



## Project Implementation Report (PIR) Template

Reporting Period: Oct. 2022 – June 2023

Project Information			
<b>Project Title:</b>	The Meloy Fund: A Fund for Sustainable Small-Scale Fisheries in Southeast Asia		
<b>PIR Submission Date:</b>	June 30, 2023	<b>Actual Agency Approval Date:</b>	08/17/2017
<b>GEF Fiscal Year</b>	2023	<b>Implementation Status:</b>	Active
<b>Implementation Progress Rating:</b>	Satisfactory	<b>Development Objective Rating:</b>	Satisfactory
<b>Risk Rating:</b>	Moderate	<b>Type of Trust Fund:</b>	GEF Trust Fund
<b>Actual Implementation Start Date:</b>	10/1/2017	<b>First Disbursement Date:</b>	11/02/2017
<b>Cumulative disbursement as of June 30, 2023:</b>	GEF Trust Fund: \$6,000,000 Total: \$6,000,000		
<b>Mid-Term Review Date:</b>	09/02/2021	<b>Expected Completion Date:</b>	08/01/2027
<b>Expected Financial Closure Date:</b>	02/01/2028	<b>Actual Completion Date:</b>	TBD

## Development Objective Rating:

### Executing Agency to Complete:

<b>PROJECT OBJECTIVE:</b>	To improve the conservation of targeted coral reef ecosystems by providing financial incentives to fishing communities in the Philippines and Indonesia to adopt sustainable fishing behaviors and rights-based management regimes through capital investments in commercially viable enterprises.
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OBJECTIVE INDICATORS	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION
<b>Objective indicator A:</b> Number of investments made in scalable ventures in Indonesia and the Philippines	15 investments	To-date the Fund has approved 15 investments in 13 companies.
<b>Objective indicator B:</b> Percentage of fishers and fish workers with increased earnings through project investments as a measure of improved status of livelihoods	100 percent of the fishers that the Fund is working with.	<p>Each of the Fund's investments seeks to improve fisher incomes, namely through higher prices for higher quality products.</p> <p>Through the Fund's TA Facility (TAF), investees are being supported with post-harvest improvements that will increase fishers and farmers' incomes (e.g., tuna fisher trainings, adoption of technologies for seaweed, as well as in the initiation of a FIP towards sustainable octopus management).</p> <p>As per our MTR, to measure improved status of livelihoods, the Fund will start to track the Poverty Probability Index (PPI) and potentially Food Insecurity Experience Scale (FIES) for fisher families.</p>
<b>Objective indicator C:</b> Percent of FIP performance  *As noted in previous reports, following the MTR recommendations, the Fund team will replace the PPUE measure with the % of FIP performance.	0 percent	The Fund, through one of its investees, Agromar, is in the process of initiating collaboration with Fish Forever communities in Zamboanga Sibugay, Philippines. The team will work to assess the baseline so that any increase in profit/income can be measured.
<b>Objective indicator D:</b> Number of hectares with Meloy Fund improved management of coastal ecosystems.	1,448,661 hectares ( <i>Clarification under Component 1</i> )	Through the end of this reporting period, Fund investees have placed 1,448,661 hectares of coastal ecosystems under improved management by implementing responsible sourcing practices with their suppliers and participating in existing FIPs.

OBJECTIVE INDICATORS	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION
<p>*Aquaculture areas will be included in this total area (and will be completed with qualitative data).</p>		<p>Each of the Fund’s investees ensure that any seafood they source is of the right size and caught with appropriate gear. In addition, in partnership with these companies, the Fund has identified additional improved supply chain practices that can potentially be implemented on the ground.</p> <p>In collaboration with the Fund, each investee is required to develop the following:</p> <ul style="list-style-type: none"> <li>• A responsible sourcing policy that guides all company procurement activity and seeks to minimize any potential negative impact the company may have on coastal fisheries. For example, a responsible sourcing policy for fisheries processors will include size limits, acceptable gear, and restrictions on by-catch, among others.</li> <li>• Fisheries-related investment covenants to ensure that the company remains in compliance with the Fund’s ESG Standards and all applicable laws.</li> <li>• Impact targets tied to the Fund’s own impact targets. These targets are developed in coordination with the investee. Given the uncertainty in dealing with natural environments, goals may be aspirational and committed to on a best-efforts basis.</li> </ul>

**CI-GEF PM to Complete:**

OBJECTIVE IMPLEMENTATION PROGRESS RATING	JUSTIFICATION
<p><b>S</b></p>	<p>The project has successfully approved 15 investments in 13 companies. The area of marine ecosystems with improved management is now at 121% percent of the established target. The fund has continued with technical assistance for fishers. Based on the Mid Term Evaluation recommendations, some adjustments were made to the indicators. To measure improved status of livelihoods, the Fund will start to track the Poverty Probability Index (PPI) and potentially the Food Insecurity Experience Scale (FIES) for fisher families. Also, the project will replace the PPUE measure with the % of FIP performance.</p>

