Triennial Report









PROOFREADING

Bárbara Castellanos

ENGLISH TRANSLATION

The Seven Seas Translations Agency

DESIGN

Marcela Rivas

Cover photo: Carlos Aguilera



Contents

| Our Voyage | 3 | |
|--|----|--|
| Milestones 2019-2021 | 4 | |
| Awards | 5 | |
| Mission, Vision and Results | 6 | |
| Alignment with International Instruments | | |
| The SmartFish Group | 8 | |
| Value Rescue Program | 9 | |
| Definition | 9 | |
| VRM, Theory of Change and Stages | 10 | |
| Progress 2019-2021 | 12 | |
| Lessons Learned | 18 | |
| Buyer Engagement Program | 22 | |
| Definition | 22 | |
| Progress 2019-2021 | 24 | |
| Lessons Learned | 26 | |
| Institutional Capital | 27 | |
| The Course Ahead | 31 | |
| Organizational Chart | 33 | |
| Acknowledgments | 34 | |
| Funders | 35 | |

















Our Voyage

During these three

years we broadened

the scope of our work

to encompass new

cooperatives, fisheries

and federal entities with

the aim of empowering

and professionalizing

many people in the

value chain.

he 2019-2021 period constituted a stage of accelerated growth and consolidation, both of SmartFish's work in fisheries and markets and of the organization itself. The COVID-19 pandemic that disrupted the planet had devastating repercussions on fishing communities, which unex-

pectedly lost their livelihood due to the closure of many marketing channels and a reduction in the prices of their products. This situation heightened the urgency we felt to promote a more resilient, equitable and environmentally sustainable model for the exploitation and commercialization of Mexico's fishery resources. The complexity of the challenges facing small-scale fisheries notwithstanding, collaborating with people in the fishing sector, civil society organizations and companies to drive solutions that benefit

the ocean and fishing communities fills us with hope and energy.

Over the course of these three years we broadened the scope of our work to encompass new cooperatives, fisheries and geographies with the aim of empowering and professionalizing many people in the value chain. Through Comercializadora HealthyFish (HealthyFish Trading Company), the commercial arm of the SmartFish Group, we increased the offer of environmentally sustainable and socially responsible seafood. We launched a buyer engagement program to drive demand for sustainable seafood, targeting retail companies and restaurant groups and working with them to develop and implement sourcing pol-

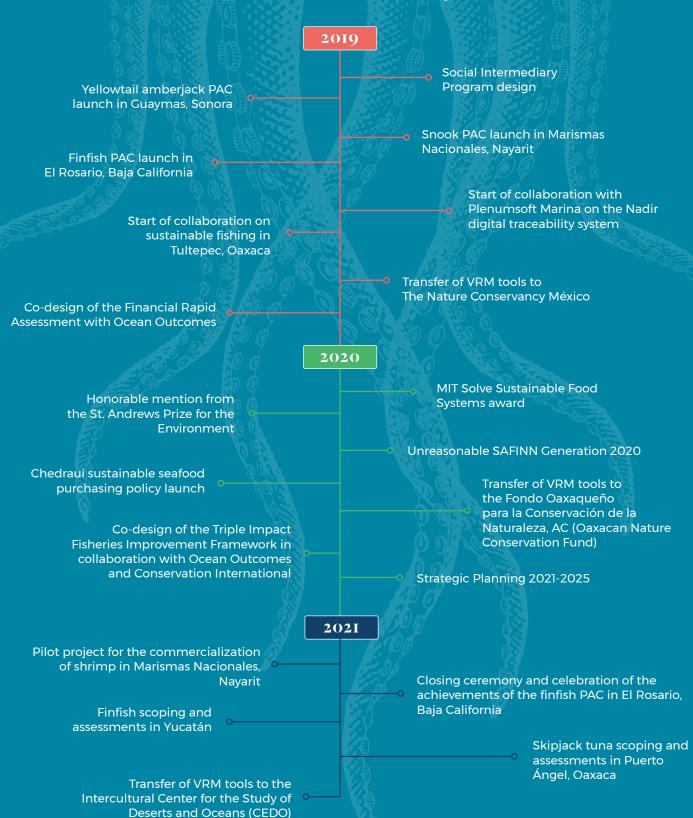
> icies that prioritize the purchase of seafood products with environmental sustainability guarantees. Our accumulated experiences, including those arising from the pandemic, steepened our learning curve and enabled us to tailor and improve our tools and strategies. At the same time, our organization became significantly more robust, which resulted in progress towards the fulfilment of our mission. The association of actions and results has received recognition within Mexico and abroad, as reflected by invitations to participate in a

variety of forums and networks, awards received, funding, and a greater diversity of donors.

I am proud to be a founder of this organization, which has crystallized the long-held dreams of a small circle of pioneers. And it is an honor to continue playing a part as Chairman of the Board of Directors.

Dr. Hoyt Peckham

Milestones 2019-2021





Awards

In 2020, SmartFish and the Comercializadora HealthyFish received two international awards for the value rescue model (VRM), a mechanism we designed to drive a more sustainable, more equitable commercialization of seafood from small-scale fisheries.

We were one of seven winners of the MIT Solve initiative in the sustainable food category. The prize was a nine-month accompaniment program during which we got the chance to learn about the experiences of entrepreneurs in the sector and were given personalized counseling.



We were runner-up for the St. Andrews Prize for the Environment 2020.



SmartFish was chosen to take part in SAFINN 2020, an acceleration program for ten emerging organizations that offer financial solutions to Mexicans who live in conditions of extreme vulnerability. We received individual mentoring from entrepreneurial and social development experts and showcased the work of SmartFish through Unreasonable Mexico's Festival Irrazonable: Reactivando México (Unreasonable Mexico: Reactivating Mexico).



Mission, Vision and Results

SmartFish is a Mexican civil society organization that promotes environmentally sustainable and socially responsible fishing.

MISSION

To foster a market for environmentally sustainable and socially responsible seafood in Mexico.

VISION

Mexico's seafood resources are harvested sustainably for the benefit of all the participants in the value chain.

