



Darwin Initiative Innovation Annual Report

To be completed with reference to the "Project Reporting Information Note": (<u>https://www.darwininitiative.org.uk/resources-for-projects/information-notes-learning-notes-briefing-papers-and-reviews/</u>).

It is expected that this report will be a maximum of 20 pages in length, excluding annexes)

Submission Deadline: 30th April 2023

Submit to: <u>BCF-Reports@niras.com</u> including your project ref in the subject line

Project reference	DARNV001
Project title	Incentivising responsible fisheries in Central America: testing novel intermediary models
Country/ies	Honduras and Nicaragua
Lead Partner	Fauna & Flora
Project partner(s)	Centro de Estudios Marinos (CEM)
	La Asociación Pro Comunidades Turísticas de Honduras (LRC)
	Fundacion Cuero y Salado (FUCSA)
	Fundacion Cayos Cochinos (FCC)
	Fundacion Islas de la Bahía (FIB)
Darwin Initiative grant value	GBP 199,891
Start/end dates of project	01/06/2023 – 31/05/2025
Reporting period (e.g. Apr	01/06/2022 – 31/03/2023
2022 – Mar 2023) and number (e.g. Annual Report 1, 2, 3)	Annual Report 1
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Project website/blog/social media	N/A
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	21/04/2023

Darwin Initiative Project Information

1. Project summary

This project will test innovative business models for supply chain intermediaries using a Honduras small-scale fisheries case study. The aim of these tests is to identify new intermediaries or novel ways to reinforce existing intermediaries so that they can play a much more active role in reinforcing and rewarding responsible small-scale fisheries (SSF) practices, allowing the market to support ecosystem and livelihood recovery amid Covid-19, climate change and other threats being faced by Central America's marine biodiversity and vulnerable communities. This is needed due to the significant threat that intensive, poor SSF practices pose to the region's biodiversity, particularly reef and finfish health, with implications for the wider ecosystem. By promoting a market that rewards responsible practices, the project is supporting the establishment of a more resilient livelihoods framework, supporting coastal communities dependent on SSF for income and subsistence, that in turn enables ecological resilience and wellbeing, required to support these communities in the long term.

The approach is innovative in that it seeks to address the "missing middle" in sustainable fisheries supply chains, uses a lean start-up approach and conducts parallel testing of potential interventions. Whereas many conservation interventions to improve sustainable natural resource use typically focus solely on producers, we seek to support the intermediary suppliers as a necessary role in the responsible fisheries supply chain where increasing capacity or catch of individual fishers is discouraged. The rapid participatory design of models and testing of at least two new/reinforced intermediary models in parallel allows this project to learn and adapt quickly.

This need was identified through a prior SSF markets-focused project in the Atlántida Seascape (see map below), where a Participatory Market Systems Development (PMSD) approach was implemented and missing/weak intermediaries were highlighted as one of the key barriers to achieving better livelihoods for small-scale fishers.

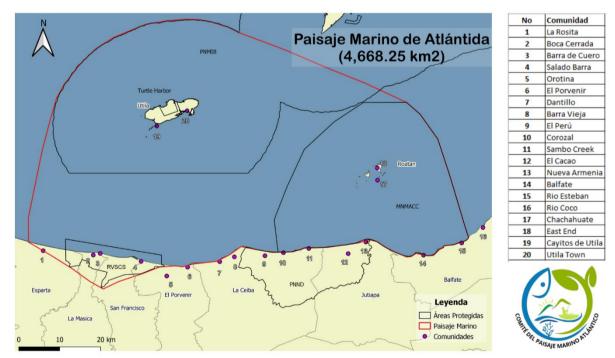


Figure 1. Map of the Atlántida Seascape on Honduras' Caribbean north coast. Bottom left: Cuero y Salado Wildlife Refuge. Top left: Turtle Harbor Wildlife Refuge and Utila Island of the Bay Islands Marine National Park. Middle right: Cayos Cochinos Marine National Monument. Black outlines are Marine Protected Area limits, and waters between protected area limits are known as the unprotected "grey area". Red outline represents the Seascape (Paisaje Marino), which spans an estimated 4,668.25km². Seascape Committee logo represents the seascape policymakers, NGOs, academia and community representatives that come together to action plan and undertake conservation and sustainable development activities. N.B. Map shows 20 communities, but seascape project currently includes 21 coastal communities. Map numbers will be listed with community names throughout the rest of this report – please refer back to this map for location.

2. Project stakeholders/partners

Fauna & Flora has worked in the Atlántida Seascape with five Honduran NGO partners since 2016, forming a Seascape Partnership based on partner request, following their identification of the need to encourage a more collaborative and holistic approach to conservation. This Seascape Partnership initially focused on building cooperation between its local members: three NGO co-managers and two transversal NGOs (listed below). Our collective work has focused on an integrated seascape approach, promoting social and ecological connectivity, resilience and wellbeing across the Atlántida Seascape. This partnership supports the seascape's 21 fishing communities and ensures that fisheries representatives are fully prepared to engage in the national SSF debate for the protection of their livelihoods and marine environment. Beyond Fauna & Flora, the partnership includes:

• Seascape Facilitator – María Arteaga

All five in-country partners work together closely with María's support, as our Seascape Partnership Facilitator and FFI's liaison in Honduras. She has facilitated growth, cooperation and successful implementation between our Seascape Partnership.

- La Asociación Pro Comunidades Turísticas de Honduras (LRC) specialises in sustainable development of coastal communities across Honduras' north coast, with a focus on fisheries, tourism and environmental management, and a track record of cooperation with communities and local government.
- Centro de Estudios Marinos (CEM) is a marine research NGO that operates across Honduras' north coast, with strong expertise in fisheries and marine management. CEM is also co-manager of the Bay Islands Marine National Park, along with FIB (see below).
- Fundación Cayos Cochinos is the co-manager of Cayos Cochinos National Marine Monument, one of the three Seascape MPAs, and is responsible for project activities and engagement with coastal communities in this MPA and its area of influence.
- Fundación Islas de la Bahía (FIB) is one of the co-managers of the Utila Island section of the Bay Islands Marine National Park, and is responsible for project activities and engagement with coastal communities in this MPA, along with CEM.
- Fundación Cuero y Salado (FUCSA) is the co-manager of Cuero y Salado Wildlife Refuge and is responsible for project activities and engagement with coastal communities in this MPA.

This Darwin Innovation project was co-developed by Fauna & Flora, our five Honduran partners listed above and our Seascape Facilitator (Maria), and was informed by key seascape stakeholders, in particular seascape communities and fisheries supply chain actors. Monitoring, evaluation and learning (MEL) and project decision-making is undertaken in a participatory manner, informed by Honduran NGO knowledge and experience of the local context and Fauna & Flora's technical expertise relevant to this project. In the past year, our partnership has grown in terms of locally embedded capacity to implement markets-focused projects, particularly through training delivered on nature-positive enterprises and financial projections. Honduran partners have also reinforced their relationships with fishers, building a better mutual understanding of SSF finances. Our collective programme has also expanded to work with 21 coastal communities, from an original 18 when the project began.

Wider stakeholders with whom our partners are working closely include:

- **Supply chain actors**: Particularly fishers and processors, from reef finfish and spiny lobster supply chains, to understand the supply chain dynamics and identify opportunities for intermediary creation or reinforcement.
- **Coastal communities**: Engagement with 21 coastal communities currently focuses predominantly on working with fisher associations and women's groups.
- **Fishers' Roundtable**: Set up by the Honduras Seascape Partnership bring together fishers from the 21 communities and support them to have a more unified voice across the seascape.
- **Seascape Committee**: Set up by the Honduras Seascape Partnership to convene municipal and departmental-level government agencies/policymakers, civil society, academia, community and fisher representatives.

Regarding our work in partnership in the past year, we have identified the following:

Achievements

- Seascape Facilitator becomes adept in basic nature positive enterprise training and BMC development, providing in-country support to Honduran partners and highlighting the importance of her role as a strength to the partnership.
- Establishment of a technical sub-team of the Seascape Partnership made up of one field technician of each Honduran partner, who met regularly to coordinate and track progress.
- The Seascape Committee is increasingly recognised for its convening power and role in facilitating conservation and sustainable development action across the seascape.
- CEM and FCC coordinating the revision and update of Río Esteban (15 on map in Figure 1) fisher association's regulations.

Lessons

- Planning the implementation of the project with all five Honduran partners is necessary, regardless of differentiated activities and responsibilities, because of the interconnected nature of the seascape. The programme needs to be approached in a holistic way, drawing in each Honduran partner's strengths.
- Identifying the partner who leads and the partner(s) who support(s) each activity ensures effective implementation.
- See 8. Lessons learnt for additional lessons.

3. **Project progress**

3.1 **Progress in carrying out project Activities**

Activity 1.1 Run a conservation enterprise workshop with partners in Honduras to facilitate the preliminary design of at least five intermediary business 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.

In August 2022, Fauna & Flora's Conservation Finance Programme Officer delivered a week of theoretical and practical nature positive enterprise training to seascape partners, with the aim of establishing the basic concepts and tools for sustainable financing, nature positive enterprises, business development (through a Business Model Canvas; BMC) and business plan. During this workshop, the Honduran partners created a longlist of 19 possible nature-positive intermediary models for the SSF supply chain, that could either be created or reinforced in order to support responsible fishers in selling to clients willing to pay higher, more stable prices for responsible fisheries practices (for guidelines being developed by partner CEM to support responsible fisheries practices within the seascape, please see Annexes 18 - 20).