## Implementation Progress Rating:

### Executing Agency to Complete:

<b>Component 1: The Meloy Fund for Sustainable Fisheries</b>
<b>Implementation Progress of Component 1:</b>
<p>The hectares of coastal ecosystem under improved management and practices through Fund investments has increased to more than 1,448,661 hectares – or approximately 121% of the Fund’s target (1,200,000 ha).</p> <p>In FY2022, the Fund strengthened its ESG and Impact Measurement and Management framework by revising its Environmental and Social (E&amp;S) Performance Scoring system to better identify and monitor E&amp;S risks that were observed first-hand across seven fisheries that supply tuna, octopus, and crab to the Fund’s investee companies.</p> <p>The E&amp;S Performance Scorecard is designed to highlight the E&amp;S risks that are most common in small-scale fisheries. Each investee is scored annually, based on an ESG due diligence process, and higher-risk areas are tracked quarterly. The revised Scorecard has four performance levels that gives investees more guidance as to how they can address the E&amp;S risks specific to their supply chains. It also helps to prioritize TA projects and the tools and resources needed to provide the support that will have the greatest impact.</p> <p>To strengthen the hectares of coastal ecosystem under improved management, the key environmental risks for wild-caught or capture fisheries being assessed and monitored is to ensure investee’s operations do not threaten the long-term health of the target species population, through:</p> <ol style="list-style-type: none"> <li>1) <b>Fishery Health:</b> Ensure all investees involved with wild-caught species source from existing or newly created, credible Fishery Improvement Projects (FIPs) that already have or are in the process of developing stock assessments to inform fishery management.</li> <li>2) <b>Data:</b> Ensure that data is being collected to minimize the risk of illegal, unreported, and unregulated (IUU) fishing. This applies to the primary species that are caught and traded, any by-catch, and bait used while fishing, as well as any interaction with endangered, threatened, or protected species.</li> <li>3) <b>Fishery Management:</b> Ensure that the relevant authority has the interest in, and capacity to put in place a fishery management plan, and implement it through monitoring, control, and surveillance.</li> </ol>

OUTCOME INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION <i>Provide comments/justifications for the change in the indicator – Max. 200 words</i>
<b>Outcome indicator 1.1.a.:</b> Number of hectares of coastal ecosystems under improved management	1.2 million hectares	1,448,661 hectares	<p>This indicator is self-reported by each investee.</p> <p>More accurate mapping of relevant fishing grounds using vessel tracking devices and</p>

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through financial incentives offered through Meloy Fund investments			<p>improved data on Meliomar’s fishing grounds has resulted in the inclusion of a buying station in Infanta that uses larger vessels to make fishing trips at least twice as far as smaller boats, resulting in at least double the previous number of hectares of seascape that are fished with sustainable practices and included in fishery management programs.</p> <p>Two more investee companies (LBS and Agrita) also have vessel tracking devices now and we may revise the hectares of seascape accordingly.</p>
<p><b>Outcome indicator 1.1.b.:</b> Number of investments made through the Meloy Fund</p>	To be determined as the pipeline is rolled out	15 investments	<p>To-date the Fund has approved 15 investments in 13 companies.</p> <p>With the Fund’s supply chain approach for its investment strategy, the team has started to evaluate opportunities for co-investments to build larger platform companies. A number of opportunities have been identified to date that could help existing portfolio companies to scale and/or build an ecosystem of efficient supply chain.</p> <p>With the fund nearly 100% committed, our primary goal is to disburse the remaining Fund capital into our existing portfolio companies and ensure maximum growth and impact.</p>
<p><b>Outcome indicator 1.1.c.:</b> Percent of FIP performance</p> <p>* following the MTR recommendations, the Fund team will replace the PPUE measure with the % of FIP performance.</p>	<p>For basic FIP: TBD</p> <p>For comprehensive FIP: TBD</p>	<p>For basic FIP: TBD</p> <p>For comprehensive FIP: TBD</p>	<p>The Fund, through one of its investees, Agromar, is in the process of initiating collaboration with Fish Forever communities in Zamboanga Sibugay, Philippines. The team will work to assess the baseline so that any increase in profit/income can be measured.</p>

<b>Component 2: Fisheries technical assistance (TA) through Fish Forever</b>
<b>Implementation Progress of Component 2:</b>
The Fund's impact performance per dollar deployed remains on or above target for the E&S impact targets.
With the designation TURF+reserve areas, the project continues to make progress towards the targets for outcome 2.2. Results related to the outputs under this component are good.