RESULTS

In order to catalyze supply of environmentally sustainable and socially responsible seafood, SmartFish incubates artisanal fisher cooperatives to optimize their fishing, handling, processing and commercial capacities, thereby rescuing the value of their landings.

2013-2021

894

people trained in fishing communities

A 5 to 75% increase in the price of fish products paid to fishers

121.6

tons of whole fish product sold in preferential markets

54.87

tons of processed fish product sold in preferential markets 2,842,707

pesos for new infrastructure and equipment for four cooperative-owned processing plants

To generate demand for sustainable seafood, SmartFish advises large buyers, namely retail and food service companies, to analyze their supply chains and develop and implement sustainable sourcing policies.

2019-2021

8

companies trained in sustainable fishing, endorsements and sustainability tools

12 purchasing companies contacted

37,000

tons of fish products analyzed and assigned environmental risk ratings

2

published
purchasing
policies (a Mexican
supermarket
chain and a digital
supermarket)

Alignment with International Instruments

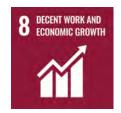
Sustainable Development Goals

martFish contributes to the achievement of the United Nations Sustainable Development Goals set forth in the 2030 Agenda, specifically: 1. No Poverty; 2. Zero Hunger; 5. Gender Equality; 8. Decent Work and Economic Growth; 12. Responsible Consumption and Production; 14. Life Below Water; and 17. Partnerships for the Goals.















International Year of Artisanal Fisheries and Aquaculture

he United Nations General Assembly declared 2022 as the International Year of Small-scale Fisheries and Aquaculture. Its goal is to direct the world's attention to the part played by small-scale fisheries in food security and nutrition, the eradication of poverty and the sustainable use of natural resources. SmartFish proudly contributes with experiences and methodologies to promote more sustainable small-scale fisheries.



The SmartFish Group

he SmartFish Group is a hybrid social enterprise comprised of SmartFish NGO and Comercializadora HealthyFish, a seafood trading company set up by the civil society founders in 2015. The company, which does business under the trade name Comercializadora SmartFish, serves as a social intermediary and offers cooperatives an option to selling their products in

better-paying market segments. If it suits their purposes, cooperatives whose products meet strict environmental, social and quality criteria may sell them through this channel. However, it is made clear to the cooperatives that receiving advice and training from SmartFish NGO in no way obliges them to sell their products to the trading company.

Comercializadora HealthyFish sets itself apart by:

- Being the only company in Mexico that exclusively trades seafood that is verified as sustainable or improving by a third party and that is fully traceable.
- Reducing the number of intermediaries between cooperatives and end consumers.
- Practicing open-book negotiations and radical transparency with its supplier cooperatives so both parties know the costs and profit margins of the different steps of the value chain. This partnership makes it possible for fishers to earn up to 100% more than they do through conventional sales channels.
- Obtaining B Corp Certification, "a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials".



Comercializadora HealthyFish was recognized as one of the world's 50 best small and medium-sized enterprises in the food sector in the Good Food for All competition held during the United Nations Food Systems Summit in 2021.



Value Rescue Program

Definition

The Value Rescue Program's objectives are:



Increase the supply of environmentally sustainable and socially responsible seafood in Mexico.



Generate incentives for fishers to participate in Fishery Improvement Projects (FIP) or environmental or social certifications.



Safeguard fishery resources for present and future generations.

Value rescue, the term we coined to describe the model we developed, refers to the deliberate harnessing of profits generated from business-related innovations and improvements for the betterment of environmental and social sustainability. The end goal of the value rescue process is to develop fisheries that deliver high-quality, food safety certified seafood that is independently verifiable as environmentally sustainable and socially responsible.

There is a transcendental difference between *rescuing value* and *adding value*. In traditional development projects, production processes and value chains are analyzed to

detect opportunities for adding value to raw materials; for example, by processing fish as opposed to selling it whole. The concept of *value rescue* goes much further:

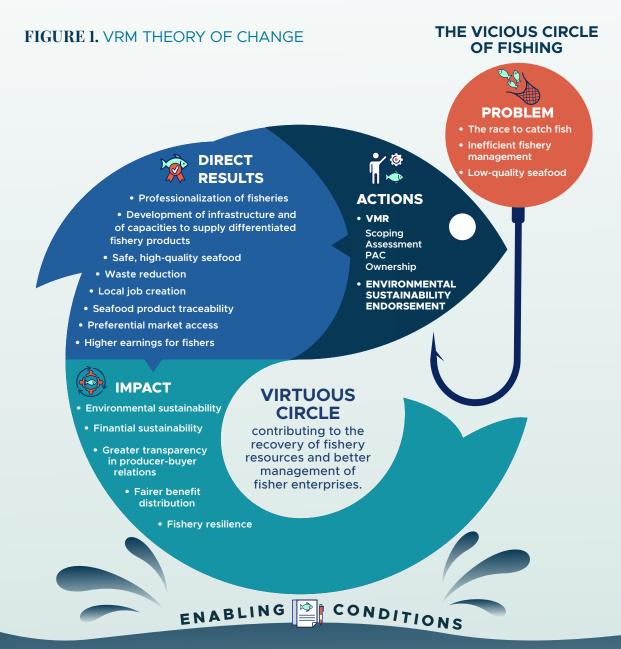
- 1. It recovers the value the fishing cooperative wastes during the catch, post-catch handling, logistics, and management by engaging in practices aimed at improving quality, reducing waste and optimizing business processes.
- **2.** It improves the fishing cooperative's value retention.
- 3. It encourages improvements in fishery management.





VRM, Theory of Change and Stages

To put the concepts and the theory of change we propose into practice (Figure 1), we developed the four-stage process to implement the VRM (Figure 2).



Regulatory framework and functional public policies

Legally incorporated and well-organized fisher enterprises

Buyers and consumers interested in sustainable fishery products

The VRM starts with the identification of cooperatives eligible for training and the tools that enable them to:



Systematically evaluate their business, social and environmental performance.



Improve the quality of their fishery products.



Strengthen their organizational business capabilities.



Improve and internalize how they manage their fishery(ies).