The 19 nature-positive enterprise ideas were then scored against eight collectively agreed criteria that were largely informed by the nature-positive enterprise training. These criteria were 1) financial rentability, 2) likelihood of positive environmental impact, 3) likelihood of positive social impact, 4) alignment to the desired project Outcome and long-term Impact, 5) ability to promote equity, 6) whether the Seascape Partnership had the required capacity to take the enterprise idea forward, 7) scalability and replicability of the enterprise model, and 8) likelihood of positive societal perception. A consensus was reached to give a higher weighting to the financial rentability, likelihood of positive environmental impact, partner capacity and societal perception criteria, based on these being crucial to the success of the initiative.

Each of the five Honduran partners were then able to see their top scoring enterprise suggestions. Where a partner had put forward three or more suggestions, their top three were put up for consideration under this project. All Honduran partners agreed to take forward their

highest-scoring enterprise, listed in Table 1 under Annex 4, and hereafter referred to as the seven intermediary models.

For each of these shortlisted models, partners had a chance to start developing a BMC (see automatically translated BMCs for the seven intermediary models in Annex 5) that walked them through considerations regarding each of the enterprise's:

- Objectives, i.e. Vision, Mission, Values
- Customers, i.e. Customer Segments, Customer Relationships, Marketing Channels and Value Proposition
- Operations, i.e. Key Resources, Key Activities, Partnerships
- Finance, i.e. Revenue, Expenditure
- Governance, i.e. Ownership, Management and Rules
- Impact, i.e. Benefits, Impacts, Costs

Activity 1.2 Review and evaluate 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.

Further to the five business models that the Seascape Partnership collectively agreed to take forward through Activity 1.1, FCC developed two additional business models, for a total of seven between the five Honduran partners. These intermediary models have been informally evaluated by Fauna & Flora staff throughout their development, initially with coaching from the Americas & Caribbean Programme Manager and Conservation Finance Programme Officer. Additionally, all seven models were then formally evaluated by the Conservation Finance Programme Officer, Destructive Fisheries Technical Specialist, Social Safeguards Technical Specialist and Marine Impact & Learning Programme Officer, all of whom also provided feedback to the partners for integration in their BMC. Four of the seven models have been evaluated in a one-to-one session with the Conservation Finance Programme Officer for integration of feedback.

The final selection date for the two models that will be taken forward to practical trial is set as May 31st 2023. Full selection available on request.

Activity 1.3 Provide funds in the form of subgrants to Honduran partners to implement testing of the five selected intermediary business models, to cover staff/contractors, equipment purchase, and payment for inputs including fish, fuel and transport.

All five Honduran partners have received equal amounts of funding to support their staff time and so that they can undertake travel, surveys and field visits in the first year, while developing their respective intermediary models with the relevant community group(s).

As discussed in the Change of Use form submitted 30^h December 2022 and approved 17th January 2023, the five business models have gone through more in-depth theoretical testing and financial projections prior to being piloted in practice. As such, and to maximize the funding available to support two models with legal advice, equipment purchase and payment for inputs, this funding will be distributed to the two models that score highest after the 31st May selection session. Partners supporting the development of these models will receive funding to cover staff time, as required.

The equipment and working capital budget, which will be used to launch and/or reinforce two fisheries supply chain intermediary models, will be invested in the two models deemed most likely to be successful and viable. Likelihood of success and viability will be determined based on iterative financial projections, consultation and participatory workshopping with relevant communities who would be affected by these intermediaries, and feedback from Fauna & Flora's panel of experts involved in the project (Conservation Finance Programme Officer, Destructive Fisheries Technical Specialist and Social Safeguards Technical Specialist). This iterative feedback and modification of intermediary models is an important aspect of quickly developing an enterprise that has the greatest possible likelihood of being effective and achieving our project's Outputs and Outcomes. We expect to start investing in equipment and working capital as soon as the two most viable models have been selected.

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Activity 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.

Partners have received formal training in nature-positive enterprises (15th – 19^h August 2022) and in-depth financial projections (27th March 2023), and are due to receive training in presenting their intermediary models to third parties (e.g. investors) on the 2nd and 3rd of May 2023.

Partners involved in supporting the two intermediary models selected on 31st May 2023 will receive training and coaching in stock management, handling, responsible marketing and book-keeping, along with other priority areas identified as necessary for the particular model. This training will be made available to other partners who are not supporting the intermediary models chosen, in the interest of building widespread capacity in local partners and maximising impact.

Activity 1.5 Support partners to operationalise the selected intermediary business models, including purchase or hire of equipment, management and/or training in handling, storage, marketing and shipping, and other supply chain considerations.

To commence as soon as two models have been selected for practical piloting (31st May).

Activity 2.1 Review and evaluate the business progress of pilots considering equity, sustainable natural resource use/ biodiversity impact, and profitability, efficiencies, and make recommendations for design revisions to the models.

With support from Fauna & Flora's Marine Impact & Learning Programme Officer, monitoring, evaluation and learning (MEL) plans will be established for the two models due to be selected on 31st May. These MEL plans will track performance relating to equity, biodiversity impact and profitability, as well as the following criteria categories that will also be used for model selection:

- Social impact
- Alignment to desired project Outcome and long-term Impact
- Capacity to progress the model
- Scalability/replicability of the model
- Relationship with other key stakeholders
- Private sector partners

Activity 2.2 Undertake baseline and midpoint surveys with target beneficiaries of selected models to understand market access, catch information, and income, barriers to participation and relational dynamics (communication, trust, etc.) prior and post testing to measure impact on different groups and types of fishers/fish processors (e.g. based on target species, gear type, gender, ethnic group, etc.) and understand how intermediary model design affects access, equity and incentives for responsible fishing.

The Honduran partners have established the baseline information regarding the community groups with whom their intermediary models would be developed – see Table 2 in Annex 6. CEM is also undertaking a formal survey of what is considered responsible fishing across the supply chain, including from restaurants and intermediaries, with results expected by mid-May 2023. Baseline and midpoint surveys will be taken for the two intermediary models that a practically piloted, in June 2023 and May 2024, respectively.

Activity 2.3 According to trial performance and further analysis, provide further funds (as budgeted in this project) to support intermediary models to move towards financial sustainability, such as scale up, cost-reduction or equipment purchase.

To be commenced once the two selected models are underway, in June 2023.

Activity 2.4 Provide technical advice and facilitation to support legal incorporation and access to sources of credit for intermediaries.

Legal status of each of the intermediary models has been documented, and is listed in Table 3 in Annex 7. Most intermediary models are legally incorporated, but there are additional steps that they can take to meet upstream client requirements, such as issuing invoices.

Technical advice on next steps to be commenced once the two selected intermediary model trials are underway, in June 2023.

Activity 3.1 Hold an evaluation workshop on the effectiveness of the different approaches in addressing supply chain gaps and realising the biodiversity and poverty-reduction benefits of livelihoods interventions higher up the supply chain. Include presentations and data from other FFI geographies where other approaches have been used to address this 'missing intermediary' supply chain gap including Lamu, Kenya and Southwest Turkey.

The evaluation workshop will be held in Y2 Q4 of the project, as per project timeline.

However, on the 30th of May, prior to selecting the two intermediary models that will be taken forward, a virtual workshop will be held to present learning from other Fauna & Flora projects working on promoting responsible fisheries supply chains. Additional lesson-sharing will be planned for the end of the project.

Activity 3.2 Build capacity amongst marine conservation actors in Central America to undertake supply chain interventions through participation in training, access to technical support and the evaluation workshop. Support them to undertake market engagement and strengthen their project design to incorporate intermediary-focused supply chain interventions.

Through training detailed under 1.1 and 1.4, and planned learning exchanges described under 3.1, the capacity of Honduran partners and the Seascape Facilitator to prepare a business concept and undertake financial projections has grown for the majority of participants, working from a baseline of no prior knowledge.

The increased capacity of our Seascape Facilitator, Maria, in supporting intermediary model development has provided invaluable in-country expertise, following training from Fauna & Flora. This was particularly important for FCC, whose team was unable to join this in-country training due to Covid. Having been trained, Maria was able to provide direct support to FCC's team in explaining the nature-positive enterprise concepts, using Fauna & Flora's training materials, and support them in developing the BMC.

Verbal feedback shared by participants in the August 2022 nature-positive enterprise training also highlighted how useful they found the BMC (see Annex 5 for an example of how the BMC has been filled in for the Balfate business model) in guiding them through enterprise development and reinforcing key enterprise development considerations. Learning from these enterprise sessions has been used in practice with community groups to develop business models in a participatory way. In turn, community groups and individuals have gained a better understanding of their existing business model finances, opportunities, barriers and improvement potential. For example, Miss Bess runs private enterprise Flyin' Fish in Utila and her bookkeeping is managed on a daily/weekly basis. When she realised the scale of her costs on an annual basis, she was shocked, having never previously been able to visualise the scale of her enterprise. Her overall figures were HNL 1,800,000/year (approx. GBP 58,700) of income and operating costs of HNL 1,500,000/year (approx. GBP 48,900). Of these costs, HNL 212,000/year (approx. GBP 6,900) goes towards buying ice for her fishers.

