



INDONESIAN BLUE SWIMMING CRAB

May 2016-
May 2017

Lessons Learned from Lead Firm Initiative

Presentation Outline

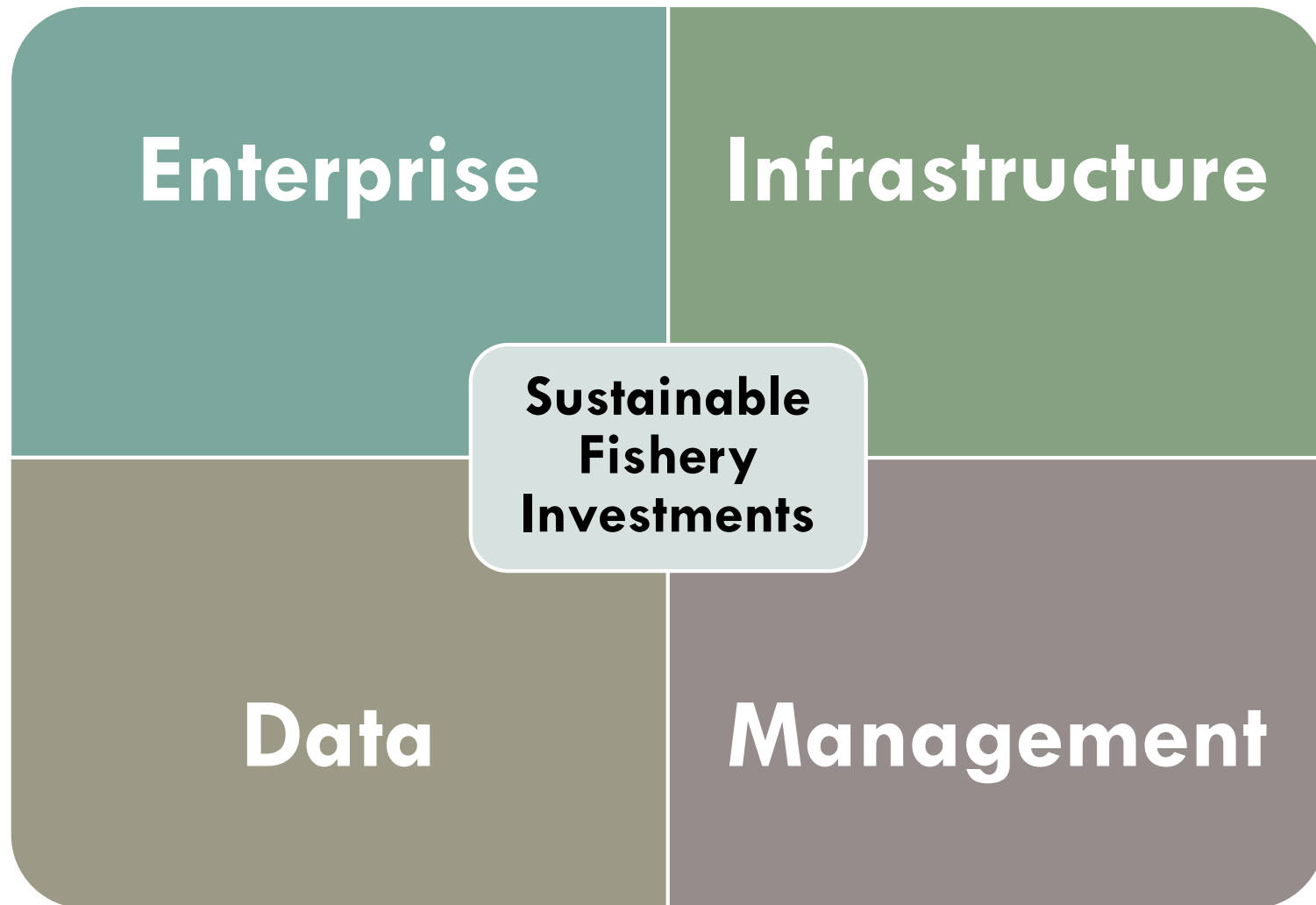
- Wilderness Markets Background
- Theory of Change
- Focus and Goals, May 2016-2017
- Lessons Learned

Wilderness Markets Background

- Investing in agricultural value chain financing
- Assessed two US and four emerging market fisheries from 2013-2016
 - ▣ Indonesia: BSC, snapper, tuna
- Worked with the World Bank to identify approaches to increase investments in sustainable fisheries
 - ▣ This work lead to the creation of the three investment-development models:
 - Serial, Parallel and Consolidated

Theory of Change

Which comes first?



