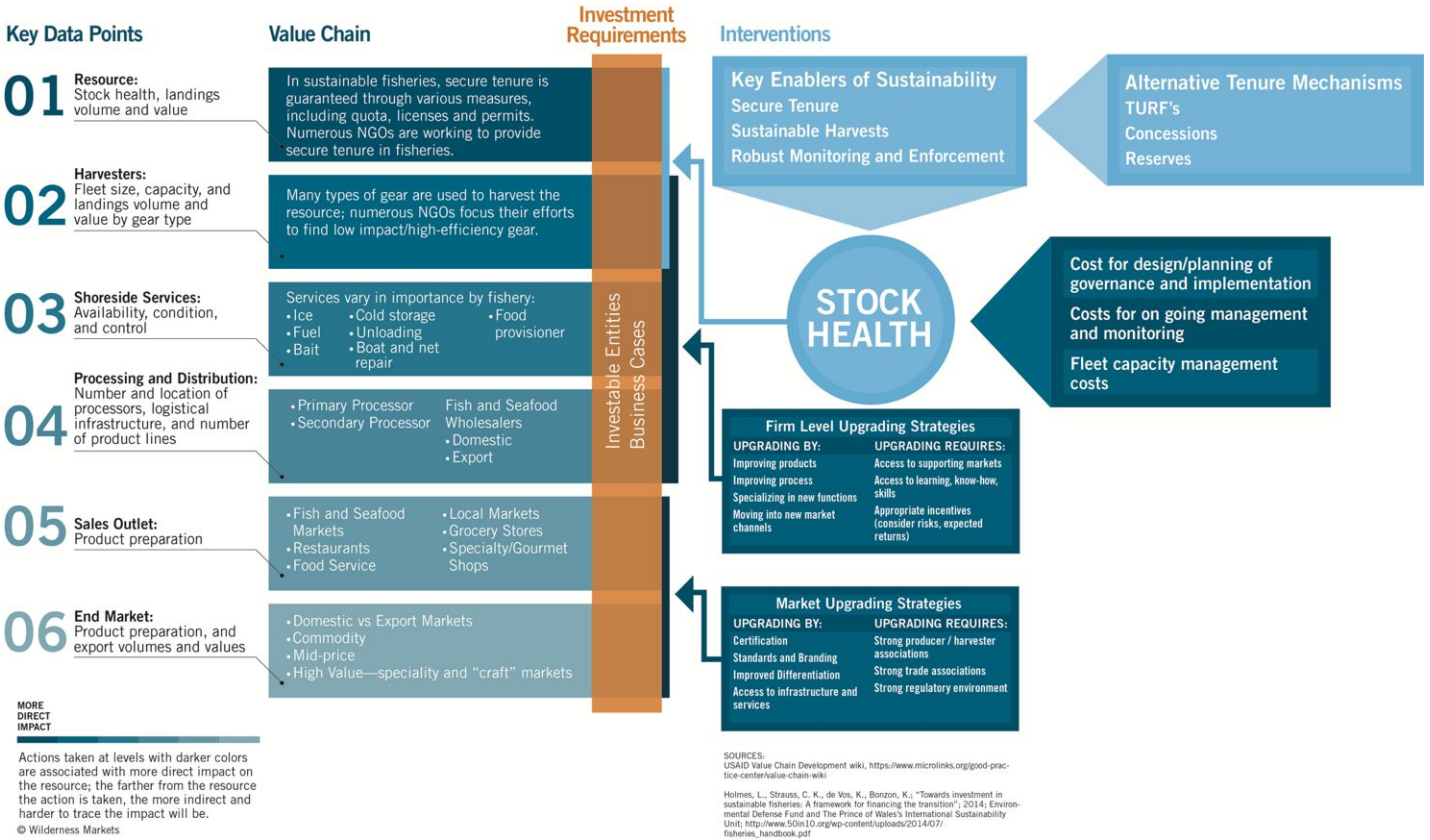
Integrated Framework



SOURCES:
USAID Value Chain Development wiki, https://www.microlinks.org/good-practice-center/value-chain-wiki