OUTCOME INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION
<b>Outcome indicator 2.1.:</b> Percentage of projected E&S impact targets achieved.	<p><i>Environmental Target</i> a: 1.2 million hectares of coral reef ecosystems) under improved management</p> <p><i>Social Targets</i> b: 100,000 fisher household members positively impacted</p> <p>c: USD 20 million aggregate annual purchases from fishers</p>	<p><i>Environmental Targets</i> a: Through the Fund's 12 investments, 1,448,661 hectares of coral reef ecosystems are under improved management.</p> <p><i>Social Targets</i> B: Through the Fund's 12 investments, 77,480 fisher household members (approximately 49.4% female, 50.6% male<sup>1</sup>) have been positively impacted.</p>	<p><i>Environmental Target</i> a: Together, the investees and the Fund develop an Action Plan of activities that they will execute together throughout the life of the investment to improve fisheries management.</p> <p>E.g.:</p> <ul style="list-style-type: none"> <li>- Fisheries data collection: The Fund and the company will jointly seek to gather first-hand data on fisheries health and fisher incomes to track the Fund's impact.</li> <li>- Supply chain improvements: The Fund and the company will jointly implement supply chain improvement projects to encourage the adoption of sustainable practices that simultaneously increase fisher incomes, including using improved gear and or increasing catch quality via fisher training.</li> </ul>

<sup>1</sup> Demographic estimates based on <https://data.worldbank.org/indicator/SP.POP.TOTL.FE.ZS?end=2021&locations=ID&start=2021> (accessed July 2022).

OUTCOME INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION
		<p>c: Through the Fund's nine investments, USD 38,399,687 has been purchased from local fishers/seaweed farmers.</p>	<p>A portion of the funding for this plan may be covered by the Fund's Technical Assistance Facility (TAF). The Meloy Fund's TAF is designed to provide grant funding to the Fund's portfolio for projects that may a) accelerate Meloy Fund investees' triple-bottom-line impact, and b) increase the rate at which sustainable small-scale fisheries projects are deployed and scaled.</p> <p>This indicator is self-reported by each investee. Through March 2023, the investees have 1,448,669 hectares under improved management:</p> <ol style="list-style-type: none"> <li>1. Agrita: 252,000 hectares</li> <li>2. Meliomar: 600,000 hectares</li> <li>3. Laut Biru Seafood: 186,300 hectares</li> <li>4. JALA: 30 hectares</li> <li>5. Froilan: 4,239 hectares</li> <li>6. Koltiva: 15,2671 hectares</li> <li>7. Agromar: 7,199 hectares</li> <li>8. Realprime: 5,000 hectares</li> <li>9. Jackson &amp; Partners: 10,367 hectares</li> <li>10. JAM: 329, 100 hectares</li> <li>11. Ocean Union: 38,755 hectares</li> <li>12. Aquarev: 8 hectares</li> <li>13. *SIG Asia - N/A dissolved and absorbed into LBS.</li> </ol> <p><i>Social Targets</i></p> <p>b: Through March 2023, the investments have positively impacted an estimated 77,480 fisher household members (approximately 38,275 females, 39,205 male). Each of the investees tracks and reports on the number of fishers they work with, and the average number of household members is then taken</p>

OUTCOME INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION
			<p>from census data averages (see footnote 1).</p> <ol style="list-style-type: none"> <li>1. Agrita: 6,000 fisher household members</li> <li>2. Meliomar: 12,630 fisher household members</li> <li>3. Laut Biru Seafood: 5,220 fisher household members</li> <li>4. JALA: 4,732 farmer household members</li> <li>5. Froilan: 4,607 fisher household members</li> <li>6. Koltiva: 26,658 farmer household members</li> <li>7. Agromar: 7,825 fisher household members</li> <li>8. Realprime: 960 fisher household members</li> <li>9. Jackson &amp; Partners: 1,640 fisher household members</li> <li>10. JAM: 6,304 fisher household members</li> <li>11. Ocean Union: 840 fisher household members</li> <li>12. Aquarev: 64 farmer household members</li> <li>13. *SIG Asia - N/A dissolved and absorbed into LBS.</li> </ol> <p>c: Through March 2023, the investments have purchased USD 38,399,687 from local fishers/seaweed farmers. Each of the investees tracks and reports on these amounts:</p> <ol style="list-style-type: none"> <li>1. Agrita: USD 4,244,540</li> <li>2. Meliomar: USD 773,022</li> <li>3. Laut Biru Seafood: USD 2,693,576</li> <li>4. JALA: USD 18,900,000</li> <li>5. Froilan: USD 3,559,556</li> <li>6. Koltiva: n/a</li> <li>7. Agromar: USD 5,504,928</li> </ol>