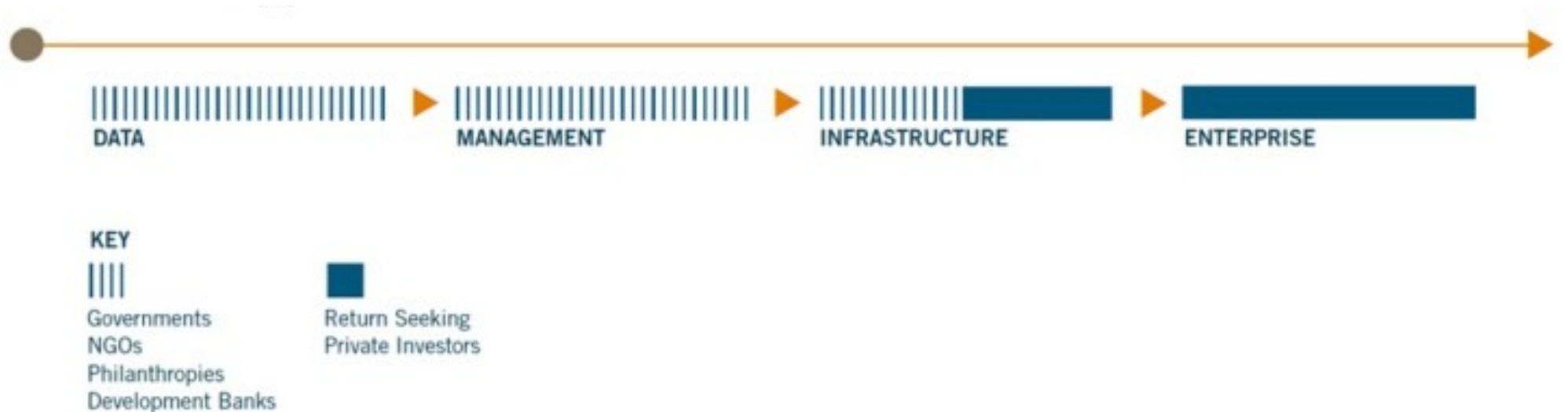
Theory of Change

Three Potential Models

- Serial Approach
- Consolidated Approach
- Parallel Approach

Theory of Change

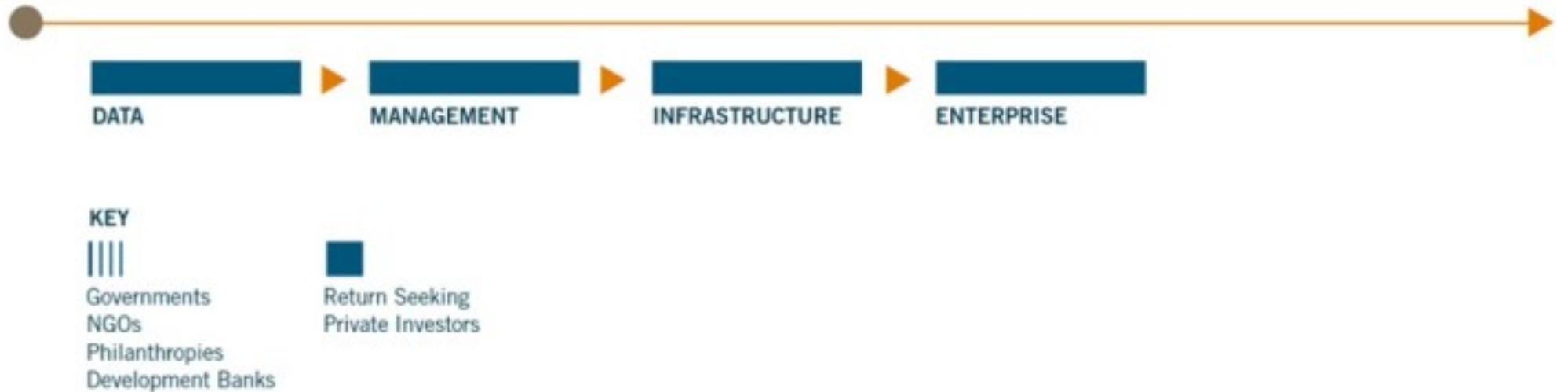
Serial Approach



- The establishment of strong governance, data collection, and management of a fishery in advance of infrastructure & enterprise