Activity 3.3 Develop a knowledge product based on outputs of activities 3.1 & 3.2 and disseminate within the sector in English and Spanish.

To be produced throughout the second year of the project.

3.2 Progress towards project Outputs

Output 1. Two impact-driven intermediary business models are collaboratively developed and trialled in the market for responsibly caught fisheries products.

Seven intermediary business models have been co-developed with relevant community groups, and their theoretical testing is near completion. This is compared to a baseline of no business models developed at project start.

Indicator 1.1 Five documented and costed intermediary business models are collaboratively developed and drafted by Q2 Y1.

Seven models developed and documented, with detailed financial projections. Full selection available as supporting evidence on request.

Indicator 1.2 All five proposed intermediary business models are assessed for their fit against key criteria (e.g. financial sustainability, ecological sustainability, livelihood recovery potential, enabling responsible fisheries) by Q3 Y1, in order to prioritise those for pilot funding.

Seven intermediary models have been assessed by Fauna & Flora experts against the following criteria: 1) financial rentability, 2) likelihood of positive environmental impact, 3) likelihood of positive social impact, 4) alignment to the desired project Outcome and long-term Impact, 5) ability to promote equity, 6) whether the Seascape Partnership had the required capacity to take the enterprise idea forward, 7) scalability and replicability of the enterprise model, and 8) likelihood of positive societal perception. Detailed feedback was provided to Honduran partners to support the continued development of the business models, and ensure that they have the best chance of being selected for piloting.

Indicator 1.3 At least two business models selected and supported through grants for business model testing, by end of Y1.

Model selection set to take place on 31st May, which will be during Y1 of the project.

Output 2. Two piloted, innovative intermediary business models are evaluated, modified and positioned for implementation.

As described in our Change of Use request approved on 17th January 2023, we decided to undertake a first round of theoretical testing with all seven intermediary business models. This theoretical testing is crucial to understanding likelihood of success and viability of the model, which is being determined by iterative financial projections, consultation and participatory workshops/meetings with relevant communities, and feedback from Fauna & Flora's panel of experts involved in the project.

We considered it pertinent to allow a slightly longer period for organising community meetings to participatorily review and finalise the intermediary models, without placing high demands on community member time while balancing participation in other equally important processes, such as providing feedback on the national Fisheries Law that finally went out for community consultation in Q4 of 2022, despite being developed in 2017. The additional two months for finalising the intermediary models and selecting the two most viable ones was also used for coaching of Honduran partners in conservation enterprise, particularly financial projections, legal restrictions and client identification, in order to maximise their in-country capacity to support these intermediary models once launched.

As mentioned under Activity 1.2, Fauna & Flora expert panel feedback has been shared on all of the intermediary models, as well as regular informal feedback throughout model development. Expert panel members will be present during the 31st May model selection process, to inform scoring and selection of the two intermediary models that will be piloted through Y2 of the project. This expert panel will continue to evaluate and provide guidance on model development throughout the piloting stage.

Furthermore, Honduran partners have worked with five of the seven models' respective community groups/private enterprises to collect detailed information on their fisheries' performance against commercial species, governance, animal wellbeing, labour rights, working conditions, health and safety, environment, and development criteria. These criteria form part of the development of Community Catch (see Annex 8 and Section 9, Feedback Point 6), the first internationally-applicable SSF standard that is currently in development and being trialled in the Honduras seascape, as well as in other geographies.

Indicator 2.1 Needs, opportunities and constraints of potential beneficiaries of at least two intermediary business models known by Q2 Y2.

Across the seven business models, individual community groups expressed the needs listed in Table 4 of Annex 9. While the Seascape Partnership will work to address needs identified by all seven groups, those of the groups involved in the two models selected for practical piloting will be prioritised throughout Y2.

Indicator 2.2 At least two business and financial reviews completed by Q2 Y2.

The first round of feedback on seven intermediary models was completed in January 2023 and shared with Honduran partners in February 2023. Detailed financial projections are now being reviewed, prior to selecting the two models that will be developed with funding for practical piloting.

Indicator 2.3 Funding is disbursed to improve the two selected intermediary business models by Q3 Y2.

To be disbursed in June 2023, which marks the beginning of project Y2.

Indicator 2.4 At least one improved intermediary connected to financial providers by EOP.

Too early to report.

Output 3. Knowledge developed on innovations in seafood supply chains disseminated locally and globally for future replication, and partner capacity built to take learning forward

Learning from the Honduras seascape's seafood supply chains and fisheries is being disseminated through the Community Catch pilot, to inform the development of the first globally-applicable SSF standard (see Annex 9 for more details).

The upcoming Seascape Committee (see 2. Project stakeholders) meeting (to be held in May 2023) will focus on Seascape Partnership fisheries initiatives, including market interventions and innovation.

A Seafood Fair will be held (with complementary funding received by one of our partners) on the national Artisanal Fisheries Day (28th July), where market initiatives and innovation will be shared by our seascape fishers and partners with other actors across the seascape and country.

Two training sessions have been delivered by Fauna & Flora to Honduran partners, building their capacity in development of nature-positive enterprises and financial projections. Written feedback and regular check-ins to coach partners through implementing this training in practice has resulted in partner confidence and knowledge growing quickly. This training (see Annexes 12 and 13) and information has been simplified by partners to share with community groups.

Indicator 3.1 Global case studies identifying common themes developed and next steps identified by EOP, through learning workshop(s).

First learning workshop to be held on 30th May.

Bay Islands <u>GoBlue</u> initiative (under which Larú Beya restaurant recently became certified), Puerto Cortes (Honduras) organisational strengthening of fisher association and fisheries markets projects led in the region by FAO and NGOs Coral and GOAL have been identified as potential case studies to draw upon for lessons learnt and advice, as appropriate once the two intermediary models for practical piloting have been selected.

Indicator 3.2 Learning disseminated for future replication, reaching at least 30 marine conservation actors from Central America not involved in this project.

Too early to report.

Indicator 3.3 Knowledge product developed incorporating case studies and synthesising lessons learnt, translated and publicly available by EOP.

Too early to report.

3.3 **Progress towards the project Outcome**

Outcome. Innovations in seafood supply chains promote more equitable relationships between buyers and small-scale fishers (SSFs), removing a barrier to sustainable marine resource-based economic development, with evidence shared globally

0.1 At least two new and/or improved intermediaries are negotiating contracts to buy responsibly caught fisheries products at higher or more stable prices from SSFs by EOP.

While financial literacy training has been delivered to several seascape fishers, the need has been identified to support fishers and community groups with basic accounting and bookkeeping specifically, in order to help them in understanding and managing their finances on an annual basis, rather than on a daily/weekly basis. This training is in development, and will be delivered during Y2 of the project, complemented with individual fishery tracking forms to be kept at collection centres. These forms will help fishers record their catch, income and expenses among other information, thus better understanding fishing effort and its impacts on seascape biodiversity (e.g. time spent fishing, gear used, vessel type), and increasing ownership of their own financial management. In so doing, we expect fishers and their associated collection centre intermediaries to be better able to compare and negotiate fair prices:

At individual intermediary level, the following progress has been made:

- Balfate collection centre has identified the need for legal incorporation in order to meet an identified potential buyer's requirements and negotiate a contract.
- Miss Bess, who runs private enterprise Flyin' Fish, has been supported by FIB to understand her annual income and costs for the first time in her multi-decade business. With this knowledge, FIB is supporting her to assess the price at which she sets her fishers' catch (see details in activity 3.2).
- Dantillo collection centre is implementing new processes to return products that do not meet responsible catch criteria (i.e. size, species and respect of seasonal closures).

0.2 At least two new and/or improved intermediaries are providing regular relevant market updates to SSFs by EOP.

Dantillo collection centre is actively using OurFish catch monitoring app to collect data on volume of catch sold, weight and species. This data is available for sharing with fishers if requested, but is not yet shared on a routine basis without prompting. Rio Esteban collection centre being reactivated as an OurFish user.

CEM has been working with co-manager partners (FCC, FUCSA and FIB) to roll out use of the app across the seascape. It is currently in use in 12/21 communities.

0.3 At least one new and/or improved intermediaries are undertaking necessary steps to become legally incorporated to issue invoices for products bought from SSFs by EOP.

As mentioned under 0.1, Balfate collection centre has identified the need for legal incorporation. See Table 3 in Annex 7 for legal status of all intermediary models being developed under this project.

0.4 Intermediary business models are developed with the inclusion of minority groups (e.g. women and Garifuna communities) and promote equitable relationships across the supply chain.

See Table 2 under Annex 6 for a summary of involvement of women and Garifuna individuals within each of the intermediary models being developed.

Furthermore, participation of women has increased from 12 to 17 in Dantillo after training on fileting and vacuum packing was delivered through a complementary project. We expect that ongoing training and targeted support to women in their roles across the fisheries supply chain will continue to strengthen their participation in the intermediary models that are taken forward.