OUTCOME INDICATORS	END OF PROJECT INDICATOR TARGET	END OF YEAR INDICATOR STATUS	COMMENTS/JUSTIFICATION
			8. Realprime: USD 491,147 9. Jackson & Partners: USD 1,022,457 10. JAM: USD 630,338 11. Ocean Union: USD 580,122 12. Aquarev: n/a 13. *SIG Asia - N/A dissolved and absorbed into LBS.
<b>Outcome indicator 2.2.a.:</b> Percentage of live coral cover within targeted TURF + reserves	>0	45% (Indonesia) 24% (Philippines)	Baseline data has been collected within designated TURF + reserve areas.  There is 45% of live coral cover within targeted TURF + reserves in Indonesia; and 24% of live coral cover within targeted TURF + reserves in the Philippines.
<b>Outcome indicator 2.2.b.:</b> Total fish biomass within targeted TURF + reserves	>0	120 kg/ha (Indonesia) 254 kg/ha (Philippines)	Total fish biomass was equivalent to 120 kg/ha within the proposed TURF + reserves in Indonesia and 254 kg/ha in the Philippines.
<b>Outcome indicator 2.2.c.:</b> Average length of target species under TURF + reserve management	>0	18 cm (Indonesia) 10 cm (Philippines)	The average length of target species in proposed TURF + reserve areas was equal to 18 cm in Indonesia and 10 cm in the Philippines.

#### CI-GEF PM to Complete:

OVERALL RATING	JUSTIFICATION
<b>S</b>	The project has made good progress on the outcomes and outputs of this component. The project has successfully approved 15 investments in 13 companies. The Fund's capital has been fully committed, and the project is focusing on ensuring the success of existing portfolio companies. The number of hectares of marine ecosystems under improved management has further increased, reaching 121% of the target. On the basis of the MTR recommendations, the PPUE measure will be replaced with the % of FIP performance, and reporting will start during the next fiscal year. The amount of annual purchases from fishers was almost twice the target. The number of fisher household members that are positively impacted by the project keeps growing and is currently at 77% of the target. Outcome indicators 2.2 a, b, and c, will be reassessed during the next fiscal year.

#### Risk

#### Executing Agency to Complete:

**Risks:**

At the portfolio level, we are battling an unstable global economy, volatile order flow, and despite the generally inflationary environment, falling prices for many of our portfolio companies' key products. We see portfolio companies facing liquidity issues due to overreliance on major customers and cancellation of orders due to lower demand or falling prices. In light of this situation, the Meloy Team is working closely with affected portfolio companies to craft a repayment plan and agree on optimal levels of working capital moving forward as well as to diversify their market, sell their inventory and return to normal operations.

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
<p><b>Risk 1: Deal sourcing risk:</b> The Fund may be unable to find a sufficient number of attractive investment opportunities to meet its investment objectives and, even if successful in finding such opportunities, that those selected investments will successfully achieve the Fund's objectives.</p>	<p>The Meloy Fund believes that the historical precedent for investment in this sector undervalues the potential and is stifled by a lack of entrepreneurship, creativity, and long-term strategies for fishery improvements. Further, our deal sourcing ability is enhanced via the following channels a) Local staff with on-the-ground presence; b) Technical expert network; c) Conservation partners; d) Country advisory boards; and e) Conferences, forums, and investor networks.</p>	<p>The Meloy Fund team is continuously identifying potential investment opportunities through targeted regional networking and fishery conferences.</p>	<p>As of the end of FY2023, the Fund had committed 100% of its investment capital. The Fund is now shifting its focus to deploying these commitments and ensuring the success of its existing portfolio companies. The Fund continues to collaborate closely with the portfolio companies to provide the support they need to scale, and to identify opportunities for follow-on investments, new rounds of fundraising, business development, and/or potential exits.</p>	<p>Low</p>	<p>Decreasing</p>
<p><b>Risk 2: Currency</b></p>	<p>Both Indonesia and the</p>	<p>To-date, each of the Fund's investments</p>	<p>The Fund continues to explore mechanisms</p>	<p>High</p>	<p>Unchanged</p>