Theory of Change

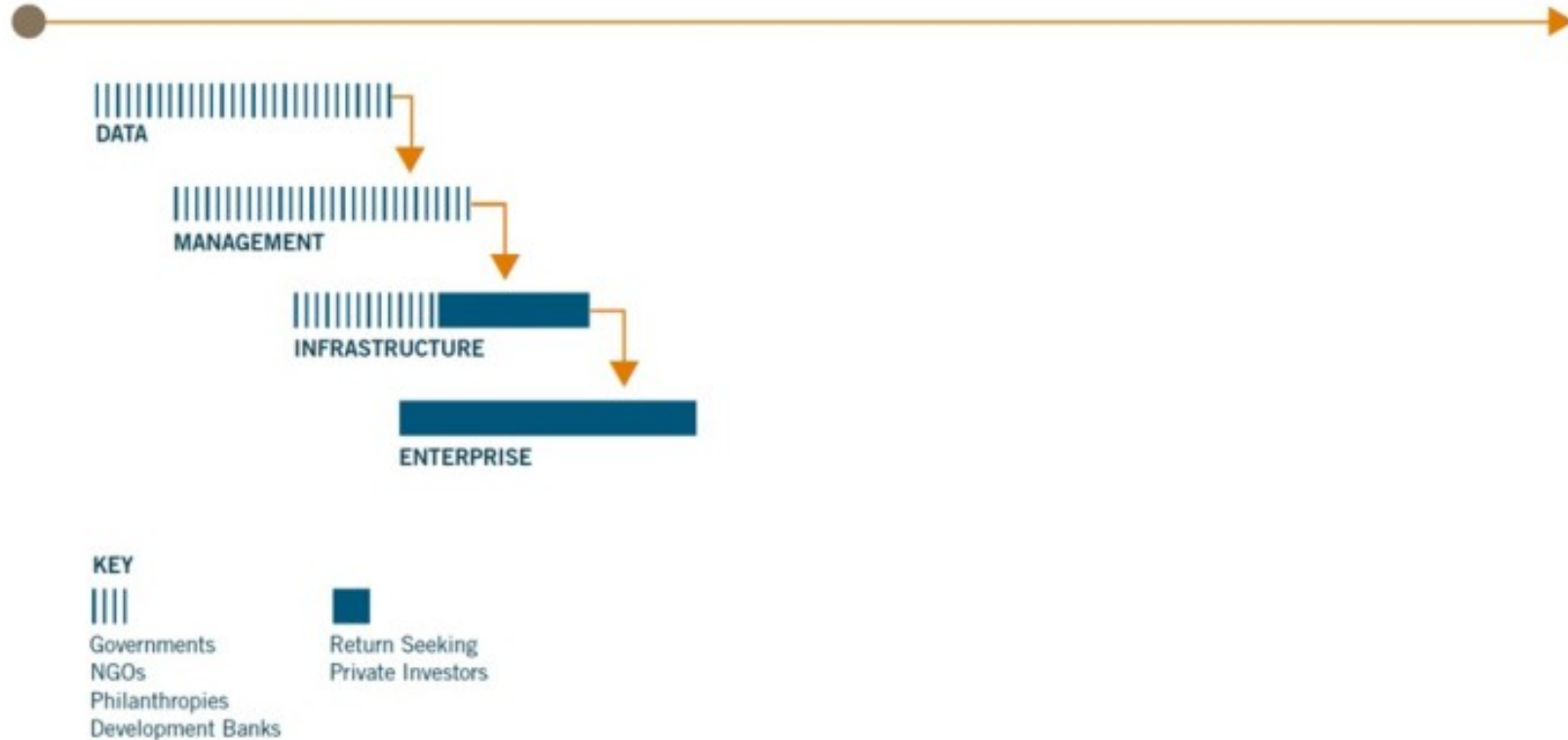
Consolidated Approach



- A single private sector entity or cooperative invests in all elements simultaneously