0.5 Income of 150 small-scale fisheries households increased, with at least 15% of these being Garifuna, by EOP.

Two of the intermediary models being developed, Chachahuate (20 households, all Garifuna) restaurant Bendición de Díos and East End restaurant Larú Beya (12 households, all Garifuna) have both increased the cost of their plates of fish as follows, based on a better understanding of their finances and the value of their product when presented at a high quality:

- Plates of fish increased from HNL 250 to HNL 270 (8% increase)
- Plates of lobster increased from HNL 350 to HNL 400 (14% increase)
- Plates of shellfish soup increased from HNL 400 to HNL 480 (20% increase)

As both restaurants are owned by the wives of the community fishers, these increases represent automatically higher household income. We are analysing how this income is impacted by increasing costs of inputs to run the restaurant businesses, and the dynamic of how payment to fisher husbands works in these communities. It is our understanding that restaurant-owner women provide their fisher husbands with fuel and ice, and do not pay for their husband's catch, thereby not increasing individual fisher income even though household income increases. This dynamic has emerged in order to avoid loss of income on alcohol.

As such, 100% of the 32 households charging higher prices for their products are Garifuna at this point in the project.

As the two selected models progress to practical piloting, the Seascape Partnership will continue supporting them to work solely with responsible fishers and fisheries, and to negotiate higher prices on the basis of evidence of responsible practices. This evidence will be generated, for example, through individual fisher registers developed as part of financial training, using the catch-monitoring app OurFish which is already active across 12/21 communities, and/or through adherence to the Community Catch standard's minimum requirements.

3.4 Monitoring of assumptions

Assumption 0.1 Fishers have sufficient capacity to adapt practices when direct incentives are provided. Note that this is being address by another grant.

Fishers have demonstrated that they have the capacity to adapt their gear use to align with responsible fishing guidelines. For example, following yellowtail snapper guidelines for responsible fisheries (developed by CEM and NGO Rare under complementary funding received directly by the CEM-Rare partnership) and only reporting use of correct hook sizes to minimise catch of juvenile yellowtail snapper.

However, processes and development required to conform with a recognised standard, even one like Community Catch that is being developed specifically to be accessible to small-scale fishers, are currently outside seascape fisher and fisher association capacity. Priorities for supporting this capacity are being assessed, following detailed Community Catch surveys.

Assumption 0.2 Project delivery is not significantly affected by unavoidable impacts of the Covid-19 pandemic and extreme climate events, such as hurricanes. There are no significant ongoing impact remains as a result of the Covid-19 pandemic, and all government restrictions have been lifted. All community groups involved in the intermediary models being developed have previously received biosecurity training, in response to the pandemic and the threats it posed to individuals and their businesses.

Tourism to Cayos Cochinos Marine National Monument (CCMNM) has recovered after a sharp drop during the pandemic. In 2020, CCMNM received 3,000 tourists, while in 2022 this rose to 14,000. This recovery and now sustained tourism has allowed the two restaurant models to continue developing.

Regarding weather events, Mesoamerican Reef (MAR) Fund parametric insurance is being developed to support fisher income when poor weather severely affects their ability to fish for several days. The Seascape Partnership will work with MAR Fund to involve seascape fishers in this initiative when launched.

Assumption 1.1 Quantity of funds disbursed is sufficient to test models in the market.

This is dependent on the model selected. For example, Balfate collection centre requires construction of the centre itself and legal incorporation. Regardless, there are sufficient funds to catalyse significant positive change in an existing intermediary model or one like Balfate that is still to be created.

Assumption 1.2 Models can be tested extensively enough within the project lifetime to assess their potential efficacy in achieving the desired impact.

We continue to believe this is the case. While long-term performance of the model will likely be different to what we could predict as the enabling environment changes, we believe that informed decisions on likelihood of success during project lifetime continue to be possible.

Assumption 2.1 Intermediaries are able to provide market information.

Yes, provided confidentiality of market actors is preserved as needed based on contractual agreements. Information already flows regularly between intermediary and fishers for Rio Esteban collection centre, Chachahuate restaurant and East End restaurant.

Assumption 2.2 There is sufficient time to adjust business models and increase sales using a lean start-up approach.

On reflection, the intention is to increase revenue rather than sales, since the goal of the project is to increase income based on the same or lower catch, thereby reducing pressure on marine biodiversity.

Regarding Dantillo and Balfate community collection centres and Cayitos de Utila private collection centre, if selected, all the necessary groundwork will be laid so that prices can increase in due course. Regarding Chachahuate and East End restaurants, restaurant-owners have already increased prices (see indicator 0.5) and there is potential to increase revenue during the project lifetime. Regarding Salado Barra recreational fishing tours, the model has potential to start generating revenue during the project.

Assumption 3.1 Partners are able to utilise learning to inform future market interventions that support ecosystem and livelihood recovery.

Partners have already established a technical team with a representative from each organisation to focus on taking forward fisheries market interventions and support business model development. This technical team has grown quickly in their expertise and grasp of training shared, and is being supported by Fauna & Flora's panel of experts. We are confident all training and coaching will be maximised for future market interventions focused on ecosystem and livelihood wellbeing and recovery.

3.5 Impact: achievement of positive impact on biodiversity and poverty reduction

Impact: Small-scale fishers across the Atlántida Seascape have stable incomes and equitable relationships within market systems that respect and reward responsible fisheries, protecting livelihoods and enabling ecosystem recovery

Stable incomes and equitable relationships: Financial training and development of community group capacity is focused on ensuring that fishers and their associated intermediaries better understand their finances, position in the supply chain and negotiating power (e.g. through having sight of annual income and costs, as was calculated for Miss Bess' private enterprise in Cayitos de Utila). In building capacity to manage their livelihoods and businesses and providing support in legal incorporation processes, this project is helping fishers and fisheries supply chain actors to understand the value of their product (based on responsible fisheries practices, product quality, and other factors) and the ways in which they can evidence this in order to negotiate better, more stable prices with existing and new clients. This supports equitable relationships between downstream and upstream tiers of the supply chain. Table 2 (Annex 6) also highlights the efforts to ensure all models represent vulnerable groups, particularly women and Garifuna community members, and support their inclusion in market system development, decision-making and negotiations.

Rewarding responsible fisheries: The project is supporting fishers, wider coastal community members and upstream supply chain actors to have a better understanding of fisheries regulations and what constitutes responsible fisheries, as well as how this is interlinked with socioeconomic wellbeing and resilience. Building this understanding is embedded in the nature positive enterprise BMC process. Improved understanding of "responsible fishing" among the community groups involved in each intermediary model will also inform the Seascape Partnership's next steps regarding incentivising and evidencing sustainable fisheries across the seascape (see Table 2 in Annex 6).

Protecting livelihoods and enabling ecosystem recovery: The interlinked nature of socioeconomic wellbeing and resilience with ecological wellbeing and resilience is central to our seascape programme. An evaluation undertaken for a separate project highlighted the growing understanding of fisheries' reliance on a healthy marine ecosystem and vice versa, with one focal group participant noting that they understood the programme's goal as "To make a change in fishing, to make it responsible. At the beginning we had no knowledge. [Now] we have reduced the amount that we fish."

4. Project support to the Conventions, Treaties or Agreements

The project supports Honduras' national and international policy commitments by:

• Commitment to SDGs:

<u>Goal 1</u> (No Poverty) promoting equitable rights to natural resources and improving livelihood strategies for poor coastal communities.

<u>Goal 5</u> (Gender Equality) ensuring representation of women in training and intermediary model development.

<u>Goal 8</u> (Decent Work and Economic Growth) application of participatory BMC development and supporting initiatives that increase the value of SSF.

<u>Goal 12</u> (Responsible Consumption and Production) promoting growth of markets based on responsible fisheries.

<u>Goal 14</u> (Life Below Water) improving fisheries management, increasing marine conservation monitoring and supporting enforcement of and compliance with regulations. <u>Goal 17</u> (Partnerships for the Goals) strengthening the Seascape Partnership that brings NGOs working across the seascape, and reinforcing their role in convening the Seascape Committee, which promotes collaboration in conservation and sustainable development between NGOs, civil society, academia, community representatives, women's groups and fisher association representatives.

Implementation of CBD Articles:

Article 8 (In-situ Conservation), improving fisheries management.

<u>Article 13</u> (Public Education and Awareness), increasing community awareness of importance of ecological recovery to enable social recovery.

<u>Article 17</u> (Exchange of Information), strengthening relationships between fisheries supply chain actors and improving information flow between them, as well as between the fisheries supply chain and other stakeholders, such as NGOs and policymakers.

- **2017 Fisheries Law**, which encourages strong community involvement and development of initiatives to support and increase value of responsible fisheries.
- Nationally Determined Contribution:

Objective 1 working closely with civil society, academia and Afro-Honduran (Garifuna) communities.

Objective 10 focusing on nature-based action, responsible resource use and social wellbeing.

Objective 11 and Commitment G2 promoting partnerships and focus on vulnerable groups (women and Garifuna communities).

 National Climate Adaptation Plan: <u>Strategic Objective 1</u>, "Reduce the socio-economic and institutional vulnerability associated with artisanal fishing". <u>Strategic Objective 4</u>, supporting food security (stable subsistence and commercial SSF livelihoods).