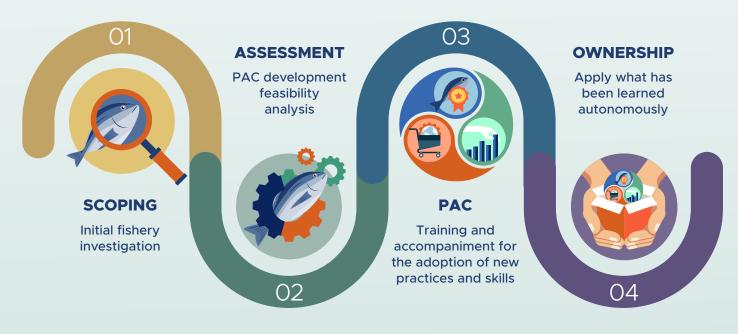


Sell their products in markets that reward them for the environmental and social values of their fishery-related activities.



Internalize what has been learned, continue the process autonomously and replicate it in all their fisheries.

FIGURE 2. VRM STAGES





Progress 2019-2021

VRM IN SMALL-SCALE FISHERIES

We rolled out the VRM implementation to eight states during the last three years. We conducted 27 scoping visits to analyze the potential of fishing cooperatives and their fisheries, eleven of which moved on to the assessment stage where we evaluated the feasibility of developing a project for accompaniment and capacity building (PAC). By 2021 we had added three projects to the PAC stage, which meant that we implemented a total of seven PACs during the 2019-2021 period. In March, 2021, one of the PACs graduated to the ownership stage, which now comprises three projects (Figure 3).

FIGURE 3. VRM APPLICATION IN EIGHT STATES IN MEXICO, 2019-2021



Note: As the VRM is an ongoing process involving sequential stages, the figure only shows the stage in effect at the close of 2021, thereby accounting for the discrepancies in the count given in the text, which covers all VRM stages started during the 2019-2021 period.

Through the PACs, we provided guicance for the financing, design and construction of four processing plants in Nayarit, Chiapas and Sonora during this period. One of these plants went into production in September, 2021. These facilities are owned by the cooperatives and enables them to add value to their

harvests and confers additional advantages including:

- The capacity to stockpile frozen products until the cooperative accumulates sufficient volume to cover shipping costs. The cooperative is no longer under pressure to quickly sell its fresh seafood.
- A higher profit margin from selling products with added value.
- Job creation in the local community, especially for vulnerable groups (for example, women).





Finfish in Guaymas, Sonora

PAC duration: 2019-2023.

Project stage: PAC.

Fishery resources: yellowtail amberjack (*Seriola lalandi*), red snapper (*Lutjanus peru*), goldspotted sand bass (*Paralabrax auroguttatus*), ocean whitefish (*Caulolatilus princeps*), and gulf coney (*Hyporthodus acanthistius*).

Environmental endorsement: FIP managed by Comunidad y Biodiversidad, AC (COBI AC).

Key results:

- Management of the financing, design and construction of a primary processing plant.
- Compliance with the National Health, Safety and Agrifood Quality Service (Spanish acronym: SENASICA) good practices management program.
- Yellowtail amberjack sales in preferential markets.
- Adoption of the Nadir digital traceability system.

Finfish in Agua Verde, Baja California Sur

PAC duration: 2019-2023.

Project stage: PAC.

Fishery resources: leopard grouper (*Mycteroperca rosacea*), triggerfish (*Balistes polylepis*), red snapper (*Lutjanus peru*,) and yellowtail amberjack (*Seriola lalandi*).

Environmental endorsement: FIP managed by Pronatura Noroeste, AC and Niparajá, AC.

Key results:

- A formal purchase offer from a company in the preferential market sector.
- A plan for a fiberglass workshop in the boat repair community.

Sea bass in Antonio R. Laureles, Nayarit

PAC duration: 2019-2023.

Project stage: PAC.

Fishery resources: white snook (Centropomus viridis).

Environmental endorsement: FIP managed by Pronatura Noroeste, AC.

Key results:

- Management of the financing, design and rehabilitation of a primary processing plant.
- Training women from the community in finfish processing.

- Temporary job creation for women in the community.
- Pilot scheme for the commercialization of snook in preferential markets.
- Financial education program and creation of a community savings group.
- Digital system to keep track of the cooperative's loans to its members.
- Exchange of experiences with cooperatives in Chiapas to learn about social organization.
- Adoption of the Nadir digital traceability system.



Finfish and shrimp in El Castaño, Chiapas

PAC duration: 2019-2023.

Project stage: PAC.

Fishery resources: snook (*Centropomus spp.*), pacific dog snapper (*Lutjanus novemfasciatus*), spotted rose snapper (*Lutjanus guttatus*), Colorado snapper (*Lutjanus colorado*), ray-finned fish (*Lutjanus sp.*), and whiteleg shrimp (*Litopenaeus vannamei*).

Environmental endorsement: FIP under construction. To be managed by Conservation International Mexico and SmartFish.

Key results:

- Management of the financing, design and rehabilitation of a primary processing plant.
- Digital records to track the cooperative's income and expenses.
- Project expansion due to the inclusion of the estuary shrimp fishery.
- Exchange of experiences with the Nayarit cooperative to learn how to add value to shrimp.

Estuary shrimp in Topón, Chiapas

PAC duration: 2019-2023.

Project stage: PAC.

Fishery resources: whiteleg shrimp (Litopenaeus

vannamei).

Environmental endorsement: FIP under construction. To be managed by Conservation International Mexico and SmartFish.

Key results:

- Management of the financing, design and construction of a primary processing plant.
- A digital tool to record production, sales and costs per fisherman.
- Calculation of earnings per fisherman at the shrimp fishery.
- Digital records to track the cooperative's income and expenditure.
- Exchange of experiences with the Nayarit cooperative to learn how to give shrimp added value.

Estuary shrimp in Las Garzas, Chiapas

PAC duration: 2020-2023.

Project stage: PAC.

Fishery resources: whiteleg shrimp (Litopenaeus

vannamei).

