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INVESTING IN SUSTAINABLE FISHERIES

CONTEXT

Support for sustainable fisheries is gaining worldwide momentum. In turn, global consumer demand for responsibly caught and traceable seafood is on the rise. A partnership between the United States and the Meloy Fund helps Indonesian businesses access financing to take advantage of this growing sustainable seafood market opportunity.

Market risks facing potential investors into fisheries businesses can be reduced through loan guarantees that support mobilization of capital and on-lending to sustainable businesses. While conserving wild fisheries and promoting more responsible practices in the seafood industry, small-scale fishers will enjoy greater incomes and a reliable supply of fish. Ultimately, these benefits extend to investors, seafood consumers (both domestic and international, including in the U.S. market), and the wellbeing of coastal communities.

THE MELOY FUND LOAN PORTFOLIO GUARANTEE

The Meloy Fund for sustainable community fisheries is the first impact investment fund focused solely on supporting enterprises that participate in the coastal economies of Indonesia and the Philippines. Sponsored by Rare and managed by Deliberate Capital, the Fund was established to direct private capital

to fishing and seafood-related small and medium-sized enterprises (SMEs) in coastal communities to support their growth while also incentivizing the adoption of sustainable practices and operations. The Fund invests to help these SMEs become responsible businesses that comply with environmental, social, and governance practices, generate triple-bottom-line results, and serve as catalysts for increasing sustainable fisheries management.

Meloy Fund Investment Approaches:

- **Minimizing Risks:** The Meloy Fund applies the International Finance Corporation's Performance Standards to categorize and identify environmental, social and governance risks in the due diligence process. This process results in a Corrective Action Plan for each investee.
- **Maximizing Positive Impact:** Based on the Corrective Action Plan, the Fund co-develops projects providing business improvement services and fisheries technical assistance.

RESULTS

The Meloy Fund has raised \$22.1 million, exceeding the original target of \$17.5 million in financing sustainable fisheries businesses over 12 years and has invested in nine companies in Indonesia and the Philippines. In Indonesia, the Meloy Fund provided investments to four companies and has achieved the following results:

- More than 500,000 hectares of target fishery areas are under improved management;
- More than 35,000 fishers have benefited from the improved sustainable fisheries practices; and
- Companies bought \$13.3 million worth of seafood from local fishers and farmers resulting in an average annual revenue of over \$22 million.

The Meloy Fund has implemented a response plan to mitigate impact of the COVID-19 pandemic, including through increased financial viability, employee support, steps to limit supply chain disruption, and by rolling out a rapid response loan program.

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