



## Problem

Advocacy groups have a long-standing commitment to improving the sustainability of fisheries. Initiatives to reform fisheries management have been complemented by efforts to create a market for sustainable seafood. Despite a growing demand for sustainable seafood among consumers, environmentally responsible fishermen and fish farmers found that it was exceedingly difficult to navigate their seafood through a complex supply chain and reach consumers. The David and Lucile Packard Foundation asked CEA to analyze the potential for profit- and sustainability-driven solutions to address issues of seafood distribution, branding and marketing in partnership with emerging seafood businesses.

## Solution

As an experienced player in the sustainable seafood movement, CEA conducted the following process:

- Interviewed industry and nonprofit leaders to develop a better understanding of barriers to sustainability in the seafood supply chain.
- Determined that, under the historical market structure, it is very difficult to differentiate between environmentally-preferable and environmentally-harmful fish all the way through the supply chain.
- Theorized that a lack of profit- and sustainability-motivated capital was hindering the growth of young companies that, with appropriate incentives, could successfully differentiate and sell environmentally-preferable fish into the marketplace.
- Structured a growth equity fund using both philanthropic and private capital to invest in companies in the middle portion of the seafood supply chain.

## Results

CEA launched the independent Sea Change Investment Fund in March 2005 and continues to provide consulting services to the fund. Sea Change is capitalized with a low- interest program-related investment loan from the Packard Foundation, and a matching equity commitment from outside investors. This unique financial structure allows the Packard Foundation to achieve its program goals, while enhancing the return prospects for Sea Change's private investors.

## Results (cont.)

To ensure compliance with the foundation's double-bottom-line mandate, each Sea Change investment must be approved by two independent committees. First, the fund's Conservation Committee endorses all transactions based on the ability of the investment to contribute to the broader sustainable seafood movement. If the Conservation Committee signs off, the investment can then be evaluated on its financial merits by the fund's Investment Committee. Once an investment is approved, Sea Change negotiates explicit binding environmental commitments with the company. Sea Change staff then works closely with management to assist in the company's financial growth and the improvement of its environmental profile. To date, the Sea Change Investment Fund has made six investments in companies at the forefront of the sustainable seafood movement. Learn more at [www.seachangefund.com](http://www.seachangefund.com).