

JUNE 20, 2016

IMPACT ALPHA

INVESTMENT NEWS FOR A SUSTAINABLE EDGE

[FULL STACK CAPITAL](#)

[CONSERVATION FINANCE](#)

[GENDER LENSES](#)

[ROI PODCASTS](#)

[FINANCING FISH](#)

[HOME](#) > [FINANCING FISH](#) > **P.T BALI SEAFOOD: NETTING FRESH FISH THROUGH COMMUNITY INVESTMENT IN INDONESIA**



+

[FINANCING FISH](#)

P.T Bali Seafood: Netting Fresh Fish through Community Investment in Indonesia

BY [MAURA DILLEY](#) • JANUARY 14, 2016

[f](#) | Share on Facebook

[t](#) | Share on Twitter

[in](#) | Share on LinkedIn

[✉](#) | Email



MAURA DILLEY

Reliable sources of fresh, high-quality fish are the key to P.T. Bali Seafood International's business. So processing fish closer to where fish are caught makes sense. Access to better fish and use of better technology means Bali Seafood can pay fishermen more. And more money lets the fishermen improve their fishing gear and manage their quotas, making their wild capture fishery more sustainable.

Bali Seafood has secured \$3.3 million in financing to invest in such holistic fisheries management in the Coral Triangle, six million square kilometers of unparalleled aquatic diversity shared by Malaysia, Indonesia, the Philippines and Papua New Guinea. The picturesque archipelago is home to white beaches, schools of fish, poverty and piracy.



The funds will build four modern fish processing centers

starting on the island of Sumbawa. The first of four facilities is breaking ground this month. Village processing plants can provide financial security for an entire family as men typically work the boats and women find jobs in the processing plant.

Several auxiliary businesses will be built into Bali Seafood's new processing plants. Independently operated gear shops will sell modern, sustainable fishing equipment and offer fair financing. There will be a school for fisher training as well as economic empowerment courses like household bookkeeping and savings. The facility will host a fisheries management office to issue licenses and manage quotas.

“ People want in now that the thinking work has been done and the project is investable.

— Jerry Knecht, president and founder, P.T. Bali Seafood International

The investments in Bali Seafood included \$2.1 million from Aavishkaar, the Indian agriculture development fund, and \$1.2 million from RaboBank Rural Fund, a social impact fund of the Dutch bank. An investment from the government of Indonesia is also anticipated in 2016.

Bali Seafood's plan pulls together the whole kit-and-caboodle of social, environmental and economic re-development. “We've learned to take a

Maura Dilley is a systems-change strategist, writer and designer working at the intersection of ocean health and social enterprise.

♡ [1 LIKES](#)

💬 [0 COMMENTS](#)

🖨️ [PRINT](#)

TAGS

[CAROUSEL](#)

[INTELLIGENCE](#)

[OCEANS](#)

[SEAFOOD](#)

community-development approach to growing a sustainable seafood supply chain,” says Jerry Knecht, founder and president of Bali Seafood. “Our processing plants will be where the fish and the fishermen are, not in Jakarta.”

A career in globally supply chain management for fish has made Knecht acutely familiar with the inequitable and unsustainable relationship between local fishing economies, ecology and, the global marketplace.

“We are using technology to count fish harvested, data that provides a baseline assessment for fisheries management,” he says. “We are building brick-and-mortar plants to show that there is a constant market and trustable economy in fish. And we are hosting complementary businesses at the plants to further enable the community to grow and succeed.”

Near-shore fishing is the main source of income on Sumbawa Island, where some villages are inaccessible by road. Isolation means inaccessible markets too and a struggle to secure fair prices for the daily catch. Furthermore, there is little-to-no consequence for illegal fishing, letting unreported and unregulated fish enter the market from Indonesia. Basic community services like schools, healthcare and banking are rare, locking fishing villages into cycles of poverty.

IMPACT INVESTORS



AAVISHKAAR

Building enterprises serving humanity sustainably.

LATEST FUNDING

\$45M

Aavishkaar means 'Invention' in Hindi. Aavishkaar started in the year 2001 with a vision to invest in entrepreneurs building sustainable enterprises that can catalyze development...(more)

INVESTORS

[Collaborative Fund](#)
[Bamboo Finance](#)

SECTOR

Access to Financial Services

REGIONS

Asia

PEOPLE

[Vineet Rai](#)
[Noshir Colah](#)
[P Pradeep](#)

Aavishkaar has a reputation for walking the walk in impact investing. The [Indian social venture fund](#) takes an enterprise-based approach to development and reducing the vulnerabilities of poverty. Bali Seafood is their first investment in fish and one of the first outside of India.

