

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

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

Submission Deadline: 31st October 2023

Project reference	DARNV001
Project title	Incentivising responsible fisheries in Central America: testing novel intermediary models
Country(ies)/territory(ies)	Honduras, Nicaragua
Lead partner	Fauna & Flora International
Partner(s)	La Asociación Pro Comunidades Turísticas de Honduras (LARECOTURH) Centro de Estudios Marinos (CEM) Fundación Cuero y Salado (FUCSA) Fundación Cayos Cochinos (FCC) Fundación Islas de la Bahía (FIB)
Project leader	Hazel Akester
Report date and number (e.g. HYR1)	30/10/2023 HYR2
Project website/blog/social media	N/A

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

Feedback

There were no points of feedback from our annual report that required actioning by our half-year report.

Project updates

Output 1

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.

Following initial feedback from Fauna & Flora's Conservation Finance Programme Officer, Destructive Fisheries Technical Specialist, Social Safeguards Technical Specialist and Marine Impact & Learning Programme Officer, the seven intermediary business models' Business Model Canvases (BMCs) and financial projections have been refined in an iterative process to prepare them for scoring.

Of these seven business models developed, five were taken forward (one led by each partner) to scoring against the selection criteria. The criteria categories participatorily developed by the partners and Fauna & Flora's specialists were:

- Ability to be financed by this project (Y/N)
- Rentability (1-5)
- Fisheries pressure (1-5)
- Environmental impact (1-5)
- Social impact (1-5)
- Alignment with project outcome (1-5)
- Equity (1-5)
- Capacity of partner to support (1-5)
- Scalability/replicability (1-5)
- Relationship between partner and community (1-5)

Each of these criteria categories was broken down into 1-4 questions against which partners scored their intermediary models, with a total of 100 points available. Preliminary scoring was undertaken in advance by each partner individually, and finalised collectively with all partners, the Project Lead and at least one technical specialist (for transparency) during a series of calls at the end of May/beginning of June. The following models were prioritised for funding:

- Dantillo collection centre (existing community enterprise, to be reinforced, in the unprotected "grey area" between MPAs; 82/100 points)
- Flyin' Fish (existing private enterprise, to be reinforced, in Cayitos de Utila of the Bay Islands Marine National Park; 81/100 points)
- Balfate collection centre (new community enterprise, to be created, in the unprotected "grey area" between MPAs; 72/100 points)

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.

Budgets for each intermediary model have been developed by the Honduran partners and relevant communities. Partners are in the process of undertaking final due diligence on the three selected intermediaries and developing written social and environmental commitments with which both parties are comfortable, with Fauna & Flora guidance, prior to equipment and working capital investment going ahead. While these processes have delayed the practical trials, we consider both fundamental to identifying potential business risk prior to investing, so that the business models have the best possible likelihood of achieving the project's and their own aims.

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.

Fauna & Flora delivered in-country training on how to prepare intermediary business models to be presentable to third parties (e.g. investors, banks) on the 2nd and 3rd of May. As part of this training, financial projections of the business models were also reviewed in a group setting, so that the different partners involved could learn from the strengths and weaknesses of each other's models. A general tendency to be overly optimistic about income was identified, as well as a need to be more specific about individual fish species costs and seasons. This has been tackled through one to one coaching sessions between the Conservation Enterprise team and partner technical teams.

This feedback and coaching process has taken time, particularly as this project has enabled a cascade of capacity building and technical knowledge development that is crucial to its long-term success, but also time-intensive. Our Honduran partners continue to build their knowledge in nature-positive enterprises, financial projections, financial management and market interventions through work with Fauna & Flora specialists and in-country networks that have expanded as a result of this and parallel projects. They in turn work iteratively with the small community and private enterprises involved in this project to pass on these concepts and tools, ensuring the enterprise's governance bodies are able to understand. This process of de-centralising technical capacity from international NGO to Honduran partners, and in turn from Honduran partners to local communities, is one that we consider deeply important for lasting positive environmental and social impact.

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

Budgets are in place and rationale for investment in working capital and equipment has been discussed in detail with each partner. All partners have identified the need for infrastructural developments, one of which requires this investment in order to meet sanitation standards required by better-paying clients.

Output 2

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

Revisions have been recommended to all three models based on their scores against the criteria detailed under 1.2. Written commitments are being developed with each intermediary to ensure a clear focus on positive environmental and social impact, including reserving a small percentage of profit for activities related to environmental wellbeing.

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.

Baseline surveys are underway. In September, FCC coordinated training in fisheries landing site monitoring methods, aimed at young community scientists, associations and traders, in which 9 community scientists (5 women and 4 men, of which 7 are Garifuna) and 7 technicians (3 FCC, 2 FUCSA, 1 FIB, 1 CEM; 5 women and 2 men) took part. The purpose of this training was to facilitate: comparable fisheries landing data collection across the seascape, decision-making and monitoring the transition to responsible fishing, ensure accurate collection and record-keeping of biological and socioeconomic data at landing sites for each intermediary, in order to subsequently identify catch per unit effort (CPUE) and monitor fish stocks (through landings as a proxy) and fisheries management measures

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

Partners have received training in how they and business governance bodies can present their business models to external investors, as a starting point to prepare them for seeking additional funding. Fauna & Flora is also scoping opportunities for these intermediaries through MAR Fund’s MAR+INVEST initiative, which links private investment with coral conservation, with one of the three main priorities being improvement of livelihoods and climate resilience of coral-reef dependent communities.

Output 3

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 of data from other FFI geographies where other approaches have been used to address the “missing intermediary” supply chain gap, including Lamu, Kenya and Southwest Turkey.

Two mid-point learning exchange workshops were held in May and June, respectively. In May, the Honduras partners presented their project and received presentations from a member of Fauna & Flora’s team and a private enterprise partner in Kenya, and a member of Fauna & Flora’s team in Turkey. In June, the Honduran partners heard from a member of our Nicaragua team regarding their aquaculture and fisheries markets work. All three case studies will form part of the learning product to be developed before EOP.

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

Staff changes

One of these changes is due to staff turnover, and the second is to increase the number of fluent Spanish speakers forming part of the Fauna & Flora project team. As none of our Honduran partners speak English fluently, Spanish fluency in Fauna & Flora technical specialists involved in providing feedback and training significantly increases the efficiency of our work and reduces translation-related bottlenecks.

Delays

Delays to the project timeline have resulted partially from the technical nature of this work, and the importance of ensuring that partners and communities are fully understanding the business model canvas, financial projections and environmental/social commitments involved in this project’s investment.

Both will be presented to NIRAS as a change request in the coming week.

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

Discussed with NIRAS: No within the reporting period; change request in development

Formal Change Request submitted: Not within the reporting period; change request in development

Received confirmation of change acceptance: N/A

Change request reference if known: N/A

4a. Please confirm your actual spend in this financial year to date (i.e. from 1 April 2023 – 30 September 2023)

Actual spend: £ [REDACTED]

4b. Do you currently expect to have any significant (e.g. more than £5,000) underspend in your budget for this financial year (ending 31 March 2024)?

Yes No Estimated underspend: £

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

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

NB: if you expect an underspend, do not claim anything more than you expect to spend this financial year.

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

N/A

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

All new projects (excluding Darwin Plus Fellowships and IWT Challenge Fund Evidence projects) should submit their Risk Register with this report if they have not already done so.

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

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