5. Project support to poverty reduction

See Table 2 under Annex 6 for a full list of direct beneficiaries, who are involved in participatorily developing the seven intermediary models. This project seeks to help all of these beneficiaries to better understand and manage their livelihoods and fisheries, through increasing their capacity regarding financial management and forecasting, record-keeping, fisheries regulations and market dynamics. Once two models are selected for practical piloting, the communities involved in these will be supported to negotiate better prices (with the intention of generating higher household income; indicator 0.5 – see Section 3.3) with existing/new clients, on the basis of evidencing high quality, responsible catch.

6. Gender equality and social inclusion

We are working directly with women's groups in Dantillo (7) and Balfate (14), which are formed of women who manage, administrate, process and commercialise the majority of the fish caught by fisher associations in each community. The participation of these women is crucial to successfully developing and piloting any of these models, and this project seeks to continue drawing attention to this integral role that women play within SSF.

To promote participation of women, the technical team coordinates directly with fisher and women's groups to determine compatible meeting times, including making weekend time available and recuperating this during the week. Women are also encouraged to bring their children to meetings if needed/for their peace of mind, and women from partner technical teams also bring their own children to meetings occasionally to ensure that women in the communities feel supported in doing the same. LARECOTURH also routinely organises parallel activities for children during meetings where women's participation is important.

Complementary funding received directly by one of our seascape partners is being used to undertake an initiative called "Photo Voice" where women in Balfate and one of the Cayos Cochinos communities (Chachahuate, East End or Río Esteban) will be given cameras to photograph important elements of their day to day life. Photographs will then be displayed in an exhibition to draw attention to the importance of women's roles in their communities.

See Table 2 under Annex 6 for women in leadership roles within the intermediary models being developed.

Please quantify the proportion of women on the Project Board ¹ .	4/5 members of the Project Board are women (Project Lead, Conservation Finance Programme Officer, Destructive Fisheries Technical Specialist, Marine Impact & Learning Programme Officer)	
	1/5 members of the Project Board are men (Social Safeguards Technical Specialist)	
Please quantify the proportion of project partners that are led by women, or which	Leadership	
have a senior leadership team consisting of	1/5 partners led by a woman	
at least 50% women ² .	4/5 partners led by a man	
	Facilitation	
	1 woman as Seascape Facilitator	

7. Monitoring and evaluation

The Steering Committee, made up of the four Fauna & Flora technical experts and Project Lead, have met quarterly to monitor progress and adaptively manage the project, in line with the Theory of Change and timeline. Separately, the Seascape Partnership, with guidance from the Project Lead and support from the Seascape Facilitator, keep track of the project on a monthly basis by filling in progress against project indicators in the monitoring matrix, working through one-to-one and partnership-wide meetings. This matrix tracks partners responsible for each activity, the month at which the activity/indicator should be completed to meet the project timeline, the year to which this corresponds, the status (not started, in progress, delayed, achieved), and results to date. Informal monitoring is conducted routinely with all communities involved in the project as part of field visits, fisher association or women's group meetings, and capacity building sessions.

Fauna & Flora's approach to project-level M&E draws upon best practices and standard approaches. M&E methods for this project additional to the monitoring matrix above include:

- Scoring sheets for initial intermediary model shortlisting from 19 to seven (see Annex 16), and updated scoring sheets for second shortlisting from seven to two models for practical piloting. Models assessed against criteria described in 3.1
- Assessment matrix for intermediary models' efficacy in addressing SSF livelihood and biodiversity improvement.
- Undertaking baseline and midpoint surveys with targeted SSF beneficiaries of selected models to understand market access, catch information, changes in income, changes in barriers to participation and relational dynamics (communication, level of trust, etc.). These are tracked prior and post intervention to measure impact on different groups and types of fishers/supply chain actor, and to understand how intermediary model design affects access, equity and incentives for responsible fishing.
- Throughout the project all data collection and analysis are gender-disaggregated wherever relevant to enable assessment of gender-differentiated impacts.

The approaches outlined above are enabling effective tracking of both the qualitative and quantitative indicators of achievement, as outlined in the project logframe. There have been no changes to the M&E plan during this reporting period.

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¹ A Project Board has overall authority for the project, is accountable for its success or failure, and supports the senior project manager to successfully deliver the project.

² Partners that have formal governance role in the project, and a formal relationship with the project that may involve staff costs and/or budget management responsibilities.

Lessons learnt 8.

What worked well?

- In-person workshop in August 2022 to establish basic partner capacity regarding development of nature-positive enterprises, including practical sessions where partners could put knowledge to use immediately, with Fauna & Flora's Conservation Finance Programme Officer on hand to support with questions/troubleshoot any complications.
- The BMC, which partners found useful in guiding them through key elements of developing a plan to establish or reinforce an enterprise
- Adapting said BMC to guide discussion with fisher associations and women's groups when collecting relevant information without overwhelming the groups
- Establishing a very participatory approach, including regular sessions with communities to develop the enterprise model in a way that addresses the barriers that they face while also aligning with the project Outputs, Outcome and Impact
- Providing equal amounts of funding in the first year to all Honduran partners, so that they could each equally prioritise attending training and developing their business model
- Undertaking a longer theoretical piloting phase, so that funding can be maximised for • practical piloting of the two models selected
- Regular formal and informal feedback to the Honduran partners from the Fauna & Flora experts involved in this project

What did not work well?

- One implementing partner struggled to meet with community groups until they started visiting group members individually to develop the business model, which was more timeintensive, but necessary in order to have community participation. The partner identified that because of disputes between different members of the community, they would not participate in open-forum discussions, as was originally planned.
- One implementing partner found that although community groups would meet for open-• forum discussions, conflicts and disagreements between community members would hamper progress in data collection for model development. Strategies to manage and resolve conflict are under discussion.
- While there are buyers who are willing to pay increased prices for better quality fisheries products, we have not identified seascape clients interested specifically in responsibly fished products. There is often significant overlap in criteria for quality and responsible fishing (e.g. size, method of capture), but an increased focus will be placed on expanding supply chain networks and working with other actors supporting market initiatives to identify potential clients interested in responsible fisheries.

What would you do differently?

- Have separate meetings with women and men's groups, as well as joint meetings, so that feedback can be sought in a gender-disaggregated way. Partners have noticed that women in mixed groups do not participate or voice their opinions as often, even if they outnumber men.
- Plan training workshops for local implementing partners on inclusion of vulnerable groups • and conflict resolution at the beginning of the project, which the technical team has identified as important for more effective and successful community engagement and management of community conflict.

What recommendations would you make to others who are doing similar projects?

- Hold practical, in-person workshops/training sessions on any tools that will be implemented.
- manage community member/group expectations regarding funding • Carefully opportunities to progress the models after participatory development.

- Where possible, adapt to the time availability of community groups, to ensure that models are developed in a participatory way and that community groups are invested in, understand and support the models.
- Work with community members to build shared, more holistic understanding of what responsible fishing refers to and why it is important.

How will you incorporate learning into the project and future plans?

- Work with other actors across the seascape and national level to identify clients interested in responsibly sourced fisheries products, the kinds of requirements that they have, and whether Community Catch standard for SSF or other tools already in use in the seascape (e.g. OurFish catch monitoring app) could support in meeting these requirements.
- Systematically record the approaches that have worked best for working with different communities, documenting this as Seascape Partnership learning so that this is not lost with staff turnover. For example, on Cayitos de Utila the team needed a full day with regular breaks to enable fishers and enterprise owner to conduct business between information-gathering and discussion. Meanwhile, in Salado Barra, the team had to work door to door across the community, undertaking one-to-one discussions and collating these afterwards, in addition to group sessions. Sessions with the Balfate fisher and women's groups were only possible on weekends.
- While only two models will be selected for practical piloting under this project, the Seascape Partnership will seek different ways in which to continue working on all of the viable models.
- Work with tour operators on the concept of nature-positive enterprises, particularly to inform their practices during high tourism season.

9. Actions taken in response to previous reviews

Please see below the feedback points from our offer letter, and how the project has responded.

Feedback 1. It is not clear what will ensure post-project sustainability of the innovation. For example, what the long-term incentive for the intermediaries is, what threshold of gain makes it a viable prospect for them, and how achievable that is.

Sustainability is being sought by incorporating detailed financial projections into intermediary model plans. These projections have been developed with community groups, to understand their costs and the profit that would be required to make the models financially viable. Financial viability remains one of our highest-weighted criteria for model selection, and we will only be progressing models with realistic breakeven and profitability points based on our current knowledge.

Partners are also being trained in supporting community groups to present their intermediary models to potential third-party funders, such as investors. This will ensure that models can seek additional funding that they may need in order to carry them through to breakeven point.

The majority of the models already exist and have proven sustainable through Covid-19 and a severe hurricane season in 2020 (granted support was provided to manage damage in both instances).

Feedback 2. It is not clear that demand for premium-priced responsibly caught fish will be sufficient to make the benefit chain work.

Beyond demand for responsibly caught fish, the intermediary models will require financial training, improved record-keeping, ability to issue invoices, as well as other capacity-building/processes identified in our project Theory of Change and activities. This support is being provided, to ensure that the models have the highest likelihood of success and can meet upstream requirements.

More broadly, incentivising and supporting responsible fisheries is a central part of the wider programme to which this project contributes. As part of this, our Seascape Partnership is building an understanding within the 21 seascape communities that responsible fisheries will enable

socioeconomic resilience and wellbeing given the dependence of this livelihood on the marine environment's resilience and wellbeing.

