

APPENDIX VIII: Compliance Plan for Stakeholder Engagement

The Meloy Fund will work closely with local partners on the ground to develop deal flow, conduct due diligence and supervise its portfolio and its impacts. Throughout the project, the Fund will continue to engage relevant stakeholders to ensure the Fund's coordination and success. These engagements help to mitigate risks and ensure community buy-in, as well as improve selection of investees, execute due diligence processes, and protect against corruption.

Stakeholder engagement is a fundamental principle of good project design, and it is best practice to involve all stakeholders, including indigenous and other affected communities, as well as government, private sector and civil society partners, as early as possible in the preparation process and ensuring that their views and concerns are made known and taken into account. Both the Meloy Fund and Fish Forever believe that local populations and communities should have their say about projects that can affect their lives and that in return their involvement at an early stage can significantly improve the profitability and overall strength of the projects. The extent and nature of the stakeholder consultation required throughout the roll-out of the Fund's investments will depend on the results of the due diligence conducted on the investments, including the assessment of potential adverse impacts on Indigenous Peoples/affected communities, as well as the complexity of the investment impacts (see requirements 1.2.12 and 1.2.14 in the E&S Guidelines). Furthermore, Section 3 of the E&S Guidelines notes that stakeholder engagement is a key success factor throughout FIP development and implementation, and is therefore included as a "core component" of the entire FIP process from development through implementation.

Summary of Stakeholder Engagement Activities During Project Development

Throughout the project development phase, the team engaged in a series of information sharing and consultation activities with a wide range of stakeholders. Engagement efforts during this period largely focused on stakeholder groups that would directly contribute to the successful development and implementation of the Fund. The consultations/activities and the stakeholders involved are summarized below.

- **Potential Investors:**
The project development team has held targeted meetings with over 100 potential investors to the Fund from the US, Europe and SE Asia. Given the confidentiality of these discussions, specific names of the potential investors cannot be publicly disclosed.
- **Potential Investees:**
The project development team has been working hard to identify a diverse pipeline of investees for the Fund. Identified potential investees range from domestic to multi-national enterprises, all of which will either expand or develop new product lines to benefit local fishers, while at the same time moving towards greater environmental responsibility. During this phase, initial conversations have been held with over 50 relevant businesses, leading to the identification of investment opportunities equal to nearly USD 10,000,000 in Indonesia and the Philippines. As aforementioned, during this period, the Fund's first investment was also made in Meliomar.
- **Sources of Potential Pipeline Opportunities:**
August through September 2016, the project development team met with a diverse number organizations/companies in the region that could help direct potential investments (focused on fisheries in Indonesia and the Philippines) to the Meloy Fund and potentially collaborate through

product development. Information on the Meloy Fund, its investment criteria and E&S Guidelines was shared.

- Impact Investors:

In August and September 2016, the project development team met a number of impact investment groups to investigate potential areas of collaboration with the Meloy Fund, share lessons learned/best practices (including ESG guidelines), and gain referrals for the Fund Manager:

- Potential Partners/Project Development Partners:

During project development, the team engaged an array of organizations/companies which, through their own core competencies, could potentially add-value to the Meloy Fund activities.

- Other Relevant Initiatives:

Blue Abadi Fund, Athelia Fund, Coastal Fisheries Initiative

In June 2016, representatives from the Meloy Fund project development team, Fish Forever, the CI GEF Agency team, CI's Coastal Fisheries Initiative (CFI) projects in Latin America, the Blue Abadi Fund, and the Athelia Fund met at the Rare office in Arlington VA for an initial information and learning exchange, and to discuss potential areas of collaboration. Then in December 2016, additional representatives from the Athelia Fund held an informational conference call with representatives of Meloy Fund project development team and CI GEF Agency team. As the Meloy Fund moves into implementation, the initiatives will continue to keep each other informed of any opportunities for collaboration and relevant lessons learned.

- United States Agency of International Development (USAID)

- Development Credit Authority (DCA):

A number of meetings were held with personnel from DCA at the USAID headquarters in Washington DC to assess the potential of securing a loan guarantee for the Meloy Fund investments. The project development team continues to work closely with the DCA to conduct due diligence, discuss and agree upon the terms, negotiate the contract, etc.