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
<p><u>exchange risk</u>: The income received by the Fund will be in U.S. Dollars, although the Portfolio Companies will operate in their own local currency. Accordingly, changes in currency exchange rates between the U.S. Dollars and such foreign currencies may adversely affect the portfolio companies' ability to pay and potential returns to the Fund.</p>	<p>Philippines currently have fairly strong macroeconomic fundamentals and no major currency swings are expected at least in the short term.</p> <p>The Fund investment committee will take into account potential currency risks as a standing component in every investment and prioritize investments in organizations that export their products to developed countries as a hedging strategy. The Fund may also explore currency hedging strategies if local currency investments are required.</p>	<p>have been made to companies that conduct most of their sales in USD or EUR currencies.</p> <p>The Fund has also identified some potential hedging mechanisms and foreign exchange coverage options but has not had the need use them to-date.</p> <p>The Fund also has a USAID partial guarantee that will cover up to 50 percent of any loss, in USD, on the Fund's debt portfolio.</p>	<p>to hedge currency risk for pipeline companies with high exposure to local currency.</p>		
<p><b>Risk 3:</b> <u>Investment Risk</u>: There can be no assurance that the development of any particular</p>	<p>The Meloy Fund has four key elements in order to mitigate investment risk. First, the Fund will follow rigorous due</p>	<p>A rigorous due diligence process has been carried out by the Fund's team for each of its investments.</p> <p>The team also provides close and</p>	<p>The Fund has developed robust set of tools and clear due diligence process to identify and mitigate potential risks.</p> <p>The Meloy Fund continues to employ</p>	<p>Substantial</p>	<p>Unchanged</p>

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
<p>investment will be successful or that its business will be profitable. Some of the Fund's portfolio companies may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources, or may be dependent upon the success of one product or service, or a unique distribution channel.</p>	<p>diligence buttressed by our local staff, Rare's network of technical experts, and the setting up of country advisory boards. Second, the Fund's portfolio will manage its concentration risks against specific limits including parameters such as sector, geography, and borrower type. Third, the Fund will monitor each investment on a regular basis including a quarterly internal review involving a valuation report. Each investee will be required to make at least quarterly payments to instill strong repayment discipline and will provide reports on a quarterly basis. Fourth, the fund will take first ranking security over all the investee's fixed and where possible current</p>	<p>on-going monitoring of portfolio companies.</p> <p>The Fund has established a Technical Assistance Facility which will provide required additional support to portfolio companies (e.g., strengthening their financial capacity, fishery management tools).</p> <p>The deals to-date have been structured to include (at least) quarterly repayments on their loans and are required to submit monthly operating and financial reports.</p>	<p>four key steps to mitigate investment risk:</p> <ol style="list-style-type: none"> <li>1. follow a rigorous due diligence process buttressed by our local staff and Rare's network of technical experts.</li> <li>2. manage its concentration risks against specific limits</li> <li>3. monitor each investment on a regular basis including a quarterly internal review involving a valuation report. Each investee is required to make at least quarterly payments to instill strong repayment discipline and will provide reports on a quarterly basis.</li> <li>4. Seek to take first ranking security over a significant portion of the investee's fixed and of those assets purchased with the investment.</li> </ol>		

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
	assets, including those assets purchased with the investment.				
<p><b>Risk 4:</b> <u>General economic and market conditions:</u> By investing in various developing countries, the Fund may be subject to economic, political, regulatory, and social risks, which may affect the liquidity and value of its investments. Foreign governments may exercise substantial influence over many aspects of the private sector, and the success of the Fund's investments may be affected by general economic and market conditions, such as interest</p>	<p>Rare has developed strong relationships with key government bodies at local, municipal, regional, and national levels as a key element of developing healthy community fisheries and will make sure it continues doing so as part of the Fund's activities.</p> <p>Additionally, our multi-local approach diversifies risk across geographies and political boundaries, hedging against potential weather events, political changes, microeconomic pressures, etc.</p> <p>Finally, we will assemble a well-networked in-country</p>	<p>To date, the Fund has made 2 investments in the Philippines (in the same company) and 2 in Indonesia (in the same company) and aims to have no more 70% percent of its invested capital in one single country</p>	<p>The team continues to monitor the economic and market conditions closely.</p> <p>The Philippines and Indonesia recorded tremendous economic growth in CY2022 as their economies fully re-opened during the year. Gross domestic product (GDP) in the Philippines grew by 7.6% while Indonesia's GDP grew by 5.3%. The economic outlook for both countries remain positive, with the Philippines expected to grow by 6.0% to 7.0%, and Indonesia by 4.5% to 5.3%.<sup>2</sup> In Q2 CY2023, economies slowed in both the Philippines and Indonesia. The Philippines' GDP grew by 6.4% during the quarter, the lowest growth posted in the last seven quarters. Indonesia recorded GDP growth of 5.0%, in line with expectations but lower than the growth recorded in CY2022. The slowdown in both countries was heavily influenced by</p>	Substantial	Increasing

<sup>2</sup> Forecasts from Philippines' Development Budget Coordination Committee and Bank Indonesia