Feedback 3. It is not clear what the environmental standards are for the fisheries, and how those will be assured.

Our seascape programme works closely with policymakers and government entities responsible for legislation related to fisheries and the wider marine environment, including the Dirección General de Pesca y Acuicultura (DIGEPESCA; competent authority for fisheries), Instituto de Conservación Forestal (ICF; competent authority for all protected areas), Marina Mercante (Merchant Shipping), and all 10 Municipal Environment Units for the seascape. All of these entities are also part of the Seascape Committee (see 2. Project stakeholders).

Our Seascape Partnership has a long-standing focus on ensuring understanding of and compliance with MPA regulations, national Fisheries Law and voluntary guidelines for responsible fisheries, such as yellowtail snapper, lane snapper and a recent 10-species guide for responsible fishing practices. Additionally, models in development have been assessed for their compliance with Community Catch standard, in development. Two environmental criteria are included in the scoring matrix for selection of the two models taken forward for practical trial.

Feedback 4. The links to national biodiversity policy could be stronger.

The project and wider programme that it supports work within the overarching framework of the 2017 Fisheries Law, MPA regulations and zonation for the grey area. Given the well-established relationships with policymakers and government entities, including through the Seascape Committee, this project and the wider programme inform and reinforce national biodiversity policy.

Feedback 5. The logframe is generally strong but would be improved with an Outcomelevel biodiversity indicator as biodiversity benefits implicit but not measured.

Biodiversity indicators are built into our wider marine programme. Earlier this year we also secured funding to train three members of the technical partner team to dive (open water and advanced), in order to be able to establish a seascape-wide, systematic and standardised baseline. The team is now being trained in Atlantic and Gulf Rapid Reef Assessment (AGRRA) techniques (including for commercial and herbivorous fish species biomass), which we are collectively raising funds to be able to undertake on a regular basis to track ecological impact directly, rather than largely through proxies.

We believe that focusing on achieving new market agreements on the basis of responsible fisheries, transparent information flow, legal incorporation and legitimacy, inclusivity and improved household income is the most realistic approach to our Outcome-level indicators, given the nature of this project.

Feedback 6. You should consider if the funds would be better used, or at least linked to, an accreditation process (e.g. MSC) as the proposal seems to allude to better prices but no market would take this on face value.

Fauna & Flora is on the Steering Committee for the development of the first SSF standard, Community Catch (see Annex 9 for more details). As part of our role in informing standard development, application of the standard is being trialled in our Honduras programme, with the small-scale fishers and community groups involved in the intermediary model development. This process is providing crucial information regarding potential for certification and priority areas for community group capacity building for the Seascape Partnership, and important feedback to the Community Catch group on the feasibility and difficulties of their draft standard.

Feedback 7. It would be useful to know if this solution has been requested by the fishing community.

Yes, this solution emerged directly from community members and supply chain actors through the Participatory Market Systems Development (PMSD) process, under a previous marketsfocused project. Based on these results, we developed the concept for this project.

During PMSD community sessions, missing intermediaries were identified as one of the main barriers to fishers being able to establish more stable, fair prices for their fisheries products, as they cannot individually catch or store a high enough volume of fish to meet upstream demand, or produce invoices for clients. As such, fishers called for more reinforced intermediaries to collect fish from multiple fishers (reducing the pressure to increase individual catch) and store it at a central collection centre. Fishers also identified that they could not assume the financial burden of waiting to receive payment at the end of each week or month, and therefore had to sell their catch for any price offered on the day. Reinforced intermediaries who are able to absorb some of this financial burden could support fishers in waiting for better prices for their catch.

10. Risk Management

New risks noted since our last update six months ago include:

- Beach erosion and sea level rise, threatening the structural integrity of Chachahuate and East End restaurants.
- Difficulty finding clients interested specifically in responsible fisheries practices or credentials, at the scale of production that our seascape's small-scale fishers can aspire to without putting too much fishing pressure on their marine environment.

Both risks and associated action being taken is described in the updated Risk Register – see Annex 16.

No significant changes have been made to the project design, although we will assess again whether any will be necessary once we have selected the two intermediary models to take forward for practical trial, as different risks have been identified for different models.

11. Other comments on progress not covered elsewhere

N/A

12. Sustainability and legacy

Sustainability is being built into the project through training and coaching partners in naturepositive enterprise development. Partners have then directly worked with communities to develop their intermediary models, with Fauna & Flora providing feedback on model iterations. Practical sessions during training and continual feedback and one-to-one coaching sessions have ensured that partners feel supported, while also fully able to apply the learning and tools provided, embedding this capacity in-country. This follows Fauna & Flora's institutional model of building partner capacity and providing technical support and guidance as they grow in new areas of expertise.

In turn, implementing partners are identifying ways to reinforce community group capacity, to decrease dependence on partner support, such as through basic financial management training and provision of forms to record incomings and outgoings at collection centres.

Please also see response to Feedback 1 under Section 9.

13. Darwin Initiative identity

Darwin Initiative's logo has been included in training materials shared with partners and the Seascape Partnership is fully aware that Darwin Initiative is funding this project, specifically under its Innovation category. The project is acknowledged with its own clear identity, as well as in its contribution to the wider Honduras seascape programme, both during internal Seascape Partnership meetings and through external platforms, such as the Seascape Committee. Fauna & Flora's communications team actively works to share progress across our wide portfolio of work, and highlights donor support where possible and appropriate.

Has your Safeguarding Policy been updated in	n the past 12 months?	Yes
Have any concerns been investigated in the p	ast 12 months	Yes
Does your project have a Safeguarding focal point?	Yes	
1		onal safeguarding focal
	point is Ema Infante	
	Fauna & Flora institutio	onal social safeguards
		osendo, and also forms
	part of the Project Stee	ering Group
Has the focal point attended any formal	Yes. Fauna & Flora ha	
training in the last 12 months?	Management System, training in policies and	
	Fauna & Flora staff are	•
	compulsory safeguardi	
	Safeguarding essentia	is; Fauna & Flora's and Vulnerable Adults
	Policy'.	
What proportion (and number) of project staff training on Safeguarding?	have received formal	Past: 100% [21] Planned: TBC for
		Fauna & Flora staff;
		100% for partner staff
	0 ([at least 11]
Has there been any lessons learnt or challeng Please ensure no sensitive data is included w		e past 12 months?
The cultural context of Honduras, which, like r	most of Latin America, gr	apples with machismo,
presents regular challenges to ensuring that w		
represented. Furthermore, traditional rights gr relationships with communities whose ethnicit		
Navigating these tensions in a way that respe	•	
rights can extend to damaging fishing practice	es also presents a challer	nge. We are working with
other organisations and with experts in tradition		best ways to manage
this context, in a way that is respectful to all in	voivea.	
Does the project have any developments or a coming 12 months? If so please specify.	activities planned around	Safeguarding in the
While this project does not have specific forma	al upcoming activities or i	indicators around
safeguarding and social safeguards, recently	awarded project 30-024	ed by FCC includes
Fauna & Flora as a project partner in a capaci Annex 10 for project 30-024's Output 4, where		

15. **Project expenditure**

Project spend since last Annual Report Staff costs (see below	2022/23 Grant (£)	2022/23 Total Darwin Initiative Costs (£)	Variance %	Comments (please explain significant variances)
Consultancy costs				
Overhead Costs				
Travel and subsistence				
Operating Costs				
Capital items (see below)				
Monitoring & Evaluation (M&E)				
Others (see below)				
TOTAL	65,998.00	66,005.70	145.33%	

 Table 1: Project expenditure during the reporting period
 (1 April 2022 – 31 March 2023)

16. OPTIONAL: Outstanding achievements or progress of your project so far (300-400 words maximum). This section may be used for publicity purposes

While there have been significant achievements in terms of partner capacity and community group growth across the seascape, one of the most memorable and insightful moments to date was when Cayitos de Utila private enterprise was presented their annual income and expenditure calculations. The surprise that these annual figures caused, particularly seeing how much money is spent on ice every year, highlighted to the Seascape Partnership the importance of creating simple financial management training modules that can be shared with community groups. As a programme that seeks to alleviate pressure on biodiversity and the marine environment by ensuring that natural resources are suitably valued and that alternative livelihood strategies are available, it is clear this financial management is crucial to ensuring that community groups and members feel a strong sense of ownership for their livelihoods and community/private enterprises.

I agree for the Biodiversity Challenge Funds Secretariat to publish the content of this section (please leave this line in to indicate your agreement to use any material you provide here).