- Fund Advisors/Experts:

Rare has established an “*Eco-Impact Investor Circle*” to provide guidance and expert advice as we develop and implement the Fund. This is a group of individuals who are interested in helping to de-risk investment in Rare's programmatic focal areas (such as Fish Forever), to offer opportunities for both conservation impacts and financial returns.

The Circle hosted its kick-off event in Aspen, CO on Thursday, June 30th, in conjunction with the Aspen Ideas Festival, with 12 participants in attendance. A follow up call with the Circle was then held in November 2016. A third call has since been conducted in May 2017.

- Fish Forever:

The project development team has had ongoing discussions with the in-country Fish Forever teams to ensure they understand what the Fund is, how it affects/builds on the work of the program, its direct link to the Fish Forever/country strategies, Fish Forever's involvement in due diligence and supervision, the Fund's E&S guidelines, and impact measurement. Throughout the development of the project, Fish Forever country representatives have been instrumental in engaging key stakeholders, coordinating in-country communications, and organizing/participating

in meetings regarding the Fund. The Fish Forever teams have contributed to the development of the project's Results Framework and Safeguard Plans.

○ Conferences and Expos:

Representatives from the project development team used the following conferences as opportunities to further promote the Fund, meet with potential investors, potential partners, and build the investment pipeline (identify potential investees).

- *Seafood Expo North America in Boston* (March 2016) – North America's largest seafood exposition, where buyers and suppliers from around the world come together to network and conduct business.
- *Asian Venture Philanthropy Network (AVPN) conference in Hong Kong* (May 2016) – an invite-only gathering of social investors interested in Asia. Key topics included poverty alleviation, collective impact, next-generation philanthropy, social impact bonds, and capacity-building for social organizations.
- *Seafood Expo Asia in Hong Kong* (September 2016) – a trade event where buyers and suppliers of seafood from around the world come together to network and conduct business in the lucrative Hong Kong and Asia Pacific markets.
- *Sankalp South East Asia Summit* (October 2016) – the leading common-action platform for entrepreneurship and innovation, the Summit aims to connect entrepreneurs from the region with investors, corporations, service providers, and policy makers, to facilitate their growth strategies. Representatives from the project development team attended the conference at the invitation of UnLtd. Indonesia.
- *Our Ocean* (September 2016) – joint statement about the development of the Meloy Fund were made by Naoko Ishii, GEF CEO, and Rob Walton, Chair of CI's Board of Directors, and Brett Jenks, President & CEO of Rare. This global platform offered the opportunity to announce the Meloy Fund and highlight it as a first-of-its-kind attempt to attract private impact investments into community SSF in Indonesia and the Philippines.
- *Coalition for Private Investment in Conservation (CPIC)* – representatives from the project development team were asked to present on the Meloy Fund during the Coalition's launch event at the IUCN World Conservation Congress (August 2016), and have also participated in CPIC meetings in both New York and Paris. CPIC's objective is to develop new investment models and funding streams to address the gap in funding ecosystem conservation, a gap estimated at USD 200-300 billion annually. CPIC intends to serve as hub for investors, financial institutions and country-level partners with the ability to develop and implement projects that produce financial as well as environmental returns. Rare is a partner in the Coalition.
- *18th Annual Large Marine Ecosystems (LME) Meeting* (December 2016) – representatives from the project development team were asked to provide a brief presentation on the Meloy Fund. The primary objective of the Annual Meeting is to provide a global forum for GEF-funded and other marine and coastal practitioners, leaders and institutions, aimed at sharing experiences and lessons with respect to ecosystem-based governance.

Stakeholder Engagement Plan (SEP)

The Stakeholder Engagement Plan (SEP) will be implemented in conjunction with the Gender Mainstreaming Plan (GMP) and Indigenous Peoples Plan (IPP), thus ensuring that gender equity and Indigenous Peoples rights are maintained throughout project interactions with stakeholders. Please see the GMP in Appendix X and IPP in Appendix XI.

