PRIVATE SECTOR ENGAGEMENT STRATEGY, PARTNERSHIP DEVELOPMENT, AND GOOD PRACTICES

USAID SUSTAINABLE FISH IN ASIA (SUFIA)
Background

1. Advising Governments, Multi-lateral Agencies, Development Agencies, Impact Investors, NGOs, Academia and Philanthropic Foundations

2. Developing business cases and matchmaking with different types of investors

3. Facilitating business councils, round-table meetings, Fisheries Improvement Projects (FIPs)

Recent Examples

1. Sustainable Fisheries Investment Landscape Assessment

2. Co-developed 5 sustainable fisheries business cases/investment opportunities from initial master list of over 50 investment opportunities of sustainable fisheries businesses ranging from:
   - Processing plants for sustainable Tuna and Snapper
   - Aquaculture (seaweed, sea cucumber, shrimp, etc.)
   - Fishing efficiency and tracking systems (technology and internet-of-things (IOT))
   - Cold storage, infrastructure, and logistics
   - Eco-tourism, markets, and community-based fishery management

Consulting with leading venture capital/impact investment firms in Jakarta, Bali, Singapore, and Hong Kong on investment eligibility and priorities.
Understanding the Context of PSE

- **Consider the full context:**
  - Geographic, Political, Legal, Economic, Social, Environmental

- **Avoiding false starts:**
  - Engagement aimed at change often starts from a point of fear
  - Early phase of engagement is challenged by multiple factors

“Change-sponsors: Working from strategy will help!”
Change-Sponsors

• For a good “first impression”, change-sponsors’ pitch deck should highlight private sector benefits related to revenue potential, scalability, and profit margins.

• Change-sponsors should avoid ready-made solutions, listen, and truly be open to learn.

• All change-sponsors should be prepared to address specific questions about their commitment and provide answers about how this is sustained.

Change-sponsors should also be clear about their own needs and biases.
**Business Context for Screening Criteria:**

**Financial and Commercial Viability**

<table>
<thead>
<tr>
<th>No.</th>
<th>Screening Criteria</th>
<th>Guidance Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Financial viability of the business after the change</td>
<td>Is the business after the change financially viable? Is there a track record in the industry that the change has good traction?</td>
</tr>
<tr>
<td>1.2</td>
<td>Attractiveness to potential investors and change investment readiness</td>
<td>Does the change showcase commercial appeal and elements that are attractive to investors? How ready is the business to receive investment to make the change? Rate of growth and profitability?</td>
</tr>
<tr>
<td>1.3</td>
<td>Ease of implementation of change</td>
<td>Can the change be implemented with minimal operational complications? To what degree is the change complicated by approvals and compliance?</td>
</tr>
<tr>
<td>1.4</td>
<td>Potential for scalability of change</td>
<td>Does this change demonstrate potential for scaling and growth within relevant markets?</td>
</tr>
<tr>
<td>1.5</td>
<td>Technical viability and use of technology</td>
<td>Is the technical premise of the change sound? To what degree is appropriate technology/equipment being used to support the change and operations?</td>
</tr>
<tr>
<td>1.6</td>
<td>Potential to attract blended finance to leverage investment</td>
<td>To what degree can this business attract blended finance and leverage own investment in the change?</td>
</tr>
<tr>
<td>1.7</td>
<td>Capacity of the sponsor and business to maintain and implement the change</td>
<td>What is the capacity of the change sponsor and the business? Do significant steps need to be taken to prepare for investment in change?</td>
</tr>
</tbody>
</table>
# Business Context for Screening Criteria: Sustainability Considerations

<table>
<thead>
<tr>
<th>No.</th>
<th>Screening Criteria</th>
<th>Guidance Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>II.1</td>
<td>Contribution to long term company goals</td>
<td>What is the contribution of the change to sustain the company?</td>
</tr>
<tr>
<td>II.2</td>
<td>Socio-economic impact of the change</td>
<td>What are the socio-economic impacts of the change?</td>
</tr>
<tr>
<td>II.3</td>
<td>Level of community &amp; local government support and distribution of benefits of the change</td>
<td>To what degree do the local community support this change? Is there a broad distribution of benefits of the change to the broader community? Is the business able to get support among the community and local government?</td>
</tr>
<tr>
<td>II.4</td>
<td>Identification of risks and risk management tools and strategies available</td>
<td>Has the change sustainability risks? To what degree is the model high risk? Has the sponsor introduced risk mitigation measures?</td>
</tr>
<tr>
<td>II.5</td>
<td>Implementable under existing legal and regulatory frameworks</td>
<td>Is this change eligible and implementable considering existing national and subnational legal and regulatory frameworks?</td>
</tr>
</tbody>
</table>
Public-Private Dialogue (PPD) between policy makers, private sector, and stakeholders is useful to discuss:

- Strategies to dramatically increase access to finance in coastal communities to roll-out and sustain change.
- Change promotion strategies related to the issue of fish species, variety, and size (for example, through development of shared information campaigns that may address market risk).
- Development of “one-stop shop” change-investment “focal points” that promotes sustainable investments opportunities and provides information relevant for context.

What else do investors and companies suggest?

Fisheries management generally includes three elements: secure tenure, sustainable catches, and robust monitoring systems. A strong regulatory framework is needed and appreciated. Government leads the way.

Reform towards strong regulatory enforcement is applauded and must continue in support of a ‘level-playing-field’ across all actors at all levels.

Harmonizing of rules is important and rules/regulations should not be changed too frequently.

It will be relevant to be selective in attracting investment into viable projects and work with key stakeholders who have a vested interest in the longevity of the seafood sector.
PRIVATE SECTOR ENGAGEMENT STRATEGY,
PARTNERSHIP DEVELOPMENT, AND GOOD PRACTICES

USAID SUSTAINABLE FISH IN ASIA (SUFIA)