Theory of Change

Parallel Approach

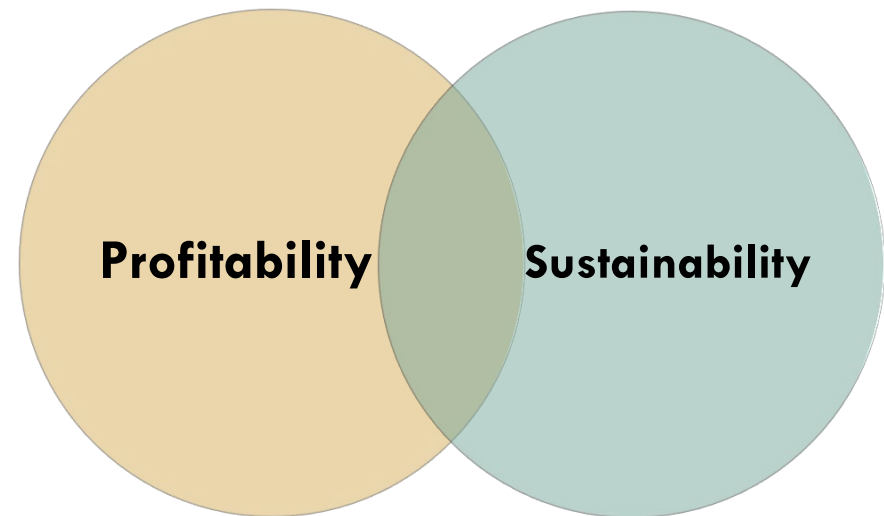


- Range of investors and other stakeholders take on **different components over time**

Parallel Model + Lead Firm Approach

- Emerging Markets ~> “Parallel”
 - ▣ Lead firm involvement increases durability and improves implementation

- Lead firms have a role in data, management, infrastructure, and enterprise investment



Our Tasks

- Engage **lead firm** to secure “change on the water”
 - ▣ Define measures and costs associated with sustainable fisheries management with a lead firm
- Develop an **investment model** for sustainable BSC management in Lampung
 - ▣ Address investment risk to attract impact capital
- Support **APRI** to identify fundraising and support opportunities
- Coordinate with private bank on a **lending package** to for fishers and processors

Lead Firm Context

- ❑ Poor scientific data to support harvest control
- ❑ Lack of demonstrated triple-bottom line models in emerging market fisheries
- ❑ Lack of good information about how much management initiatives will cost and the capacity for implementation
- ❑ Mis-aligned economic incentives
- ❑ Weak enabling environment

Focus and Goals

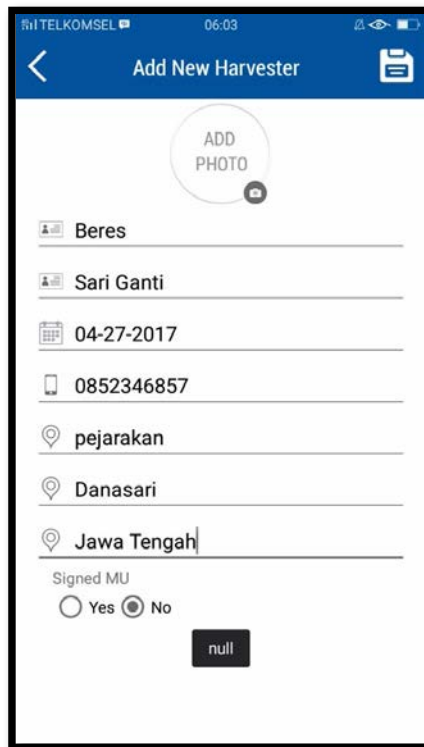
Lead Firm

- ☑ Defined measures and costs needed for sustainability and used these to create a long-term business plan, based on financial modeling
 - Indicated support needed is in the 25¢ per lb range
 - CEO and COO approve of the model and numbers behind it – now need to work with their stakeholders
- ☐ Currently collecting data
 - ☐ Comprehensive management requires support from the government and the local management team (IPPRB team)