Environmental endorsement: FIP under construction. To be managed by Conservation International Mexico and SmartFish.

Key results:

- A digital tool to record production, sales and costs per fisherman.
- Calculation of earnings per fisherman at the shrimp fishery.
- Digital records to track the cooperative's income and expenditures.
- Exchange of experiences with the Nayarit cooperative to learn how to give shrimp added value.





Barred sandbass in Punta Abreojos, Baja California Sur

PAC duration: 2013-2015.

Project stage: ownership (from 2019, while the FIP remains in effect).

Fishery resources: barred sandbass (*Paralabrax nebulifer*).

Environmental endorsement: FIP managed by Pronatura Noroeste, AC.

Key results:

- Consistent production and monthly shipments of processed and packaged barred sandbass to preferential markets.
- Adoption of the Nadir digital traceability system for all fisheries (in 2019).

Ocean whitefish in Isla Navidad, Baja California Sur

PAC duration: 2017-2019.

Project stage: ownership

Fishery resources: ocean whitefish (*Caulolatilus princeps*).

Environmental endorsement: FIP proposed by SmartFish, adopted by COBI AC, and now managed by the cooperative.

Key results:

- Ocean whitefish sales in preferential markets.
- A new commercial channel for ocean whitefish in the cooperative store, with the same type of filleting and vacuum packing processing.
- Development of a finfish processing line at the processing plant.
- Adoption of the Nadir digital traceability system at all ocean whitefish fisheries, and not just for preferential market production.

Finfish in El Rosario, Baja California

PAC duration: 2019-2021.

Project stage: ownership

Fishery resources: ocean whitefish (*Caulolatilus princeps*), barred sandbass (*Paralabrax nebulifer*), rvermilion rockfish (*Sebastes miniatus*), starry rockfish (*Sebastes constellatus*), and California sheephead (*Semicossyphus pulcher*).

Environmental endorsement: FIP managed by COBI AC. FairTrade Certification

Key results:

- SENASICA fleet certification.
- Sales of processed, frozen and packaged fish in preferential markets.
- Inclusion of finfish in the cooperative's product catalog.
- Development of a finfish processing line at the processing plant.
- Adoption of the Nadir digital traceability system.
- Definition of the finfish fishery cost model.







VRM TRANSFER

From 2019 to 2021, we trained three civil society organizations (CSO) interested in the VRM in the use of our scoping and assessment tools. This resulted in eight scoping's and eight assessments (one in Sonora and seven in Nayarit). The Nayarit assessments led to a collaboration to develop two PACs and one FIP in collaboration with The Nature Conservancy Mexico.

NADIR DIGITAL TRACEABILITY SYSTEM

Five cooperatives adopted and implemented the Nadir digital traceability system, which makes it possible to label products with a QR code that final customers can scan to get information about the origin and history of the seafood in question. The system was developed by the Mexican company Plenumsoft Marina. Personnel from Smart-Fish, Plenumsoft Marina and the cooperatives worked as a team to make improvements and add new components to the Nadir system to streamline product reception and processing as well as to improve internal management and inventory controls at the cooperatives. Nadir meets the global seafood traceability standards developed by the Global Dialogue on Seafood Traceability.







COMMUNICATION WITH RURAL COMMUNITIES

In late 2020, we promoted a virtual meeting of 10 CSOs to discuss the challenges encountered when communicating with rural communities and to propose strategies to communicate more effectively. In order to encourage a collective reflection, participants shared real-life examples of breakdowns in communications between the CSOs and fishers, farmers and ranchers. The group then identified the most common errors perpetrated by CSOs and systematized a series of recommendations to improve communications with beneficiaries.

The group also identified additional difficulties inherent to remote communication that were intensified by the COVID-19 pandemic and outlined a number of suggestions for dealing with them. This joint exercise helped the SmartFish team to be more aware and deliberate when preparing meetings with partners in fisher communities, to create spaces at meetings for participants to share their views, to give partners sufficient time to collect the information requested by SmartFish and to repeat and reinforce key messages as often necessary. The report can be found at: https://www.smartfishac.org/comunicación/informes.

FISHER EXCHANGES BETWEEN NAYARIT AND CHIAPAS

In 2021, we coordinated a fisher exchange among four shrimp cooperatives in two coastal protected areas: the Ignlogar Cooperative from the Marismas Nacionales Nayarit Biosphere Reserve and three Cooperatives from the Encrucijada Biosphere Reserve in Chiapas: Luchadores del Castaño, El Carrizal, and Los Agostaderos de Topón. The goal was for three of the cooperatives from Chiapas to see the processing facility in Nayarit and learn about Inglogar's experience in post-harvest value-addition and processing. On the return exchange, Inglolar members witnessed the strong social organization and institutional best practices of the Chiapas cooperatives.

The people who participated in the exchange were astonished by the differences they found between the cooperatives but dialogue flowed easily because of their shared experiences. Moreover, when participants saw the plant in operation in Nayarit and familiarized themselves with the internal organization systems of the groups in Chiapas, it became easier for them to put the new ideas into practice. We are grateful to the staff at the Comisión Nacional de Áreas Naturales Protegidas (National Commission for Natural Protected Areas) from both biosphere reserves, to Conservation International Mexico and Pronatura Noroeste, AC, for their valuable contributions to the exchange, and to Fondo Mexicano para la Conservación de la Naturaleza, AC, for its financial support.



Lessons Learned

SELECTING FISHERIES AND FISHING COOPERATIVES TO WORK WITH THE VRM

We conducted 27 scopings of fishing cooperatives between 2019 and 2021. Of these, only 40.7% passed directly to the assessment stage. We believe that this lower-than-expected pass percentage can be attributed in part to the fact that the institutions or organizations that ask us to analyze the value rescue potential of the cooperatives often overlook some of the fundamental market access characteristics, which are evaluated in the value-rescue index. Other types of accompaniment are more suited to many cooperatives to enable them to

make the adjustments they need to make progress towards selling their products in preferential markets. To close the gap between scopings and assessments, we have set up partnerships in different parts of the country, like Oaxaca, where we are working with other organizations and government agencies to train cooperatives and help them make progress in basic matters such as obtaining permits, internal organization, certifications and management practices so that they can then enter a value rescue process.



