



## Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund Covid-19 Rapid Response Round - Final Report

*Due within two months of the end date of the Rapid Response Round project*

*(maximum 6 pages)*

Project reference	CV19RR
If linked with an ongoing project, please include that project reference here (e.g. IWT001)	27-017 Community-led approaches benefitting chimpanzees and livelihoods in Uganda
Project title	Sustainable finance for chimpanzee conservation and green-recovery in Hoima, Uganda
Country/ies	Uganda
Lead organisation	Fauna & Flora International (FFI)
Partner institution(s)	Private Forest Owners Associations (Kidoma-Bulimya, Bulyango & Kasenene); District Local Governments (Kikuube, Masindi & Hoima Districts)
Start/end date of project	1 January 2021 – 31 March 2021
Which fund was this project relevant to?	Darwin Initiative (27-017)
Grant value (£)	£54,033
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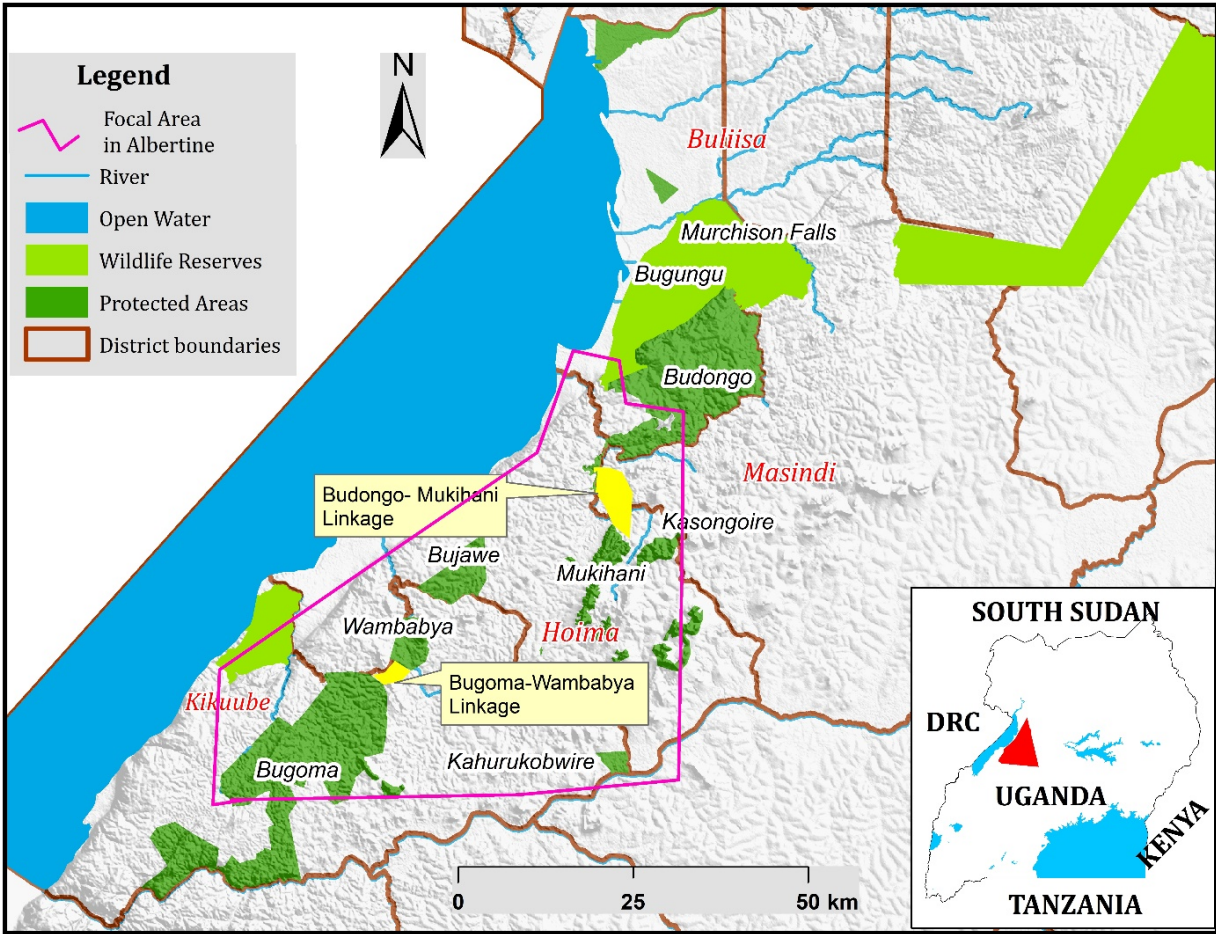
### 1. Project Summary