Focus and Goals

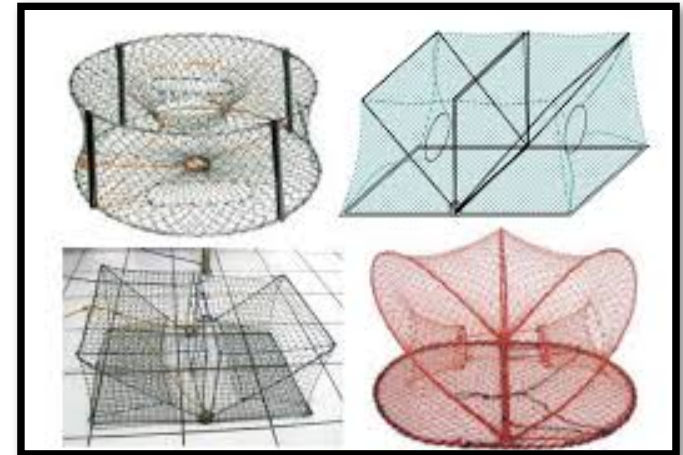
Lead Firm



The screenshot shows a mobile application interface titled "Add New Harvester". At the top, there is a status bar with "TELKOMSEL" and "06:03". Below the title bar, there is a back arrow, the title "Add New Harvester", and a save icon. A large circular button labeled "ADD PHOTO" is prominent. Below this, there are several input fields with labels: "Beres", "Sari Ganti", "04-27-2017", "0852346857", "pejarakan", "Danasari", and "Jawa Tengah". At the bottom, there is a "Signed MU" section with radio buttons for "Yes" and "No", and a "null" button.

□ Key inputs to modelling costs:

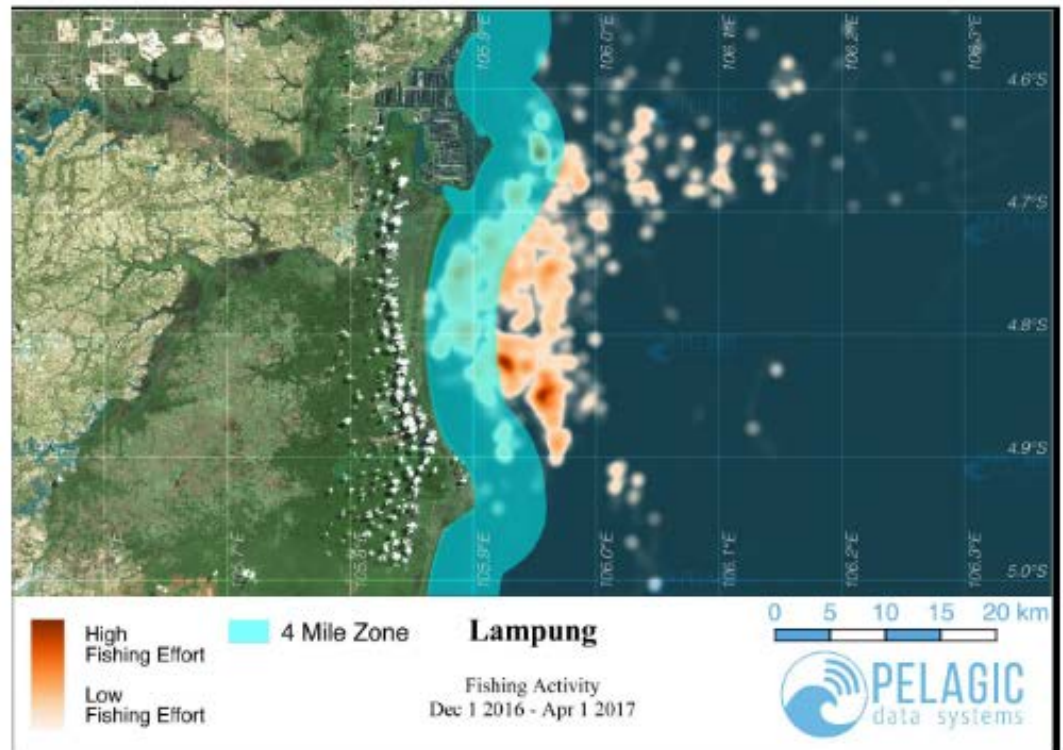
1. Gear Change from Gillnets
2. Traceability Investments
3. Data Collection
4. Harvester Organization
5. Internal Monitoring and Enforcement



Focus and Goals

Investment Model

- ☑ **Investment model** building off the lead-firm model used in Lampung
- ▣ Addresses investment risk through demonstration of efforts to mitigate overfishing and implement traceability



Focus and Goals

APRI

- ☑ APRI business plan has been completed that includes estimates of financial support needed to hire additional personnel
 - Has buy-in from chair and executive director, but needs additional support from the rest of APRI

- ☐ APRI could legitimately play the role of data manager
 - ☐ Sustained presence in the communities through processor affiliates
 - ☐ Trusted by industry (represents 76% of processors)
 - ☐ Historic knowledge of the fishery (since 2006)