BUSINESS ADVISORY SERVICES

The PAC business advisory services are designed for the cooperatives' leadership councils and administrative staff. We have learned that it is not enough simply to provide the leaders and administrators with technology and training and to design digital tools for them to capture information. The following aspects must be taken into account:



Level of education and experience with technology. The lack of specific knowledge hinders learning and the adoption of systematic record-keeping. Consequently, constant reinforcement and follow-up on lessons learned and hands-on practice are required, in addition to repeated training sessions.



The timing and sequencing of the training modules must be adapted to the particular circumstance of each cooperative so that leadership councils understand their usefulness and the value of adopting them. For example, succession planning support should be offered when the leadership council is about to change and financial records training should be done when there is seafood production.



It is important to create interpersonal trust with the leadership council members so that they feel comfortable approaching SmartFish advisors to seek advice when presented with important decisions, such funding or investment opportunities and purchase offers. The goal is to ensure the leadership council members understand the potential economic and other advantages or disadvantages of each initiative before making a decision.



The possible reluctance of the leaders to share confidential and sensitive information requested for advisory sessions in a timely and transparent manner may become a factor that halts progress on projects, either because the cooperative leaders are wary or perceive a conflict of interest.

CHANGES IN COOPERATIVE LEADERSHIP

The regular renewal of the cooperatives' leadership council is one of the risks to PAC progress. The councils are typically renewed every two or three years. We continually underscore to current leaders the importance of sharing information and knowledge with the rest of the fishing cooperative members with the future leaders; we emphasize that it is one of the pillars of a consolidated organization and that it will have an impact on the entire group's welfare over the long term, rather than benefiting a few individuals in the short term. As decision-making is usually concentrated in a few individuals, we strongly recommend presenting important issues to the General Assembly for discussion and approval. Although we are trying to refine the processes that make group leaders more accountable by defining internal communications (fishing cooperative messages and communication channels) and leadership council succession plans, it is a complicated issue and leaders are not always open to addressing it.

THE ADVANTAGES OF FREEZING

Developing the capacity to process and freeze their harvests confers important advantages to the cooperatives. Freezing allows sufficient production to be stockpiled to cover shipping costs and eliminates the pressure to sell fresh, highly perishable products at prices dictated by buyers at the landing sites. Market acceptance of frozen seafood increased significantly during the COVID-19 pandemic confinement as consumers looked to buy products in less perishable presentations (frozen, prepared, canned, etc.).





ACCOMPANIMENT IN THE USE OF INFRASTRUCTURE

The acquisition of equipment and infrastructure (such as seafood processing plants in the locality) during the course of the PAC can become more of a problem than a benefit to the fisher cooperatives unless they have the technical capacities to use the equipment as well as the income streams necessary to operate and maintain the facilities. For this reason, we carry out a financial viability analysis in conjunction with the cooperative prior to any investment to verify that the operation of the facility will be financially sustainable. We also create plans to ensure that the personnel will receive the training necessary to correctly and safely operate, maintain and renovate the equipment and infrastructure. The reliable supply of electrical energy has been a challenge in several PACs.

THE ROLE OF THE BUYER

We have found that cooperatives show greater compliance with their PAC and FIP commitments and obligations when, from the beginning of the process, they have a formal purchase offer with an attractive price that is conditioned upon achieving quality criteria, product presentations and environmental and social performance. Thanks to their collaboration with Comercializadora HealthyFish, cooperatives clearly visualize what needs to be done to reach a preferential market segment. Moreover, when the buyer requires compliance with environmental, social and quality standards and the use of a digital traceability system, the adoption of the practices needed to attain these is much more efficient.

THE COVID-19 PANDEMIC AND THE VRM

Sales of canned and frozen fish products in supermarkets and home deliveries rose during the COVID-19 pandemic quarantine. However, at the beginning of the pandemic most small-scale fishing cooperatives in Mexico did not have access to this sales channel due to their reduced capacity to conserve, process or transport fish products to the regions of highest consumption, to raise working capital and to distribute their products to the end buyer. VRM makes it possible to bridge the gap and make small-scale fishing cooperatives more resilient by increasing their capacity to respond to disruptions, to self-organize and adapt to changing contexts.

During the first two months of the COVID-19 contingency, cooperatives that had already reached the VRM commercialization phase were able to sustain their level of sales to Comercializadora HealthyFish. While the demand for fresh fish products in conventional markets dropped, the demand for frozen and packaged products grew, thereby demonstrating that sales channel diversification during this period benefited the cooperatives implementing the VRM system.





Buyer Engagement Program

Definition

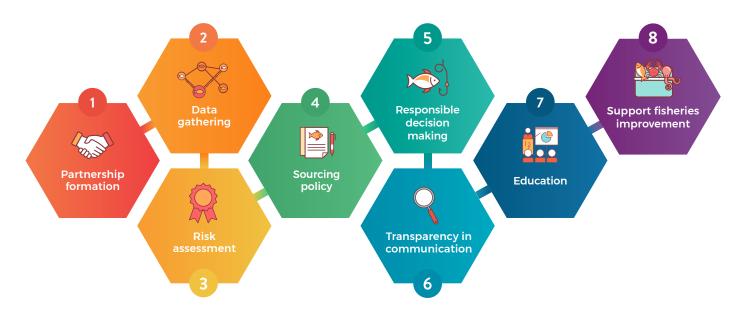
he Buyer Engagement Program seeks to integrate the concept of sustainable fishery products into the culture of large seafood buyers so that they can use their influence to encourage improvements in fisheries and aquaculture farms. This way large companies can contribute to safeguarding fishery resources for present and future generations and ensuring social responsibility in the supply chain. This program is inspired by the experience and methodologies developed by organizations in the United States that form part of the Conservation Alliance for Seafood Solutions. This Alliance's vision is of seafood buyers as powerful drivers of change.