The Albertine Rift is an internationally-recognised biodiversity hotspot and the last remaining habitat for Uganda's 5,000 eastern chimpanzees (*Pan troglodytes schweinfurthii*). In the Budongo-Bugoma landscape (two linkage areas between four Central Forest Reserves, see map below), habitat degradation, forest fragmentation and human-wildlife conflict (HWC) are well-documented problems. Forest cover used by chimpanzees for movement, food and nesting is regularly encroached upon by community members for subsistence farming. At the same time, agricultural yields are too low to ensure food security for the local population, and the contribution of agriculture to the economy is further hindered by the lack of value addition and market development. In response, through an on-going Darwin Initiative project (27-017), FFI is supporting reforestation activities; establishing wildlife monitoring; promoting human-wildlife coexistence; and strengthening the capacity of Private Forest Owners Associations (PFOAs; grassroot institutions committed to protecting existing forest patches) in agroforestry systems, land use planning, and governance. Village Saving and Loan Associations (VSLAs) are sub-committees of the PFOAs and provide microcredits to members, thereby creating economic incentives for more community members to join a PFOA and support conservation efforts.

The economic crisis resulting from Covid-19 put PFOAs, VSLAs and their members under extreme financial stress, which put years of conservation and institution-building efforts at risk. PFOAs traditionally rely on grant funding and voluntary labour contributions from members, but the impacts of Covid-19 meant that financial reserves were significantly affected and members could no longer provide their labour for free, creating an urgent need to develop sustainable income streams. During national lockdowns, the VSLAs released all emergency reserve funds to

support members facing livelihood challenges, and regular meetings and collection of repayments were affected by physical / social distancing requirements. At the same time, the agriculture sector has been one of the most affected by the pandemic with 1.7 million rural dwellers moving into poverty. Supply chains are disrupted, farm input prices have doubled, and there is concern for falling market demand due to lower purchasing power among consumers (Fowler, USAID). Under the current Darwin Initiative project (27-017), FFI is working to strengthen market linkages using a Participatory Market System Development (PMSD) approach however, with financial assets significantly depleted as a result of the pandemic, communities risked having limited capital to invest and capitalise on these new market opportunities.

This project addressed these challenges by providing additional capital to the VSLAs; strengthening governance systems to ensure all members including women and vulnerable groups benefit equitably; and using income from interest payments as sustainable finance for the PFOAs to continue conservation efforts with a lesser reliance on external funding and voluntary member labour.



**Figure 1:** Map showing location of project sites between the four Central Forest Reserves

**2. Project Achievements**

The intended project outcome was: *Green economic recovery in the wake of Covid-19, rapidly enhanced by improved governance and sustainable financing for three community-based institutions for conservation, within a critical chimpanzee landscape.* The project aim was: *to enhance economic resilience of three PFOAs and their enterprise arm VSLAs), in Bugoma-Wambabya and Budongo Mukihani chimpanzee corridors, currently affected by Covid-19 crisis.*

The main activities undertaken and the achievements made during the project period were as follows:

- Governance assessments using the code of good governance health check tool (Developing Governance Group, 2019) were undertaken for the PFOA and VSLA groups. These groups are closely interrelated, with leaders of VSLA group being part of the PFOA executive committee, hence combined governance assessments made sense. Participatory methodologies were used, with 31 VSLA / PFOA (20M;11F) leaders participating in the exercise (**Annex 1**), and all activities were highly consultative. Including the PFOAs as formal partners on this project helped to encourage local ownership and engagement.
- Rather than conducting dedicated training activities, as originally envisaged, in response to the aforementioned governance assessments and resulting action plans, support and mentorship was provided to undertake necessary governance improvements. For example, the Kidoma-Bulimya PFOA was supported to hold an AGM and to revise and strengthen its constitution (**Annex 9**).
- Some of the gaps identified during the governance assessment were not immediate concerns, and consequently not included within the scope of this project, but are important for longer term governance improvements. Activities to address these gaps have been included in the ongoing Darwin Initiative project (27-017) as they align with Output 5 of the ongoing project. For example, a need to improve PFOA / VSLA record keeping practices was identified. Training for this was provided in May 2021 as part of the ongoing Darwin Initiative project (27-017). Likewise, there are plans to provide training on computer record keeping skills and a refresher training on financial management.
- The impact of Covid-19 and associated physical distancing on the regular functioning of VSLA groups was also assessed. Because of physical distancing requirements, weekly VSLA group meetings, as previously held, were not possible. FFI worked closely with VSLA group leaders to jointly explore possible solutions. As an adaptation, savings collection and loan distribution were carried out using mobile phone-based payment systems. For community members who did not have access to a mobile phone, representatives were selected to attend smaller VSLA meetings in person. This was an effective approach, and all VSLA groups were able to continue operations during the Covid-19 crisis, but the selection of representatives and the organisation of restriction-compliant meetings took more time than anticipated which delayed other project activities, including the provision of additional capital (see below).
- A financial model has been developed to improve the financial sustainability of the PFOAs (**Annex 2**). Developing this model involved significant consultation with community members to assess what interest rates were affordable to them and what rates would provide sufficient funds to cover the VSLAs' operational costs and support conservation activities. Terms and conditions associated with accessing loans through the VSLAs were agreed with community members (**Annex 3**), with particular emphasis on the conditions to (1) refrain from any unsustainable resource use and (2) use a proportion of the income from repayment interest for PFOA conservation activities.
- Aligning with the previous activity but funded by the ongoing Darwin Initiative project (27-017), a rapid market assessment of selected agricultural products (four staple crops: maize, beans, ground nuts and rice; and one commercial crop: ginger) was conducted in Hoima, Masindi and Kikuube central markets to identify products with high market demand and to understand current market demand characteristics (**Annex 4**).
- Once the previous activities were completed, including necessary governance improvements, PFOAs were provided with additional capital (£ per PFOA) to act as seed funding for loans (**Annex 5, 6, 7**). Originally this was planned for February 2021 but, as a result of the support needed to prepare the PFOAs for the transfers and internal financial procedures, this timetable proved too ambitious and the additional capital was transferred in March 2021. These funds will be used as a revolving fund; once a loan is repaid by one community member, the funds will be redistributed to another community member, ensuring a multiplier effect in the local economy and greater impact.
- Monitoring and evaluation (M&E) of VSLA activities have been undertaken on a monthly and quarterly basis. On a monthly basis, each VSLA fills in a form indicating the number of members present, attendance against their total group number, amount saved, amount

loaned out, loans returned, cumulative loans, cumulative interest and any outstanding loans (**Annex 8**). Quarterly M&E focuses on how the quarter has been managed, particularly in terms of savings and loan refurbishments. VSLA group leaders track this data; loan committee already set up to access performance of past cycle before providing additional loan in the next cycle. Monitoring of the progress of the biodiversity-friendly enterprises that are being promoted will be undertaken through the ongoing Darwin Initiative project (27-017).

Through these activities, the project has achieved the following in relation to its objectives:

- Objective 1: By February, 2021, strengthening governance of the 3 PFOAs currently operating in Bugoma-Wambabya and Budongo-Mukihani chimpanzee corridors, identify gaps and ensuring equitable participation and benefit sharing among women and men; and ensuring group activities are adapted to Covid-19 physical distancing norms.

