

Biodiversity Challenge Funds Projects

Darwin Initiative, Illegal Wildlife Trade Challenge Fund, and Darwin Plus Half Year Report

Note: If there is any confidential information within the report that you do not wish to be shared on our website, please ensure you clearly highlight this.

Submission Deadline: 31st October 2022

Project reference	DARNV001
Project title	Incentivising responsible fisheries in Central America: testing novel intermediary models
Country(ies)/territory(ies)	Honduras, Nicaragua
Lead partner	Fauna & Flora International
Partner(s)	La Asociación Pro Comunidades Turísticas de Honduras (LARECOTURH) Centro de Estudios Marinos (CEM) Fundación Cuero y Salado (FUCSA) Fundación Cayos Cochinos (FCC) Fundación Islas de la Bahía (FIB)
Project leader	Hazel Akester
Report date and number (e.g. HYR1)	31/10/2022 HYR1
Project website/blog/social media	N/A

1. Outline progress over the last 6 months (April – Sept) against the agreed project implementation timetable (if your project has started less than 6 months ago, please report on the period since start up to end September).

Following an accepted Change Request, the project started on 01/06/2022.

Feedback

We plan to integrate all of the feedback provided to strengthen this project. Regarding this feedback, a few updates/clarifications are included below.

- **In response to lack of clarity around post-project sustainability, long-term incentives and viable threshold of gain makers:** we will be piloting at least five business models in a more theoretical capacity before allocating funding to two business models that will be piloted practically. The initial pilot will focus on running financial projections and establishing agreements with supply chain actors. This will support a more informed, critical evaluation of which pilots are most likely to be profitable long-term, when their breakeven points might be expected, and what kind of incentives would be required to ensure their longevity.
- **In response to lack of clarity regarding environmental standards:** there is a 2017 Fisheries Law that the seascape partners are sharing with communities so that their feedback can be integrated by the competent authority for fisheries (DIGEPESCA), prior to its formal implementation as of next year. Each of the three MPAs across the Atlántida Seascape also has a management plan that was updated last year, incorporating community feedback. All partners, particularly MPA co-managing partners, work closely and regularly with community members to ensure that they are aware of the implications of these management plans and the regulations and zonation of each MPA. Compliance with these measures is incentivised through regular work with communities to tangibly link ecosystem wellbeing and resilience with their own individual and community wellbeing and resilience.
- **In response to considering funding for or linked to an accreditation process, such as MSC:** while the value of meeting responsible fisheries standards and undergoing third-party accreditation against these is clear, the barriers to MSC accreditation for small-scale fishers are high. As such, the Honduras programme will instead trial the first internationally-applicable standard for small-scale fisheries (SSF), Community Catch. This standard is currently being developed by a Steering Group including consultants with experience working for MSC, large supermarkets, and FFI. We will review how this or a similar standard, slotting into existing certification schemes, could evidence responsible fisheries in order to access premium prices.
- **In response to whether this is a solution requested by the fishing communities:** our Darwin Innovation project emerged from a precursor markets project that implemented Participatory Market Systems Development (PMSD) with seascape communities to identify the barriers and opportunities within finfish and spiny lobster SSF supply chains. Some of the relevant barriers identified included insufficient collectors of fisheries products from multiple different fishers (i.e. an intermediary that could amass sufficient volume to sell to a processing plant, supermarket or similar, without individual fishers needing to increase their own catch); inability of individual fishers to wait for monthly rather than weekly income from higher-paying clients (requiring an intermediary to assume this financial burden instead), and inability to cold store fish so that catch from the day doesn't need to be sold immediately at whichever price is available on the mainland (i.e. requiring a collection/storage centre).

Project updates, included under their respective activities for the first six months of the project.

1.1 Run a conservation enterprise workshop with partners in Honduras to facilitate the preliminary design of at least five intermediary models that would improve SSFs equitable access (with particular consideration for women and Garifuna communities) to better and more

stable prices for their catch, on the basis of responsible fisheries that support ecosystem and livelihood recovery in the Atlántida seascape

FFI ran an in-country workshop from 15/08 – 19/08, led by our Conservation Finance Officer and attended by FIB (1), FUCSA (3), LARECOTURH (4), CEM (2), Seascope Facilitator and FFI (Project Lead). FCC unfortunately could not be present due to the designated staff member contracting Covid-19 shortly beforehand. The Seascope Facilitator and Project Lead have worked through the training with FCC separately.