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<p>rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances.</p>	<p>advisory board, to include top government and private sector players, to help us vet investment opportunities and to minimize the effects of corruption and political pressure.</p>		<p>economic challenges affecting most of the world's advanced economies.</p>		
<p><b>Risk 5:</b> <u>Climate change risk:</u> An increase in global average surface temperatures has resulted, among others, in rising sea levels, shifting precipitation patterns, droughts and floods, and higher likelihood of more extreme weather and more violent natural catastrophes. Temperature rises make weather harder to predict and raise the</p>	<p>Fish Forever contributes to social resilience in communities through community engagement and capacity building. This, along with a diversification of income sources, which help communities adapt and respond to climate events. Conserving coral reefs, coastal habitats, and preserving trophic balances also provide biophysical resilience as ecosystem integrity is improved, helping reef systems better withstand natural disasters and</p>	<p>Building on lessons from its first Fish Forever cohort, going forward, Rare will incorporate climate-smart metrics into program design to estimate ecological resilience to climate change. We will also integrate climate modeling into management planning and reserve network design. Alongside these efforts, we will prioritize building effective and adaptive capacities in the communities; this includes using an EbA approach to governance and management, working with communities to collect basic slow-onset metrics (which can help them to see gradual climatic changes and take appropriate</p>	<p>The updated Fish Forever strategy includes new program curricula that builds in the important cross-cutting theme: climate change's impacts on coastal fisheries. To address this, Fish Forever will augment the decision support tools around reserve design and fisheries management to be "climate smart" in helping local government and communities identify and plan for the effects of slow onset and sudden shock impacts (especially regarding coral reef health, distribution of target fish populations, and access to fishing grounds). Rare will also help local governments to develop and embed fisheries management into climate change adaptation strategies.</p>	<p>Moderate</p>	<p>Unchanged</p>

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<p>margin of error in modeling knock-on effects on agricultural and fisheries production. The Philippines appears to be especially susceptible to climate change related challenges due to it being an island nation with a very high number of tropical storms, and which are expected to increase in severity due to regional wind patterns and rising sea levels.</p>	<p>the effects of warming ocean temperatures.</p>	<p>preventative actions), and informing national adaptation plans and Nationally Intended Contributions under the Paris Agreement.</p> <p>Furthermore, to help communities adapt and respond to climate change, building on its success in the Philippines, Fish Forever is integrating financial inclusion across all of its new sites, including: financial literacy training; establishment of savings and loans clubs; building club support for public goods – e.g. fisher pensions, natural disaster insurance); and establishment of community enterprises.</p>			
<p><b>Risk 6: Fish Forever program risk:</b> Rare is in process of developing its strategy for the next cohort of Fish Forever sites in both countries. As the strategies are finalized,</p>	<p>Through its work in-country and globally, Rare has developed a strong network of experts and partners that could be called on for technical support as needed.</p> <p>Furthermore, Rare has been</p>	<p>The new Fish Forever strategies in Indonesia and the Philippines build on the results and lessons learned (see <a href="https://www.rare.org/fisheries-report">https://www.rare.org/fisheries-report</a>) from the program’s first cohort of Fish Forever sites.</p> <p>In addition, as had previously been done in the</p>	<p>Although small-scale fisheries provide important contributions to coastal and national economies, these contributions are often undervalued, unaccounted for, and marginalized.</p> <p>To address this, Rare continues to actively build awareness and recognition of the</p>	<p>Moderate</p>	<p>Unchanged</p>

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
Rare will then be required to raise funds in support of the outlined interventions .	working closely with both governments to support positive social change, build connectivity between reform efforts across multiple levels of government, and scale our community-led solutions – such as Fish Forever. Rare has been working to empower local partners to address policies and regulations that remove barriers to and incentivize implementation of natural resource management solutions long in the future.	<p>Philippines, the Indonesia team has been working closely with the government to ensure that the sustainable development of coastal fisheries is integrated into the draft national mid-term development plan, 2020-2024.</p> <p>Furthermore, as a part of its larger Blended Finance Initiative, Rare is working closely with the governments of both Indonesia and the Philippines to create large-scale green financing facilities for coastal fisheries management, which will enable the scaling of small-scale fisheries management as well as greater impact for Meloy Fund investments.</p>	importance of coastal fisheries as well as effective fisheries policy and management—for food, for jobs, for meeting multiple SDG targets, for contributing to national economies, for ensuring a healthier ocean, and for developing secure, climate-resilient communities; and continues to work closely with the governments of Indonesia and the Philippines as well as coastal communities to build their support for sustainable small-scale fishery management.		
<b>Risk 7:</b> <u>COVID-19 pandemic</u>	N/A	<ol style="list-style-type: none"> <li>1. Ensure the companies' ongoing financial viability.</li> <li>2. Encourage the companies to provide continued employment or support to their employees.</li> </ol>	The COVID-19 pandemic continues to disrupt global seafood supply chains and threatened the viability of many small and medium-sized enterprises SMEs in the fisheries sector. These same SMEs and supply chains provide the primary source of income for some of the most vulnerable	Substantial	Unchanged



PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
		<p>3. Facilitate assistance to the companies' suppliers, i.e., small-scale fishers, to mitigate disruptions in seafood sourcing and enable a swift recovery once the outbreak is contained.</p>	<p>communities in the developing tropics.</p> <p>Because of the relative homogeneity of the Fund's current portfolio, we have focused on analyzing the impacts of coronavirus across a few key categories:</p> <ul style="list-style-type: none"> <li>• Supply: We know that in many fisheries, fishing pressure is reduced because local fishers are not able to get out to safely fish (or have less reason to given reduced demand). At least in the short term, which may be good news for fish stocks, and prices are decreasing commensurately.</li> <li>• Demand: Demand remains strong for food and protein both domestically and globally. That said, the channels for purchasing food have narrowed, and for practical purposes demand from hotels and restaurants -- a primary source of revenue for two of our portfolio companies -- has been eliminated.</li> <li>• Logistics: Despite the opportunity to</li> </ul>		

PROJECT RISKS	PRODOC RISK MITIGATION MEASURE	MITIGATION MEASURES IMPLEMENTATION	COMMENTS/ JUSTIFICATION	CURRENT FY23 RISK RATING	RISK RATING TREND
			<p>purchase seafood at lower prices and demand from retail buyers, logistical shutdowns in cargo and in particular, airfreight, have hamstrung delivery. We are now seeing these supply lines gradually re-open, but shifting and opaque regulations at the very least will delay shipments and extend payment terms.</p> <ul style="list-style-type: none"> <li>• Production: The production facilities of our portfolio companies have been able to operate at a reduced level, and with support of our Technical Assistance Facility, we are providing guidance to support a gradual re-opening of facilities with best-practice health and safety measures in place.</li> </ul>		

OVERALL RATING OF PROJECT RISKS	JUSTIFICATION
<b>M</b>	An unstable global economy and market volatility keep presenting risks for the project. However, due to the decreased risk of the Covid pandemic, the overall risk rating has been adjusted to medium.

## GEF Portal Information

### Information on Progress, challenges, and outcomes on project implementation activities

- See risk section above on market volatility.
- On the ESG and impact front, as we roll out the revised E&S Performance Scorecard which is aligned with the new Human Rights and Social Responsibility requirements under FIPs including their sampling methodology, this is time consuming and quite onerous. Some components such as the level of debt bondage is also not easy to be assessed. We need to continuously refine the questions to get quality response.
- In terms of the financial sustainability of TA projects such as the octopus FIP, the challenge is to find other private sector partners such as a seafood importer/retailer to provide regular orders and to absorb some of the FIP implementation costs. The Fund is also looking at partnering with other FIPs to bring in more resources. Similar challenge in maintaining the MSC certificate in the Philippines which luckily WWF and JAM Seafoods have managed to bring on board another processor to cover the costs.
- The level of reporting from some investees and TA partners is still quite minimal and requires periodic site visits to ensure progress.

### Information on progress, challenges, and outcomes regarding engagement of stakeholders in the project/program based on the description included in the Stakeholder Engagement Plan or equivalent documentation submitted at CEO Endorsement/Approval

The following examples of different portfolio companies highlights the progress regarding engagement of stakeholders:

#### **Agrita's multi-stakeholder engagement process in their Fishery Improvement Project (FIP) implementation:**

- The development of a data management system with biological data being collected by an enumerator hired, fishers and traders since September 2022 on 2,537 octopus from 83 fishers including the area of fishing grounds through vessel monitoring system. This information is important to develop an effective fishery management plan, in particular protection of female octopus during breeding and the reproductive season to assure sufficient annual recruitment.
- The formation of the first fisher group comprising of 13 fishers in February 2023 including the necessary capacity building on organizational management. This fisher group and Agrita have been included into the regional Fisheries Co-Management Committee (FCMC) to discuss emerging fisheries management issues at the provincial level which will be key for the development of the octopus fishery management plan in the future. The second fisher group is in the process of being formed.
- The training of 37 fishers and 28 women who are fishers' wives on fishing licensing requirements, financial literacy, and financial planning.
- Signed an MOU with Destructive Fishing Watch (DFW) which runs the National Fishers Center (NFC) to provide a grievance mechanism system to the fishers in the FIPs

- Begun discussions with the local Port Authority and the district level Ministry of Marine Affairs and Fisheries (MMAF) to register vessels under one gross tonnage which is not traditionally performed, despite legal obligations. Identifying and understanding the number of fishers and vessels is fundamental to managing and controlling removals in a fishery, as well as designing appropriate fisheries management objectives, data collection system and monitoring, control, and surveillance (MCS) systems.
- At the national level, Agrita's local implementation partner met with the National Research and Innovation Agency (BRIN) and NGOs (Blue Ventures and Sustainable Fisheries Partnership) to discuss the data collection protocol for octopus to support the national stock assessment.