Holmes, L., Strauss, C. K., de Vos, K., Bonzon, K.; "Towards investment in sustainable fisheries: A framework for financing the transition"; 2014; Environmental Defense Fund and The Prince of Wales's International Sustainability Unit; http://www.50in10.org/wp-content/uploads/2014/07/fisheries_handbook.pdf

Integrated Framework



Indonesia Example

2016 Stock Assessment Data

Utilization Rate

Area	WPPNRI	Small Pelagic Fish	Large Pelagic Fish*	Demersal Fish	Reef Fish	Shrimp Penaeid	Lobster	Crab (Mud)	Blue Swimming Crab	Calamari
Malacca Strait	571		0.89		0.13				0.74	0.30
Indian Ocean	572	0.62		0.53	0.30			0.71		0.40
	573	0.91	0.73	0.96			0.54		0.64	
South China Sea	711		0.42	0.98	0.88				0.63	
Java Sea	712	0.59		0.83	0.67					
Makassar Strait - Flores Sea	713	0.61	0.86		0.34					
Banda Sea	714	0.69	0.86	0.54	0.34	0.66	0.96			0.70
Gulf of Tomini- Seram Sea	715			0.51	0.49					
Sulawesi Sea	716	0.49	0.74	0.49		0.75		0.94		
Pacific Ocean	717	0.73	0.95	0.48	0.81			0.90		0.70
Arafura Sea - Timor Sea	718	0.52	0.65		0.80			0.77	0.17	0.70

WPP Utilization Rate per Kepmen KP No. 47 / 2016

2016 Stock Assessment Data

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.

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

Direct Impact on Stock health

Indirect Impact on Stock health

Value Chain	Key Data Points	Intervention Types	Indonesia Examples
1 Resource	Stock health, landings volume, and value	• Data Management • Alignment of DG data and incentives	• One Data initiative across 7 DGs?
2 Harvesters	Fleet size, capacity, and landings volume and value by gear type	• Address IUU • Fleet capacity management	• BALITBANG (Science and Technology Innovation?) • PSDKP (Surveillance) • DJPRL (Spatial Planning) • DJPT (Capture Fisheries)
3 Shoreside Services		• Policy design and implementation	• Port State Measures Agreement (43/2016) • MMAF minimum shell width (No. 1 Permen-KP/2015)
4 Processing & Distribution		• Management planning	• MMAF prohibiting trawls and seine nets (No. 2 Permen-KP/2015)
5 Sales outlet		• Ongoing management & Enforcement	• Moratorium on Foreign Fishing Vessels (56/2014) • Closure of Banda Sea RFMA 714 (4/2015) • Re-licensing / re-registration of fishing boats @30 GT and above
6 End market			• Fisheries management zone plans (TBC??)

Integrated Framework for Sustainable Fisheries Financing:

Components that Directly Impact Stock Health

	Value Chain	Key Data Points	Intervention Types	Indonesia Examples
Direct Impact on Stock health	1 Resource			• BPSDMPKP – Human Resources (not sure where to place)
	2 Harvesters			
Indirect Impact on Stock health	3 Shoreside Services	Availability, condition, and control	• Data	• One Data Initiative
	4 Processing & Distribution	Number and location, logistical infrastructure	• Access to Infrastructure	• DJPDS (Product Competitiveness and Logistics) • BKIPM (Quarantine / Quality / Food Safety / Biosecurity • Infrastructure initiatives- Ports, Ice, cold storage initiatives
	5 Sales outlet	Product preparation	• Firm Level Upgrading Strategies	• Negative Investment List Changes for cold storage • Tax incentives for processors
	6 End market	Product preparation, export volumes and values	• Market Level Upgrading Strategies	• Domestic Processing Requirements for Export