APRI Context

- Lack of capacity
 - ▣ Need more personnel & funding to support their goals
 - ▣ Need more infrastructure to support data collection, management and analysis
- Overreliance on the NFI Crab Council
- Member focus on MSC, but:
 - ▣ Poor scientific data to support harvest control rules
 - ▣ Uncertain “roadmap to MSC” or alignment with management measures
- Poorly aligned economic incentives
- Weak enabling environment

Bank Lending Challenges

Significant market exists – there are many fishermen and groups with credit needs – but most have very **little financial history** needed by banks to assess their credit risk

The majority of potential clients are usually **far from a bank office** and sometimes even mobile phone reception for mobile banking

Cheaper, lower risk and more profitable to service urban markets

Bank Lending

- BTPN and Rabobank (including the commercial arm, the Rural Fund, and the Foundation) are interested
 - Hard for them to assess risks and therefore impossible to make loans due to:
 - Lack of transaction data, compounded by:
 - Lack of producer organization
 - Lack of registered harvesters
- Rabobank Foundation have agreed to assess the new cooperative in Lampung
- The new data collection initiative at Blue Star will address these data gaps and be shared with the banks

Recurring Themes

- The role of the **producer organization** is more multi-faceted than we realized
- More **facilitation** needed - just because there are meetings doesn't mean there's communication
- **Data** is very important in a parallel model but still challenging in this fragmented environment
 - ▣ Need more formalized cooperation – groups that are in the best position to collect time-series data (industry and APRI) may not be the ones who can do the best comprehensive analysis (KKP, NGOs) or ongoing data management (APRI, KKP)

Lessons Learned

Producer Organizations

- ❑ Provides multi-level legal recognition of harvesters
 - ❑ Government recognition means they are eligible for government programs
- ❑ Secure access to technical assistance
- ❑ Facilitates access to financing
 - ❑ Banks find it more cost-effective and less risky to coordinate with cooperatives than individual fishermen
- ❑ Improve economies of scale for purchasing & financing



Fisherman receiving Kartu Nelayan
(Fisherman's Card)

Facilitation

- Negotiate data constraints
 - ▣ Ensure that all groups are working towards better data
 - ▣ Need one person or group providing oversight for all Indonesian BSC data initiatives and an additional person or group for each local management body
- Address confidentiality and industry “trade secret” concerns
 - ▣ Provide bridge between the industry, government and NGOs
- Provide independent monitoring and evaluation
 - ▣ Work with industry to ensure they are following best practices for data collection
 - ▣ Work with NGOs to ensure they are providing what they have agreed to do

Data

- No single group seems to be taking on the role of data management
 - ▣ Planning for coordinated data collection, analysis and management is either not happening or happening in an ad hoc manner
 - ▣ It's difficult to get buy-in or even input on data practices
- Requires clearly communicated agreements on confidentiality between all parties and **MUST** include the government...possibly multiple departments

Lessons Learned

Data

Activity	Fisher Impact	Applicable Government Entities	Management Implications	Resultant Data Points	Data Gap
Kartu Nelayan	Legal recognition	Livestock and Fisheries Service (LFS)-dinas, KKP	Address harvest strategy related to: <ul style="list-style-type: none"> • gear use; • size; • sex; • geography 	# of harvesters Town (location of residence) Individual transactions over time	Fishing sites
	Life insurance	KKP			Landings by harvester, including: volume; value;
	Banking services	N/A			size; sex
	Eligible services & access to inputs	LFS-dinas, KKP			Species being targeted by harvesters
	Legal requirement for fisher cooperative	LFS-dinas			Effort
	Fishing permit	LFS-dinas, fishing port authority			
Cooperative/ Producer Organization	Legal recognition	Cooperative Service (Dinas)	Address harvest strategy related to: <ul style="list-style-type: none"> • gear use; • size; • sex; • geography • seasonality • access 	Active fishermen	Aggregate fishing sites
	Economies of scale	N/A			Aggregate effort
	Collective bargaining (financial services, fishing access, etc.)	KKP, Fisheries (Dinas), Transportation (Dinas)			Aggregate volume & value of landings
	Eligible for govt grants (gear, ice, etc.)	KKP/ Cooperative Service			Vessel ownership & registration

Thank you

- ❑ **Blue Star Foods & subsidiaries**
- ❑ **Mini-plants owners & operators**
- ❑ **Harvester cooperative - Karya Muda Bahari**
- ❑ **APRI**
- ❑ **SFP**
- ❑ **PDS**
- ❑ **KKP**
- ❑ **IPPRB**