BUYER ENGAGEMENT MODEL

SmartFish launched its Buyer Engagement Program in early 2019. The model we have designed outlines eight steps along the ideal route companies can follow to implement a sustainable seafood purchasing policy. We provide advisory services to tailor the model to the priorities or needs of each company.

FIGURE 4. BUSINESS LIAISON MODEL STAGES



- Partnership formation: Signing an agreement formalizing the terms and conditions of the collaboration between the seafood purchasing company (e.g. retailer or restaurant chain) and SmartFish.
- Data gathering: Collection and analysis of information on the company's current seafood portfolio, including species and origin.
- Risk assessment: Periodic analyses and reports regarding the environmental, social and legal risks associated with the seafood in the company's product catalog.
- Sourcing policy: Creation of a sustainable seafood sourcing policy, including specific goals and timelines, which should be readily available to customers and the general public.

- Responsible decision making: Collaboration with the staff responsible for seafood purchasing to search for and select traceable, legal, products, whose origin can be verified, ideally with third-party sustainability endorsements.
- Transparency in communication: Transparency in communications concerning products sold by the company and actions being taken to comply with the sustainable seafood sourcing policy.
- 7 Pliers to broaden their understanding of sustainability and empower them to use these criteria when making purchasing decisions.
- Support fisheries improvement: Pressure and support exerted by buyers along the value chain for fisheries and aquaculture farms to adopt better practices to ensure a long-term supply of sustainable seafood products.



Progress 2019-2021

Ithough we officially set up the Buyer Engagement Program strategy in 2018, it was only in early 2019 that we started putting it into practice. The first steps involved doing market research into seafood products in Mexico. Our research included mapping out the businesses involved to get a clear picture of supply chain structures: key stakeholders, the routes traveled by the main products in the country, marketing dynamics, principal buyers, and organizations whose programs take demand issues into account, among other factors.

During 2019, we reached out to the companies we initially wanted to work with and started building a relationship with them. In the following two years, we contacted the

country's major retail companies and forged partnerships with three supermarkets and two restaurant groups (Table 1). We also reached out to other distributors to explore the possibility of setting up an advisory program for them. Even though the process has been fraught with challenges and there was a lot to learn, the progress made is evident.

This is an opportunity for the companies we work with to improve their supply chains. We know that their purchasing decisions will impact their suppliers, other supermarkets, fishers and products, as well as consumers. But more importantly, we expect these decisions to have a positive impact on fishery resources and ecosystems.

TABLE 1. PARTNERSHIPS WITH SUPERMARKETS AND RESTAURANTS, 2019-2021



Supermarkets

| Company | Chedraui | Walmart México | Dilmun |
|---------------|---|---|--|
| Project start | 2019 | 2019 | 2020 |
| Key result | At the end of 2020, Chedraui announced its sustainable seafood purchasing policy at the Latin American Summit for Fisheries and Aquaculture Sustainability. | We trained the company's seafood procurement and sustainability teams in the use of Metrics, a tool designed by Sustainable Fisheries Partnership for analyzing product catalog-associated risk, and provided support by collecting data from suppliers and drawing up reports. | In early 2021, we helped develop thee purchasing policy, which was subsequently published on Dilmun's website. |



| Empresa | CMR | Toks |
|---------------|---|---|
| Project start | 2019 | 2021 |
| Key result | We analyzed the environmental risks associated with the company's seafood supply chains and made recommendations for improvement. | We analyzed the environmental risks associated with the company's seafood supply chains and made recommendations for improvement. |



A SUCCESS STORY

At the end of 2020, Chedraui, Mexico's third largest retailer, announced its commitment to sustainable fishery sourcing at the Latin American Sustainable Seafood Summit. This is a precedent-setting event in Mexico: it demonstrates that a large company can make business decisions while taking into account the environmental sustainability of the products it purchases. Even though changes in sourcing take time and the impact on resources will not be immediate, these initiatives demonstrate that positive change in the sector is possible.

There are a variety of ways in which traditional seafood sales practices can be transformed while contributing to fishery resource sustainability: for example, by exploring alternatives and identifying substitute products for species listed as endangered or overexploited by national and international assessments such as those of the National Commission for the Knowledge and Use of Biodiversity (CONABIO), the International Union for Conservation of Nature, Seafood Watch, and Fish-Source; helping their main suppliers find options with sustainability guarantees; or removing endangered products or species from the product catalog..





Lessons Learned

SUSTAINABLE PRODUCT SOURCING: COMPANY INTEREST VS. COMPLEXITY

Companies are interested in sourcing domestic products from small-scale fisheries that have an environmental sustainability endorsement and in protecting the reputation of their brand. However, they face a number of challenges. On the one hand, they are concerned about the high prices of certified products and consumer misinformation concerning this type of product. On the other hand, they require a constant, reliable supply of product

which small-scale producers are not always in a position to offer. In most cases, they need store-ready products to be delivered to their distribution centers and therefore require that their suppliers have the interest and capacity to meet these requirements. The combination of every company's product catalog, goals, and internal processes are unique. Consequently, we have to adapt the support we offer to different contexts.

DEPARTMENTS INVOLVED AND STAFF ROTATION

During the time we have been offering the Buyer Engagement Program, we have seen that the success and fluidity of the processes depend primarily on the individual staff members participating in the project. Purchasing departments should be involved because their managers are those who handle sourcing information and supplier relations. However, we have obtained better results when departments outside company operations, such as corporate social responsibility (CSR) or sustainability departments also become involved because they take a different view of the vision of the business, think long term and are concerned about the company's reputation. We have found that it is essential to get the CSR departments involved to help monitor processes and ensure that the agreed commitments are fulfilled.

Another main factor that delays the implementation of work plans is frequent personnel departures, especially in the purchasing departments. Constant staff turnover hinders the continuity of processes and important business decisions in addition to hampering SmartFish's relationship with the company. Therefore, it has been crucial to involve more departments or individuals so that, in the event of a change of personnel, it is possible to provide follow-up and promptly resume the project with the new person in charge.