Governance assessments of Kidoma-Bulimya, Bulyango, and Kasenene PFOAs have been conducted and longer-term action plans to improve governance developed, which are being actioned and monitored through the ongoing Darwin Initiative project (27-017), thereby building local capacity to manage local biodiversity. Within this project period, the governance of Kidoma-Bulimya PFOA was strengthened through support to hold an AGM and update the PFOA's constitution (**Annex 9**). This revision included an increase, from three to six, in the number of female leaders required in the PFOA's 11-member executive committee. Across the three PFOAs, 257 new members (154M;103F) joined during the project period. Historically, the participation of women in PFOAs has been low so this represents an important step in improving gender participation in resource governance. PFOA activities have been successfully adapted to accommodate Covid-19 physical distancing norms.

- Objective 2: By March, 2021, developing a sustainable finance model for 3 PFOAs operating in the above wildlife corridor, where income from VSLA interest repayment cover at least 40% of PFOA's core conservation cost such as patrolling and wildlife monitoring.

A sustainable finance model for the 3 PFOAs has been developed (**Annex 2**) and agreed with PFOA / VSLA members. Following consultation, a quarterly interest rate of 5% has been agreed with VSLA members. Of this, 3% is earmarked for VSLA operating cost, 2% for PFOA chimpanzee patrol costs and loan administration costs. Assuming there is 99% repayment of loans and interest, which is a fair assumption based on the current repayment rate, this financial model will ensure that 94% of the monthly chimpanzee patrol costs, estimated at \$ per month (\$ per PFOA), are covered efforts to manage local biodiversity. Given the short time frame, this achievement had not been realised within the project period, but will be achieved assuming that over the coming year 58% of the PFOA capital is used as loans. Achievement of this, and testing of assumptions, will be monitored through the ongoing Darwin Initiative project (27-017).

- Objective 3: Enhancing green recovery in this critical chimp corridor by providing affordable credits to at least 400 VSLA members (with women to men beneficiary ratio of about 60:40) by March 22nd, 2021, to invest in biodiversity friendly enterprises set up under the current Darwin project.

It was anticipated that 400 new community members would be incentivised to join the PFOAs during the project period. Because of the delays associated with providing additional capital to the PFOAs, this ambition was not fully achieved, across the three PFOAs 257 new members (154M;103F) joined, but we are confident that it will be achieved within the remainder of 2021. In terms of accessing credits, during the project period, 74 PFOA members (48M;26F) accessed loans totally UGX (**Annex 10**). Of these loans, 26 were used to support engagement in biodiversity friendly enterprises which seek to allow local communities to benefit from the sustainable use of natural resources. Again, this is lower than anticipated, partly because of the delays in project implementation articulated elsewhere and partly because of the loans cycles that

operated within the VSLAs which limited the number of new loans that could be taken within the short project period. We are also confident that these targets will be achieved, and exceeded, through the implementation of the ongoing Darwin Initiative project (27-017).

### **3. Lessons learnt**

The project was able to adapt well to the Covid-19 linked restrictions imposed on community meetings and travel, which fluctuated throughout the project implementation period. That said, additional time should have been factored in to accommodate the adaptive responses that were required, such as integrating mobile technology solutions that were previously not being used as part of the VLSA. Likewise, additional time should have been allocated to supporting activities to address gaps following the governance assessments. Positively, additional support will be provided to further strengthen governance through the ongoing Darwin Initiative project (27-017), given the complementary outputs / objectives. Self-evaluation approaches to governance assessments helped to ensure ownership and buy-in from the community groups, as well as encourage transparency.

Development of the sustainable financial model for the PFOAs provided two important areas of learning. Firstly, it became clear that the rate of loan (and associated interest) repayment was critical in determining the success of the model. Scenario stress testing of the model showed that once the repayment rate drops below 95% the model is unsustainable. In this project, mechanisms with the PFOA have been put in place to ensure that repayment rate remains very high. Secondly, it became apparent that a proportion of the capital held by PFOAs is never being lent out as loans, and so no interest is being earned on those funds. Those funds are being held in bank accounts but, because of the type of account, no bank interest is being earned. By changing the type of account that is being used, the financial sustainability of the PFOAs could be further enhanced. This is something that will be investigated further through the ongoing Darwin Initiative project (27-017).

### **4. Other comments and feedback**