Stakeholder	Role/Interest in Fund	Project Effect(s) on Stakeholder	Engagement During Project Implementation
Local fisher and/or indigenous communities	Source of sustainable fishery products	Increased capacity through TA provided through Fish Forever Increased financial incentives for the adoption of sustainable fishery practices	Local fisher and/or indigenous communities will be engaged
Fisher cooperatives	Investee and business partner	Increased capacity through TA Increased access to financing to scale up businesses	Fisher coops working in community fisheries will be engaged as potential direct borrowers or business partners in Meloy Fund financing.
Fish aggregators and processors	Investee and business partner	Increased capacity through TA Increased access to financing to scale up businesses	Aggregators and processors working with community fisheries will be engaged as potential direct borrowers or business partners in Meloy Fund financing.
Early stage enterprises	Investee and business partner	Increased capacity through TA Increased access to financing to scale up businesses	Early stage enterprises working with community fisheries will be engaged as potential direct borrowers or business partners in Meloy Fund financing.
Last-mile distributors, retailers, hospitality community	Potential buyers	Improved access to sustainable fish and seafood resources	Meloy Fund will seek to develop the supply chain of community fisheries and will actively engage with end buyers to build direct links with fishers as well as gain a better understanding of market demands and potential niches to be filled by small-scale fishery products.
Seafood business experts	Technical assistance	Increased access to financing to	Meloy Fund will work with external experts to strengthen the organizations it works with, when

		scale up businesses	the required knowledge is not available in house. Main technical assistance needs are expected to revolve around best seafood management practices, operational and sales support, financial management, and corporate governance.
Fisheries certifiers	Pipeline building and technical assistance	Increased access to financing to scale up businesses	Meloy Fund will engage fishery certifiers, such as Fairtrade USA or the Marine Stewardship Council, as necessary to ensure the capture of full market value.
Local Environmental Partners and Foundations	Pipeline building and technical assistance	Increased access to financing to scale up businesses	Meloy Fund will work with organizations with a strong environmental focus and local presence, such as CI, The Nature Conservancy, Lundin Foundation, Marine Change or Pinoy Microenterprise, to build its pipeline and provide technical assistance and training to fishers.
Local, provincial and national public bodies	Legal support for fishery management and potential infrastructure; Pipeline building and potential advisory board members	Increased access to financing to scale up businesses	Given Rare's experience with community fisheries, the success of any Meloy Fund investment is partially dependent on the buy-in of local and municipal governments and, depending on the size of the investment, national ministries. Similarly, we will need to rely on government to contribute to any lacking common infrastructure, such as ports or roads, and to access sources of government funding at the national level. In line with other Rare initiatives, the fund will ensure that investment projects also support the government's objectives and that synergies between government priorities and the Meloy Fund are identified.
Well connected local individuals	Members of country advisory boards	Increased access to financing to scale up businesses	Meloy Fund will set up country advisory boards to assist with pipeline development and support existing investees as well as provide a broader understanding of the business, market and industry trends. The board will be composed of accomplished professionals that meet at least biannually. It is

			expected that some of these advisors may become mentors to investees and share with them their own personal networks.
Other impact investing funds	Co-investment partners	Increased access to financing to scale up businesses	Meloy Fund may explore potential partnerships with like-minded funds to co-invest in the same organizations
Corporate Sector	Project Finance Partners	Increased access to financing to scale up businesses	Meloy Fund will seek partners (likely as an equity holder) with the corporate sector as a partner in project finance projects focused in community fisheries.
Women's groups/cooperatives/enterprises	Investee and business partner	Increased capacity through TA Increased access to financing to scale up businesses	As a key aspect of building fishing community management capacity and ensuring that women also benefit from the project, the Meloy Fund will seek to identify women's groups/cooperatives/enterprises working with community fisheries which may be potential direct borrowers or business partners in Meloy Fund financing.
Indigenous Peoples	Investee and business partner	Increased capacity through TA Increased access to financing to scale up businesses	Given that indigenous peoples are disproportionately represented among the rural poor, the Meloy Fund will work to increase their access as potential direct borrowers or business partners in Meloy Fund financing. The project will follow the FPIC standards of engagement by protecting Indigenous Peoples' rights to self-determination, participation, and decision-making. This project hinges on the engagement of local fishing communities, and will empower these communities to manage their marine resources, while integrating traditional governance into that management.

The project will monitor the following indicators throughout the life of the Fund:

- Number of government agencies, civil society organizations, private sector, indigenous peoples and other stakeholder groups that have been involved in the project:
- Number persons (sex disaggregated) that have been involved in project implementation phase (on an annual basis); and
- Number of engagements (e.g. meeting, workshops, consultations) with stakeholders.