



CLIMATE SMART SHRIMP FUND

SECTOR: LAND USE / AFOLU, SUSTAINABLE AGRICULTURE, FOOD SYSTEMS, WATER, CLIMATE RESILIENCE

REGION: EAST / SOUTHEAST ASIA, LATIN AMERICA

INVESTMENT TYPE: GRANTS, CONCESSIONAL EQUITY, COMMERCIAL EQUITY, CONCESSIONAL DEBT, COMMERCIAL DEBT

PROPONENT: CONSERVATION INTERNATIONAL

Food security remains an enormous challenge as the world moves closer to global warming beyond 1.5°C above pre-industrial levels. Global food production needs to increase by at least 50% by 2050 to meet demand.

Within this context, the shrimp sector is now the world's fastest-growing protein source. However, the sector is not without its challenges. The establishment and expansion of shrimp farms in intertidal zones have resulted in the loss of nearly 250,000 hectares of mangrove forest over the last two decades, while risks related to human and labor rights abuses, as well as viral disease outbreaks, have limited financing available for farmers on the ground.

Interventions that improve production efficiency, offer adaptation benefits, and sequester GHG emissions will therefore be highly valuable in helping the sector realize sustainable growth.

The Climate Smart Shrimp Fund provides loan packages, supported by a technical assistance facility, that enable shrimp farmers to transition to more sustainable and efficient production systems while simultaneously restoring mangrove ecosystems.

INNOVATION

The Climate Smart Shrimp Fund (CSSF) is unique in its focus on the shrimp sector in combination with mangrove restoration, supporting farmers that otherwise lack the know-how and financing necessary to sustainably intensify shrimp production. While the restored mangroves provide an important filtering service for farm effluents and increase the climate resilience of the shrimp farm, intensification in the remaining ponds more than makes up for the loss of production from ponds where mangroves are restored. As a result, shrimp farms enjoy increased production and efficiency while simultaneously decreasing climate and disease risks.

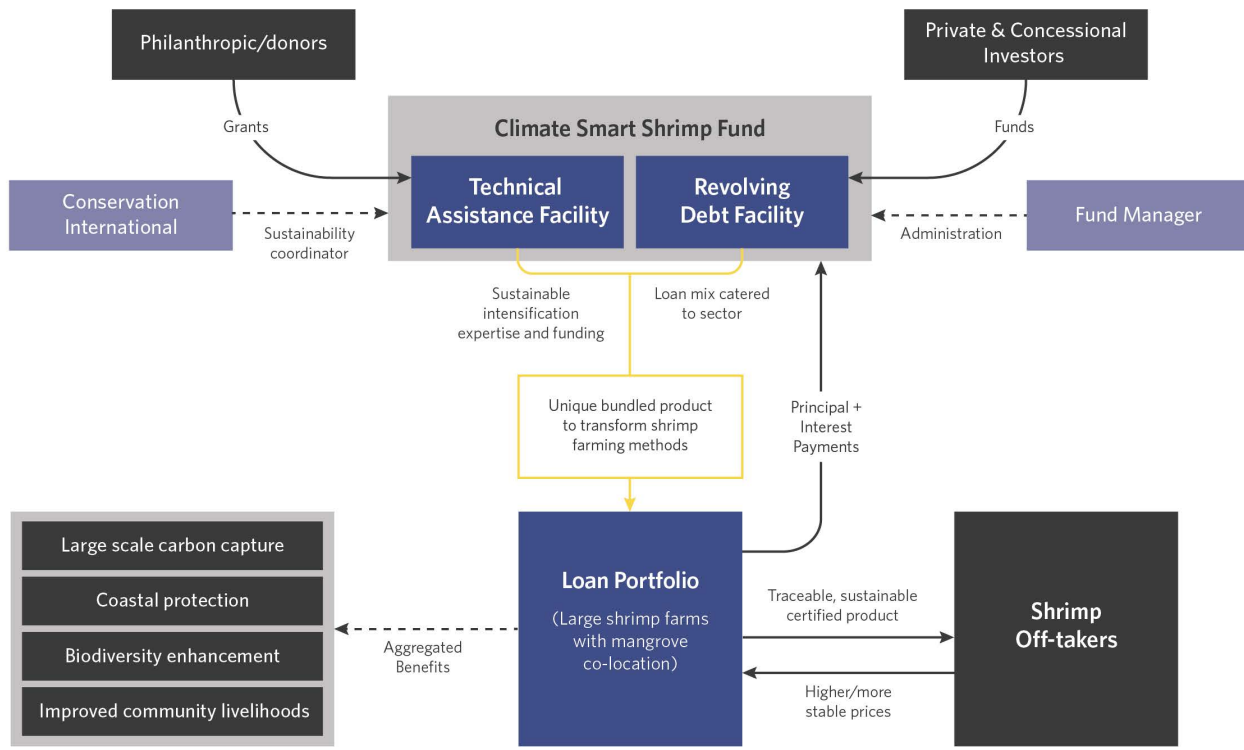
IMPACT

By supporting the transition to climate-smart production, CSSF will improve the resilience and economic outcomes of shrimp farmers, provide consumers with a higher quality product, and incentivize the shrimp sector itself to hasten its transition to more sustainable methods of production. Following pilot loans in Indonesia, Ecuador, and the Philippines to test results and secure potential future partners, Conservation International will proceed with the establishment of the formal fund. This fully scaled fund will help deliver a broad range of benefits, including enhanced biodiversity, improved coastal protection, farm efficiency and rural livelihoods, as well as large-scale carbon sequestration.

DESIGN

CSSF consists of two separate sleeves. The first is a technical assistance (TA) facility managed by Conservation International, and the second is a revolving debt facility that originates and services loans to shrimp farmers to fund intensification and restoration.

The TA facility – funded largely through grants – will provide specialized technical support, including training



to help farmers implement best management practices for intensification and usage of relevant equipment, as well as the monitoring of mangrove restoration efforts. This will allow farms to obtain sustainable aquaculture certifications, such as those provided by Best Aquaculture Practices and the Aquaculture Stewardship Council.

Moreover, loans provided through the debt facility provide farmers with the means to upgrade existing farm equipment and infrastructure. While this varies on a farm-to-farm basis, such upgrades may include the provisioning

of new aerators, auto-feeders, and disease monitoring and management equipment, as well as sensors for monitoring dissolved oxygen content, water temperature, and other indicators.

Together, these two sleeves provide a unique loan bundle to help farmers reduce pollution and disease risks while improving farm efficiency and broader climate resilience.

well as building resiliency and purchase of insurance, get translated into actual pricing. This entity is responsible for pricing both sides of the transaction- buying and selling of climate risk.

TEAM

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INVESTMENT OPPORTUNITIES		
TYPE	ROLE OF CAPITAL	AMOUNT
GRANTS/ CONCESSIONAL DEBT	To finalize support of ongoing pilot programs in Indonesia, Ecuador, and the Philippines	-USD 2-5M
GRANTS	To fund the TA facility for the fully scaled fund	-USD 5M
CONCESSIONAL EQUITY	Catalytic capital for the fully scaled debt fund	-USD 25M
COMMERCIAL EQUITY	Completing the funding required for the fully scaled debt fund	-USD 70M

The Global Innovation Lab for Climate Finance identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development. The Lab's 2022 programs have been funded by the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), the German Federal Ministry for Economic Cooperation and Development (BMZ), the Swedish International Development Cooperation Agency (SIDA), US Department of State, and the UK Department for Business, Energy & Industrial Strategy (BEIS). Climate Policy Initiative (CPI) serves as Secretariat and analytical provider.