Institutional Capital

or SmartFish to achieve its mission and have a positive impact on small-scale fisheries, fishing communities and the sustainable fish product market, we must be a robust organization. During 2019-2021 SmartFish has undertaken the following institutional effectiveness measures:

- Systematized internal processes: We created a six volume institutional manual containing a repertoire of protocols and guidelines that standardize our practices and describe internal processes.
- **2. Strategic planning:** We carried out the organization's first five-year strategic planning exercise with the participation of the entire team, the Board of Directors, key partners, donors and Comercializadora HealthyFish.
- 3. Salesforce Platform: We developed customized Salesforce modules to streamline project management, registration of services rendered to cooperatives and companies and monitoring of institutional outputs and outcome indicators.

- **4. Internal communication:** We set up spaces to improve communications (weekly meetings, check-ins, WhatsApp groups) and to strengthen team ties (collaborations, annual meetings, recreational and social activities).
- **5. External communication:** We redesigned our website in 2019; we launched Fish Clips, a monthly seafood news bulletin; and published SmartFish's first report on the first five years of our organization's outcomes.
- **6.** Team strengthening: By means of a careful selection process, we hired seven new staff members the 2019-2021 period: a 70% increase. The team participates in regular capacity building activities to develop interpersonal skills, acquire specialized knowledge relevant to their work, and receives benefits aimed at self-care and ensuring a friendly, healthy, and productive work environment.

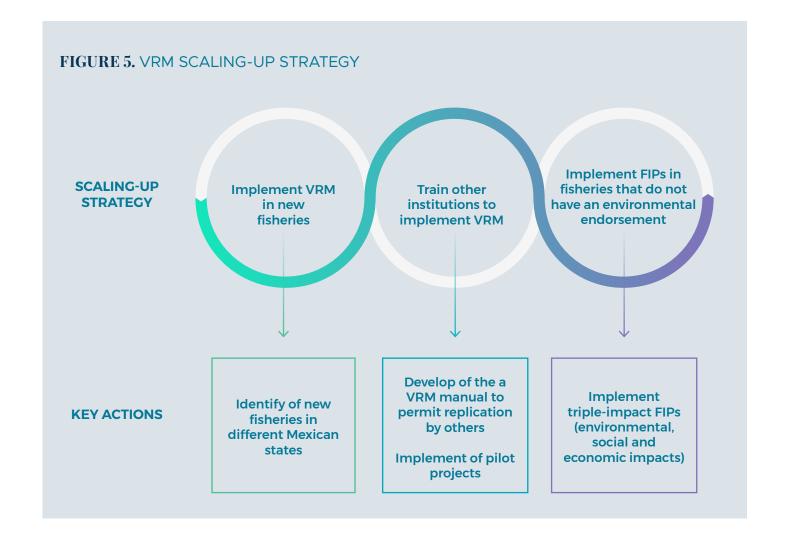




Strategic Planning 2021-2025

n 2020, with the support of the Transition.Coach facilitation team we undertook a participatory strategic planning process with the organization's staff and board of directors, and feedback from key partners. The process focused on reviewing lessons learned in recent years and defining objectives for the next five years, with particular emphasis on how to scale-up the impact of VRM. The planning process resulted in three strategic objectives for the next five years:

- 1. Increase the supply of small-scale seafood products with a sustainability and social responsibility endorsement. To achieve an increase in market impact, we also developed a scaling strategy, which is described below.
- **2.** Increase the demand for sustainable seafood from large buyers.
- **3.** Ensure that SmartFish has the financial resources, partnerships, human resources and governance to achieve its strategic objectives by 2025.



Contributions to Collective Impact Efforts

ollaboration has always been a way of accelerating and expanding SmartFish's work to foster sustainable fisheries. Since the creation of the organization, we have built partnerships with various stakeholders. We are active members of *Impacto Colectivo por la Pesca y la Acuacultura Mexicanas* (Collective Impact for Mexican Fisheries and Aquaculture), which has produced a document entitled *Compromisos de comercialización para la adquisición responsable de pescados y mariscos* (Marketing Commitments for Responsible Fish and Seafood Purchasing), available at www.icpmx.org.

We are a member of the Conservation Alliance for Seafood Solutions (CASS), an international network of organizations and companies that drives improvements in environmental sustainability and social responsibility in the fishing industry. The SmartFish's is a member of the Alliance's Advisory Council, as well as of FisheryProgress.org and Seafood Alliance for Legality and Traceability advisory committees. She was also part of the technical working group convened by the *Comisión Nacional de Acuacultura y Pesca* (National Commission of Aquaculture and Fisheries) to draft federal regulations for seafood traceability in Mexico, NOM-038-SAG/PESC-2021 Specifications of the traceability system for fishery and aquaculture products.





FISHERY PROGRESS.ORG







More Effective Collaboration

Te have sometimes encountered obstacles in our efforts to collaborate with other institutions. Common challenges include inadequate communication and misunderstandings and divergent expectations which undermine trust and results in delays and even project or collaboration failure. To overcome these obstacles and establish more open, lasting, and efficient collaborations we created a tool for one-on-one collaborations. We call it Artilugio para la Colaboración (Collaborative Gadget).

In this framework, we define collaboration as the process of two organizations (usually CSOs) working together to complete a task or achieve a common goal. The *Artilugio* guides the two collaborating organizations through four stages to achieve more effective collaborations.

FIGURE 6. STAGES FOR EFFECTIVE COLLABORATION



Self-reflection

Analyze the need

for and capacity to

collaborate.

Collaboration plan

Set expectations and collaboration rules.

Plan the collaborative project as a team (what, how, when and who).



Work plan

Implement the work plan.

Establish efficient communications.

Deal with unexpected occurrences and disputes.

During the collaboration



Effective collaboration index

Measure progress and evaluate the collaboration.

Before the collaboration

At the start of the collaboration

1. Self-reflection consists of a questionnaire that each organization answers individually within its team. This makes it possible to understand the other organization's collaboration needs, expectations and current situation to decide if collaboration is the right way to achieve the goal.

- The organizations make explicit the risks, expectations, responsibilities and roles they propose to play in the collaboration. It specifies internal and external communication strategies and conflict-resolution mechanisms.
- 3. The work plan outlines the goal, results, activities and responsible parties in the specific collaboration project. It can also record progress made and any

changes that were needed.