File Type (Image / Video / Graphic)	File Name or File Location	Caption, country and credit	Online accounts to be tagged (leave blank if none)	Consent of subjects received (delete as necessary)
Image	Annex 17_Flyin Fish catch log_HA	Caption: Miss Bess' written records of her fishers' catch for the day – no digital records exit	@faunafloraint @fib.hn	Yes
		Country: Cayitos de Utila, Honduras		
		Credit: Hazel Akester		

Annex 1: Report of progress and achievements against logframe for Financial Year 2022-2023

Project summary	SMART Indicators	Progress and Achievements April 2022 - March 2023	Actions required/planned for next period
Impact Small-scale fishers across the Atlántida Seascape have stable incomes and equitable relationships within market systems that respect and reward responsible fisheries, protecting livelihoods and enabling ecosystem recovery		 Embedding financial management and capacity within local communities. Helping fishers and associated market actors to understand the value of their product, to support negotiation. Supporting representation of women and Garifuna community members in market system initiatives (see Table 2, Annex 6). Supporting holistic understanding of what it means to fish responsibly, from varying baseline of understanding (see Table 2, Annex 6 and Section 3.5). 	
Outcome Innovations in seafood supply chains promote more equitable relationships between buyers and small-scale fishers (SSFs), removing a barrier to sustainable marine resource-based economic development, with evidence shared globally	 0.1 At least two new and/or improved intermediaries are negotiating contracts to buy responsibly caught fisheries products at higher or more stable prices from SSFs by EOP. 0.2 At least two new and/or improved intermediaries are providing regular relevant market updates to SSFs by EOP. 0.3 At least one new and/or improved intermediaries are undertaking necessary steps to become legally incorporated to issue invoices for products bought from SSFs by EOP. 0.4 Intermediary business models are developed with the inclusion of minority groups (e.g. women and Garifuna communities) and promote equitable relationships across the supply chain. 	 0.1 Financial literacy training modules being developed to support contract negotiation across all seven community groups. 0.2 Dantillo collection centre using OurFish catch monitoring app to record volume of catch sold, weight and species, with data available to fishers on request. Río Esteban collection centre being support to start using OurFish again. 0.3 All existing intermediary models are legally incorporated as community or private enterprises. 0.4 Of 195 community members participating in the seven models being developed, 82 (42%) are women and 77 (39%) are Garifuna. See Table 2, Annex 6 for full breakdown. 	 0.1 Basic financial management training will be delivered to all communities involved in the project during Y2 (and additional communities under complementary projects). 0.2 CEM will continue supporting relevant co-managers to roll out OurFish with intermediaries across the seascape, as a standardised, comparable way for intermediaries to collect and share catch data. 0.3 Once two intermediary models are selected to take forward to practical pilot, a more in-depth assessment of their legal requirements will be undertaken by partners and with support of a consultant to provide legal advice, as per the project budget. 0.4 Selection criteria for models that will be progressed to practical trial

	0.5 Income of 150 small-scale fisheries households increased, with at least 15% of these being Garifuna, by EOP.	0.5 Restaurant-owners in representing 32 households Chachahuate and East End have increased their prices. See 3.3 for additional details on all indicators.	include representation of women and Garifuna fishers/community members. 0.5 We will review whether restaurant- owner price increase results in household income increase. Together with financial management training mentioned in 0.1, we will support intermediary models to use their financial projections (with breakeven point, costs and income details) to adequately price their products, on the basis of fishing/acquiring these responsibly.	
Output 1. Two impact-driven intermediary business models are collaboratively developed and trialled in the market for responsibly caught fisheries products	 1.1 Five documented and costed intermediary business models are collaboratively developed and drafted by Q2 Y1. 1.2 All five proposed intermediary business models are assessed for their fit against key criteria (e.g. financial sustainability, ecological sustainability, livelihood recovery potential, enabling responsible fisheries) by Q3 Y1, in order to prioritise those for pilot funding. 1.3 At least two business models selected and supported through grants for business model testing, by end of Y1. 	 collaboratively developed with their respectively developed with their respectively developed with their respectively. 1.2 The longlist of 19 intermediary model Annex 11). The remaining seven intermediated criteria on 31st May. 1.3 Two intermediary models will be selected piloting. 	1 Seven documented and costed intermediary business models have been Ilaboratively developed with their respective communities and Fauna & Flora pert feedback. See Annex 5 for automatically translated BMCs. 2 The longlist of 19 intermediary models was assessed against key criteria (see nex 11). The remaining seven intermediary models will be assessed against dated criteria on 31 st May. 3 Two intermediary models will be selected on 31 st May (within Y1) for practical	
Activity 1.1 Run a conservation enterprise workshop with partners in Honduras to facilitate the preliminary design of at least five intermediary business 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.		Conservation enterprise workshop delivered to four Honduran partners and Seascape Facilitator on 15 th – 19 th August by Conservation Enterprise Programme Officer and Project Lead. See Annex 12 (nature positive enterprises) and Annex 13 (financial projections) for training presentations	Training on how to present intermediary models to third parties, e.g. to investors or to request bank loans, will be delivered on 2 nd – 3 rd May 2023 to all five Honduran partners and Seascape Facilitator.	

	and Annex 14 for attendance list. Training worksheets available upon request.	
Activity 1.2		
Review and evaluate 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.	All intermediary models have gone through a round of Fauna & Flora expert review (see Annex 15). Based on integration of feedback and fit to collectively agreed criteria, two models will be selected on 31 st May for practical piloting.	Model selection on 31 st May.
Activity 1.3		
Provide funds in the form of subgrants to Honduran partners to implement testing of the five selected intermediary business models, to cover staff/contractors, equipment purchase, and payment for inputs including fish, fuel and transport.	Subgrants have divided salary, travel, fieldwork and beneficiary survey costs equally to date. These costs will be divided on the basis of partners supporting intermediary models selected in Y2. Subgrant agreements available upon request.	New subgrant agreements will be prepared in June 2023 (beginning of Y2) for partners supporting the two intermediary models selected for practical trial. These will include funding to cover identified costs to catalyse establishment/reinforcement of the models.
Activity 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.	Formal training delivered to partners on nature positive enterprises (15 th – 19 th August 2022; see Annex 13 for training materials) and financial projections (see Annex 16).	Training on presenting intermediary models to third parties will be delivered 2 nd – 3 rd May 2023. Additional training needs will be assessed on the basis of the two models selected for practical piloting.
Activity 1.5		
Support partners to operationalise the selected intermediary business models, including purchase or hire of equipment, management and/or training in handling, storage, marketing and shipping, and other supply chain considerations.	To commence as soon as two models have been selected for practical piloting (31 st May).	To commence as soon as two models have been selected for practical piloting (31 st May).

Output 2. Two piloted, innovative intermediary business models are evaluated, modified, and positioned for implementation	 2.1 Needs, opportunities and constraints of potential beneficiaries of at least two intermediary business models known by Q2 Y2. 2.2 At least two business models selected and financial reviews completed by Q2 Y2. 2.3 Funding is disbursed to improve the two selected intermediary business models by Q3 Y2. 2.4 At least one improved intermediary connected to financial providers by 	 2.2 Two business models will be selected on 31st May. As explained in Changust approved 17th January 2023, selection of the two models for prapiloting was pushed back so that more in-depth financial projections and full community consultation could be completed. This also leaves more funding for the two models that will be taken forward to practical trial. 2.3 Funding for improvement of two business models will be disbursed in Jun 2023 (Q1 Y2). 2.4 Progress to be reported once two selected models have begun their practicals. 	
EOP. Activity 2.1. Review and evaluate the business progress of pilots considering equity, sustainable natural resource use/ biodiversity impact, and profitability, efficiencies, and make recommendations for design revisions to the models.		All seven models have been reviewed and have received formal feedback from the perspective of financial viability, impact on biodiversity and fisheries, social safeguards and monitoring, evaluation and learning (MEL).	With support from Fauna & Flora's Marine Impact & Learning Programme Officer, MEL plans to review business progress of pilots will be established for the two models due to be selected on 31 st May.
Activity 2.2. Undertake baseline and midpoint surveys with target beneficiaries of selected models to understand market access, catch information, and income, barriers to participation and relational dynamics (communication, trust, etc.) prior and post testing to measure impact on different groups and types of fishers/fish processors (e.g. based on target species, gear type, gender, ethnic group, etc.) and understand how intermediary model design affects access, equity and incentives for responsible fishing.		Honduran partners have established the baseline information regarding the community groups with whom their intermediary models would be developed – see Table 2 in Annex 6. CEM is also undertaking a formal survey of what is considered responsible fishing across the supply chain, including from restaurants and intermediaries, with results expected by mid-May 2023.	Baseline and midpoint surveys will be taken for the two intermediary models that a practically piloted, in June 2023 and May 2024, respectively.
Activity 2.3			

budgeted in this project) to support intermediary models to move towards		To be commenced once the two selected models are underway, in June 2023.	To be commenced once the two selected models are underway, in June 2023.
Activity 2.4			
Provide technical advice and facilitation to support legal incorporation and access to sources of credit for intermediaries.		Legal status of each of the intermediary models has been documented, and is listed in Table 3 in Annex 7.	Technical advice on next steps to be commenced once the two selected intermediary model trials are underway, in June 2023. Partners will also receive training on 2 nd – 3 rd May so that they can help community groups to present their intermediary models in a way that they can seek sources of credit.
Output 3.			n 30 th May.
Knowledge developed on innovations in seafood supply chains disseminated locally and regionally for future replication, and partner capacity built to take learning forward	 common themes developed and next steps identified by EOP, through learning workshop(s). 3.2 Learning disseminated for future replication, reaching at least 30 marine conservation actors from Central America not involved in this project. 	3.2 Too early to report.3.3 Too early to report.	
3.3 Knowledge product developed incorporating case studies and synthesising lessons learnt, translated and publicly available by EOP.			
Activity 3.1			
Hold an evaluation workshop on the effectiveness of the different approaches in addressing supply chain gaps and realising the biodiversity and poverty-reduction benefits of livelihoods interventions higher up the supply chain. Include presentations and data from other FFI geographies where other approaches have been used to address this 'missing intermediary' supply chain gap including Lamu, Kenya and Southwest Turkey.		project exchange is planned for 30 th May. During this exchange, lessons learnt from other Fauna & Flora market initiative projects will be shared with the	
Activity 3.2			
Build capacity amongst marine conservation actors in central America to undertake supply chain interventions through participation in training, access to technical support and the evaluation workshop. Support them to undertake market		Capacity of Honduran partners and Seas through training detailed under 1.1 and 1 learning exchanges described in 3.1. Fur	.4, and will be further developed by

engagement and strengthen their project design to incorporate intermediary- focused supply chain interventions.	results will be shared with the Seascape Committee and Fishers Roundtable (see 2. Project stakeholders).
Activity 3.3 Develop a knowledge product based on outputs of activities 3.1 & 3.2 and disseminate within the sector in English and Spanish.	Progress will be reported on in project final report.