During this week, training was delivered following the agenda below:

Theme	Activity	When	Output
Why sustainable finance for this landscape and how to achieve it?	Introductions	Monday AM	1) Understanding of sustainable finance
	Objectives of Organisations		
	What is a Nature Positive Enterprise?		
	What is a Lean Start-up Approach		
	Project Road-Map		
Enterprise environment	Landscape Assessment	Monday PM	2) Business Concept
	Enterprise Objectives		
Enterprise concept	Product selection	Tuesday AM	
Refine business model	Value Proposition	Tuesday PM	3) Business Model Canvas
	Customers	Tuesday PM	
	Day in field	Wednesday	
	Operations	Thursday AM	
	Finances		
	Governance	Thursday PM	
	Impact	Friday AM	
	Time to work on business model and ask questions	Friday PM	

After spending two days focusing on learning the concepts of sustainable financing, nature-positive enterprise and business model development tools, the partners were led step-by-step through business model development sections, with practical sessions on the development of each section. By the end of the process, all partners had a draft of the business model they had chosen to implement (with chosen models being those that scored highest of those they proposed for their geography/protected area).

Throughout September and early October, partners have continued researching and finalising a first full draft of their individual business models, reviewing each other's models where more than one partner would be working together on the model. This is in preparation for community visits throughout the rest of October and November, where the same concepts as the partners were trained in will be shared and business models will be amended and refined based on community feedback. Crucially, these participatory sessions with community members will sense-check the vision and mission of the enterprise models, to ensure that there is agreement between community members and partners as to the goal of the nature-positive enterprises proposed.

Training materials available on request.

1.2 Review and evaluation the five intermediary business models for their potential to address i) identified supply chain gaps, ii) equitable access barriers and iii) threats to biodiversity. Select at least two models for pilot funding.

The longlist of 19 enterprise models proposed was scored for rentability, environmental impact, social impact, alignment to project outcome, equity, capacity of partners to implement, scalability/replicability and how the enterprise would be perceived by relevant stakeholders. These criteria were discussed and agreed with the five project partners. Five of these intermediary models were selected for initial theoretical testing (as described above), including financial projections, breakeven analysis and market actor discussions, prior to launching into pilot funding for working capital and equipment (in line with Risk Register mitigation measures row 15).

1.4 Provide technical advice on stock management, handling, responsible marketing and book-keeping in support of the development of the designed intermediary business models from concept to test phase. Support the implementation of “lean start-up” approaches and general problem-solving in development phase.

This activity is ongoing for the full first year of the project, in line with the project timeline. Partners have received initial training described, and are now receiving mentoring from FFI’s Conservation Finance Officer. A second workshop is planned for the Spring 2023.

2. Give details of any notable problems or unexpected developments/lessons learnt that the project has encountered over the last 6 months. Explain what impact these could have on the project and whether the changes will affect the budget and timetable of project activities.

The project notes the importance of financial projections prior to practical application, in order to minimise risk of trialling a business model that could have been predicted to be unsuccessful. This may delay practical trials. We will review progress and information available on business models again in late November, and will contact LTS if any changes are recommended based on the knowledge and experience of our partners, community members or the project Steering Committee (made up of FFI’s Technical Specialists in Social Safeguards, Destructive Fisheries and Marine Monitoring & Learning, and FFI’s Conservation Finance Officer).

3. Have any of these issues been discussed with NIRAS-LTS International and if so, have changes been made to the original agreement?

Discussed with NIRAS-LTS: Yes

Formal Change Request submitted: Yes

Received confirmation of change acceptance Yes

Change request reference if known: CR22-044

4a. Do you currently expect to have any significant (e.g. more than £5,000) underspend in your budget for this year?

Yes No Estimated underspend: £

4b. If yes, then you need to consider your project budget needs carefully. Please remember that any funds agreed for this financial year are only available to the project in this financial year.

If you anticipate a significant underspend because of justifiable changes within the project, please submit a re-budget Change Request as soon as possible. There is no guarantee that Defra will agree a re-budget so please ensure you have enough time to make appropriate changes if necessary. Please DO NOT send these in the same email as your report.

5. Are there any other issues you wish to raise relating to the project or to BCF management, monitoring, or financial procedures?

N/A

If you are a new project and you received feedback comments that requested a response (including the submission of your risk register), or if your Annual Report Review asked you to provide a response with your next half year report, please attach your response to this document.

Please note: Any planned modifications to your project schedule/workplan can be discussed in this report but **should also be raised with NIRAS-LTS International through a Change Request. **Please DO NOT send these in the same email.****

Please send your **completed report by email** to BCF-Reports@niras.com. The report should be between 2-3 pages maximum. **Please state your project reference number, followed by the specific fund in the header of your email message e.g. Subject: 29-001 Darwin Initiative Half Year Report**