4. The effective collaboration index measures the quality of collaboration after a certain time, either periodically or at the end of the project. Periodic measurement facilitates changes that improve the quality and efficiency of the collaboration or helps decide whether it should be terminated.

STAKEHOLDER MAPPING

In 2021, we mapped the individuals and institutions that we interact or collaborate with in the course of our work. Categories include government agencies, foundations, partnerships, CSOs, fishing cooperatives, fishing cooperative federations, companies, research centers, and universities. The map is a good starting point for identifying the most appropriate communication strategy for each stakeholder category and helps detect the different types of relationships within each category.

The Course Ahead

Fishery Improvement Projects (FIPs)

ne of the VRM scaling-up strategies resulting from our strategic planning was the implementation of FIPs in fisheries that do not have an environmental endorsement. We expect to launch at least three FIPs in 2022:

- 1. Whiteleg shrimp (*Litopenaeus vannamei*) in Marismas
 Nacionales, Nayarit in comanagement with The Nature
 Conservancy México.
- 2. Skipjack tuna(*Euthynnus* lineatus y Katsuwonus pelamis) in co-management with the Fondo Oaxaqueño para la Conservación de la Naturaleza, AC (The Oaxacan Nature Conservation Fund).
- **3.** Whiteleg shrimp (*Litopenaeus vannamei*) in La Encrucijada, Chiapas, in co-management with Conservación Internacional México

Value Rescue Manual

etween 2019 and 2021 we compiled information to create a manual for organizations wishing to implement SmartFish's VRM. This manual puts our learning at the disposal of individuals and institutions that want to help improve the environmental, social and economic sustainability of small-scale fisheries.

The manual contains three sections: the theoretical fundamentals of VRM, the theory of change, risks, safeguards and alignment with international instruments; a description of all VRM stages; and a number of attachments with the instructions, templates and documents required for the different VRM stages, as well as a digital library. The manual is to be published on our webpage in 2022: https://www.smartfishac.org/, and on the portal of The Small-Scale Fisheries Resource and Collaboration Hub: https://ssfhub.org/.





Transfer of VRM tools

n 2022, we will also develop materials to train businesses to implement VRM in the future, based on the experience gained from the transfer of tools for the first two stages: scoping and assessment. Specifically, we will prepare the training protocol and monitoring plan to follow-up on these training courses and the results achieved by organizations that implement them.

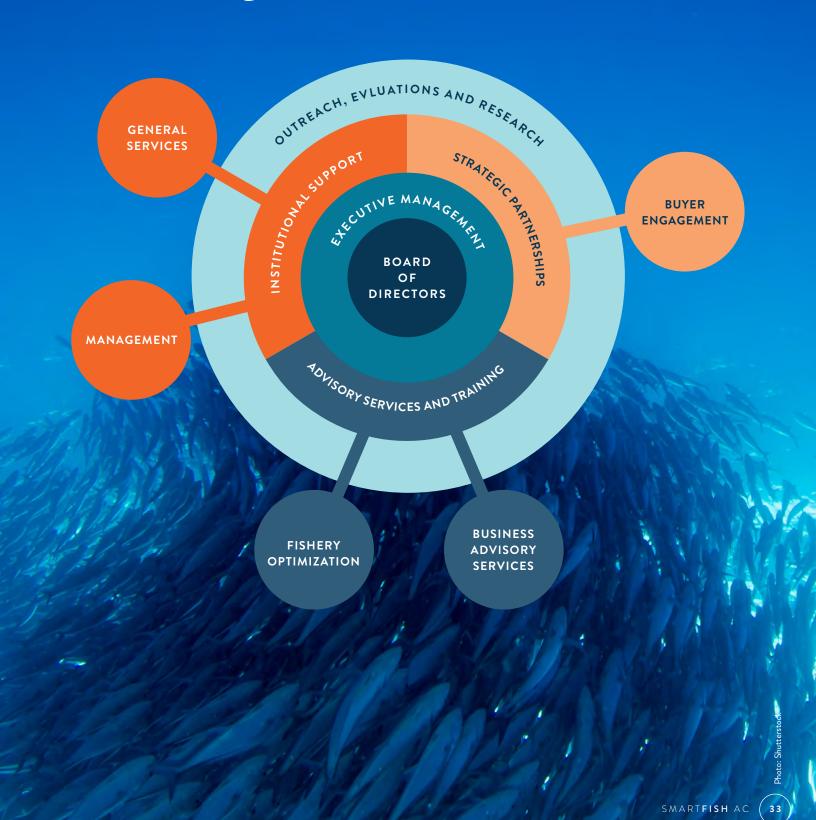
Consultancy Program for Intermediary Companies

o address the entire the value chain of sustainable fish products, SmartFish is looking into the possibility of direct collaboration with seafood distribution companies. These are intermediary companies interested in receiving advisory services in process optimization including production and logistics, in complying with the quality and environmental sustainability requirements their clients demand, in improving their supply chain traceability, and demanding the adoption of better practices in the fisheries that supply them.

In 2021, we will develop a catalog of services and their implementation strategy. We also conducted a pilot project to assess our advisory services and receive feedback. With the information thereby obtained, we will formalize the advisory process in 2022 and start looking into the possibility of engaging with more companies.



Organizational Chart





Acknowledgements

The progress and achievements of SmartFish have been possible thanks to:

The cooperatives and individuals involved in the different aspects of small-scale fisheries that facilitate our collaboration in their fisheries and businesses.

The CSOs we work with in the field and the CSOs, networks, and partnerships that drive systemic change.

The Comercializadora HealthyFish team.

Individuals in supermarket and restaurant chains who drive change in their businesses.

The individuals who generously contribute their time, knowledge and effort to build, improve and make responsible fishing a reality in Mexico.

The funders who support our work.

Funders

















WALTON FAMILY
FOUNDATION













La Paz, Baja California Sur Mexico

Tel. (612) 129-5550 admin@smartfishac.org www.smartfishac.org