Annex 2: Project's full current logframe as presented in the application form

Project Summary	SMART Indicators	Means of Verification	Important Assumptions
Impact: Small-scale fishers across th	ne Atlántida Seascape have stable inco	mes and equitable relationships within	market systems that respect and
reward responsible fisheries, protecti	ng livelihoods and enabling ecosystem	recovery	
Outcome:	0.1 At least two new and/or	0.1 Agreements/contracts between	Fishers have sufficient capacity to
Innovations in seafood supply	improved intermediaries are	intermediaries and SSFs,	adapt practices when direct
chains promote more equitable	negotiating contracts to buy	purchasing and sales records of	incentives are provided. Note that
relationships between buyers and	responsibly caught fisheries	new/improved intermediaries,	this is being address by another
small-scale fishers (SSFs), removing a barrier to sustainable	products at higher or more stable prices from SSFs by EOP.	OurFish catch monitoring app.	grant.
marine resource-based economic	,, .	0.2 Market reports, established	Project delivery is not significantly
development, with evidence shared	0.2 At least two new and/or	channels of communication.	affected by unavoidable impacts of
globally	improved intermediaries are		the Covid-19 pandemic and extreme
	providing regular relevant market	0.3 Documents in support of legal	climate events, such as hurricanes.
	updates to SSFs by EOP.	incorporation, certificates of	
		incorporation if ready, copies of tax	
	0.3 At least one new and/or	invoices if ready.	
	improved intermediaries are		
	undertaking necessary steps to	0.4 Workshop attendance sheets,	
	become legally incorporated to	fisher association and Fisher	
	issue invoices for products bought	Roundtable representation of	
	from SSFs by EOP.	women and Garifuna fishers.	
	0.4 Intermediary business models	0.5 Gender disaggregated data	
	are developed with the inclusion of	collected for each intermediary	
	minority groups (e.g. women and	model trialled, beneficiary survey	
	Garifuna communities) and promote	with questions about comparative	
	equitable relationships across the	income levels.	
	supply chain.		
	0.5 Income of 150 small-scale		
	fisheries households increased, with		
	at least 15% of these being		
	Garifuna, by EOP.		

Outputs: 1. Two impact-driven intermediary business models are collaboratively developed and trialled in the market for responsibly caught fisheries products	 1.1 Five documented and costed intermediary business models are collaboratively developed and drafted by Q2 Y1. 1.2 All five proposed intermediary business models are assessed for their fit against key criteria (e.g. financial sustainability, ecological sustainability, livelihood recovery potential, enabling responsible fisheries) by Q3 Y1, in order to prioritise those for pilot funding. 1.3 At least two business models selected and supported through grants for business model testing, by end of Y1. 	 1.2 Documents submitted by partners for the grants. 1.2 Minutes of meeting with documented decisions, selection matrix for business. 1.3 Sub-grant agreements signed, grant reports. 	Quantity of funds disbursed is sufficient to test models in the market. Models can be tested extensively enough within the project lifetime to assess their potential efficacy in achieving the desired impact.
2. Two piloted, innovative intermediary business models are evaluated, modified, and positioned for implementation	 2.1 Needs, opportunities and constraints of potential beneficiaries of at least two intermediary business models known by Q2 Y2. 2.2 At least two business models selected and financial reviews completed by Q2 Y2. 2.3 Funding is disbursed to improve the two selected intermediary business models by Q3 Y2. 2.4 At least one improved intermediary connected to financial providers by EOP. 	 2.1 Completed survey data (including feedback gained from customers and sellers) and analysis report. 2.2 Completed, documented business model review recommendations. 2.3 Sub-grant agreements to lead partners supporting both intermediary business models. 2.4 Presentation(s) prepared for financial providers on businesses. 	Intermediaries are able to provide market information. There is sufficient time to adjust business models and increase sales using a lean start-up approach.

to inform future market interventions
that support ecosystem and
livelihood recovery.
s, n

Activities (each activity is numbered according to the output that it will contribute towards, for example 1.1, 1.2 and 1.3 are contributing to Output 1) 1.1 Run a conservation enterprise workshop with partners in Honduras to facilitate the preliminary design of at least five intermediary business 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 Atlantida seascape.

1.2 Review and evaluate 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.

1.3 Provide funds in the form of subgrants to Honduran partners to implement testing of the five selected intermediary business models, to cover staff/contractors, equipment purchase, and payment for inputs including fish, fuel and transport.

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.

1.5 Support partners to operationalise the selected intermediary business models, including purchase or hire of equipment, management and/or training in handling, storage, marketing and shipping, and other supply chain considerations.

2.1 Review and evaluate the business progress of pilots considering equity, sustainable natural resource use/ biodiversity impact, and profitability, efficiencies, and make recommendations for design revisions to the models.

2.2 Undertake baseline and midpoint surveys with target beneficiaries of selected models to understand market access, catch information, and income, barriers to participation and relational dynamics (communication, trust, etc.) prior and post testing to measure impact on different groups and types of fishers/fish processors (e.g. based on target species, gear type, gender, ethnic group, etc.) and understand how intermediary model design affects access, equity and incentives for responsible fishing.

2.3 According to trial performance and further analysis, provide further funds (as budgeted in this project) to support intermediary models to move towards financial sustainability, such as scale up, cost-reduction or equipment purchase.

2.4 Provide technical advice and facilitation to support legal incorporation and access to sources of credit for intermediaries.

3.1 Hold an evaluation workshop on the effectiveness of the different approaches in addressing supply chain gaps and realising the biodiversity and poverty-reduction benefits of livelihoods interventions higher up the supply chain. Include presentations and data from other FFI geographies where other approaches have been used to address this 'missing intermediary' supply chain gap including Lamu, Kenya and Southwest Turkey.

3.2 Build capacity amongst marine conservation actors in central America to undertake supply chain interventions through participation in training, access to technical support and the evaluation workshop. Support them to undertake market engagement and strengthen their project design to incorporate intermediary-focused supply chain interventions.

3.3 Develop a knowledge product based on outputs of activities 3.1 & 3.2 and disseminate within the sector in English and Spanish.

Annex 3: Standard Indicators

Table 1 Project Standard Indicators

DI Indicator number	Name of indicator using original wording	Name of Indicator after adjusting wording to align with DI Standard Indicators	Units	Disaggregation	Year 1 Total	Year 2 Total	Year 3 Total	Total to date	Total planned during the project
DI-A01	Number of partner staff members attending safeguarding and social safeguards training	Number of Honduran NGO staff members taking part in formal training in safeguarding and social safeguards	People	Gender	12			12	10
DI-A03	Number of Honduran partner staff members with conservation enterprise capacity	Number of national organisations with improved capacity to implement nature positive market initiatives	Organisa tion type	NGO	5			5	5
DI-A05	Number of Honduran partner staff members becoming trainers in areas of capacity building delivered by Fauna & Flora	Number of trainers trained reporting to have delivered further training in nature positive enterprises	People	Gender	6 women			6	0

Table 2Publications

Title	Type (e.g. journals, manual, CDs)	Detail (authors, year)	Gender of Lead Author	Nationality of Lead Author	Publishers (name, city)	Available from (e.g. weblink or publisher if not available online)
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Checklist for submission

	Check
Different reporting templates have different questions, and it is important you use the correct one. Have you checked you have used the correct template (checking fund, type of report (i.e. Annual or Final), and year) and deleted the blue guidance text before submission?	Yes
Is the report less than 10MB? If so, please email to <u>BCF-Reports@niras.com</u> putting the project number in the Subject line.	Yes
Is your report more than 10MB? If so, please discuss with <u>BCF-Reports@niras.com</u> about the best way to deliver the report, putting the project number in the Subject line.	No
Have you included means of verification? You should not submit every project document, but the main outputs and a selection of the others would strengthen the report.	Yes
Do you have hard copies of material you need to submit with the report? If so, please make this clear in the covering email and ensure all material is marked with the project number. However, we would expect that most material will now be electronic.	No
If you are submitting photos for publicity purposes, do these meet the outlined requirements (see section 16)?	Yes
Have you involved your partners in preparation of the report and named the main contributors	Yes
Have you completed the Project Expenditure table fully?	Yes
Do not include claim forms or other communications with this report.	