**Aquarev:**

- The Fund's TA Facility approved a TA project to hire the Asian Seafood Improvement Collaborative (ASIC)<sup>3</sup> to support Aquarev in engaging with stakeholders in South Lampung where Aquarev will establish its first cluster of shrimp farmers. The purpose of the engagement is to identify potential social risks associated with shrimp farming in the area and to benchmark Aquarev's farming practices against the ASIC Shrimp standard and ASIC Social and Gender standards. In total, Aquarev and ASIC interviewed 45 people, 29% of whom are female, either one-on-one or through focus group discussions. Those interviewed include shrimp farmers from two subdistricts, a hatchery owner, a trader, Aquarev's technical partner, CP Prima, and local government agencies.
- Based on these insights, Aquarev is designing further stakeholder engagements in the area where it will establish its first cluster to ensure the company is engaging with all potentially affected stakeholders, including paddy and seaweed farmers, in the area. Once all target representatives have been consulted a final meeting will be held to present the findings of the exercise to all key stakeholders, particularly the activities that Aquarev will direct and the social management plan. The community will then discuss the accuracy of the findings and will agree on a community-wide management plan, including a grievance mechanism to address any potential risks.

**JAM:**

- The Fund recently revised its ESG Performance Scoring system and piloted the new approach in November 2022 with JAM Seafood where six fishers, two suppliers, and two enumerators in Sablayan, Mindoro, who represent approximately 24% of JAM Seafood's supply, were interviewed. The Fund also met with the Philippines Tuna Handline Partnership comprising of the Philippines Associations of Tuna Processors (PATPI) and two fisher federations to understand the operations and challenges of the Marine Stewardship Council (MSC) certified fishery on the ground.
- Based on this ESG Performance Score and JAM's Corrective Action Plan, the Fund co-developed a TA proposal with JAM to include support for improving its corporate governance across financial, HR, legal and supply chain management, and strengthening the capacity of PTHP which will help to increase the catch accounting of bycatch and MCS for the fishery. The Fund will also work closely with JAM to develop the necessary Human Rights, Social Responsibility, and Responsible Sourcing policies.

**Information on progress on gender-responsive measures and my intermediate gender result areas as documented at CEO Endorsement/Approval including gender-sensitive indications contained in the project results framework or gender action plan or equivalent**

<sup>3</sup> [ASIC](#), the Asian Seafood Improvement Collaborative, is a regional collaboration between private sector stakeholders from Indonesia, Myanmar, Philippines, Thailand, and Vietnam who have come together to tackle social and environmental sustainability challenges facing the Asian seafood industry. ASIC's initiatives include ASIC Shrimp, an improvement program that eventually leads to designating shrimp producers as ASIC Compliant or as ASIC Leaders prior to verification.

**Agrita:** As part of the FIP, Agrita's local partners trained 38 fishers and 27 women (42%) who are fishers' wives in financial literacy and financial planning. Part of this training involves looking at the gender roles and planning for short-, medium- and long-term goals together as a family, taking into consideration the needs of both husband and wife. The training was followed with tracking of household expenses which was mostly undertaken by the fishers' wives.

**Jala:** Overall for Jala's TA project, they engaged 1,500 participants, 243 of which are women (16%) using the Gender Action Learning System (GALS) approach.

**Aquarev:** As part of its stakeholder engagement, Aquarev, with the support of ASIC, interviewed 45 people, 29% of whom are female to take into consideration women's role in smallholder shrimp farming. Aquarev is also in discussions with the consultant supporting Jala in implementing GALS to offer the same approach to their farmers.

#### Progress on the implementation of the project's KM approach approved at CEO Endorsement/Approval

Factors that encourage replication, including outreach, dissemination of lessons learned, and communication strategies:

During the reporting period, the Meloy Fund participated/was featured in the following events and publication:

- Rare and the Fund co-hosted a webinar on Impact Investing for the Ocean: A blueprint for a triple bottom line return: <https://www.youtube.com/watch?v=cPpGntnoSpU&t=1277s>
- Panelist on the Blue Innovation Breakout Session: Technological Solutions towards Indonesia's Sustainable Ocean Economy at the **Tri Hita Karana Blended Finance Forum at G20**
- Speaker at a training session on private sector mobilization for Indonesia government officials organized by Convergence
- Hosted a panel on 'Out of the Blue: The Blue Economy and Conservation Finance' at the **Island Finance Forum 2023**
- The Fund's investment in JAM Seafoods was highlighted by IntraFish: <https://www.intrafish.com/finance/us-based-fund-invests-in-philippines-seafood-company-sets-sight-on-500-million-reef-fund/2-1-1352835>

In addition, the Fund is increasingly recognized as a high-performing and impactful pioneer in the sector and received favorable mentions at recent events such as *Our Oceans in Panama*, and *Monaco Ocean Week*.