“We really like the Bali Project because the business model and social-environmental impact can be replicated across the archipelago, the strong linkage to US markets, and the strength of the senior team driving the project,” senior investment manager Adi Sudewa said in an email exchange. Bali Seafood has

opened Aavishkaar up to the opportunities for investment and development through fisheries, Sudewa says. If all



goes well, more will follow.

Another investor is Rabo Rural Fund, a social impact fund that is part of Rabobank Group based in the Netherlands, one of the world's leading banks in the food and agriculture sector. Rabobank's investment will in part be used to offer long-term and fair financing to fishermen through the company gear shops.

"For Rabo Rural Fund, investing in the seafood sector is a way to reach out to a huge population of small-scale fishermen living in poverty by improving their income and livelihood," says Ellen Bogers of Rabo Rural Fund.

The expansion of food and agriculture investors into fish is a natural extension, she says. Nearshore fishers, like small producers of coffee, cacao and nuts, struggle with poverty and environmental degradation.

Like Aavishkaar, Rabo Rural Fund also takes an enterprise-based approach to development. Rather than financing small-scale fishermen directly, their supply chain investments help responsible buyers such as Bali Seafood access a secure international market and to deal in fair prices.

"For us, the Bali Project is successful if the company manages to be an example for the industry, a healthy business in the long-term that's both profitable and has social, sustainable and economical impact on the small scale fishermen."

COMMUNITY-CENTRIC

Knecht can rattle off all the ways in which the supply chain for fish in Indonesia is broken, causing fishermen to lose money and their product to lose value.

"There are lots of little men and one aggregator. He's the only one making profit. Fish move long distances on trucks or boats, pulling all economy out of the fishing villages and into Java. The collection process does not have a reliable cold chain i.e. ice or sanitation standards. It's a two-to-six day journey between fish coming off the boat to a processing plant. By the time fish arrives in Java there's a 40 to 60 percent value loss. And the loss gets passed back to the fisherman."

Fixing this broken supply chain is critical to breaking the cycle of poverty, and the resulting overfishing by fishermen who need to keep their head above water.

If one can prove that fish can be traced to the point of catch and handled hygienically onboard the boat, fish becomes more valuable. Bali Seafood has partnered with Pelagic Data Systems to provide traceability on the fish it buys. Pelagic's Ultra Lite Vessel Monitoring System, a solar-powered device the size and shape of a paperback book, will be installed on boats to passively collect the boat's location, activity, storage temperature, and catch methods. Knecht is providing Ultra Lite VMS for his fleet in the belief an investment in fisher-centric technology will pay off in premium pricing for fish and the best possible returns for the fisher.

Closing one last gap, Bali Seafood intends to pay fishermen up front for their catch. That's a radical departure from standard industry practice of paying weeks later and only if their fish sells in the city.

MAKING WAVES

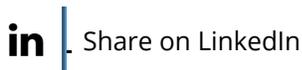
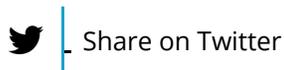
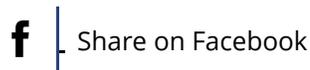
Word is getting around about the Bali Project. At a recent fishing conference in Bangkok, responsAbility & USAID approached Knecht looking to see if there was room in the deal for them. That's an indication that established economic development agencies are turning towards enterprise approaches and holistic fisheries management.

"People want in now that the thinking work has been done and the project is investable," Knecht says. He laughs, "But we never say 'No' to money!"

DISCLOSURE

*ImpactAlpha's **Financing Fish** follows investors and entrepreneurs seeking opportunities in the \$390 billion seafood industry's shift towards sustainability. Sign up for the Financing Fish newsletter.*

Photo Credit P.T. Bali Seafood International



Comments are closed

PARTNERS

liquidnet 


Equilibrium
Capital

THE WILLIAM AND FLORA
HEWLETT
FOUNDATION


THE ASPEN INSTITUTE

THE
CASE
FOUNDATION 