

## Darwin Initiative Main Annual Report

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

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

**Submission Deadline: 30<sup>th</sup> April 2022**

### Darwin Initiative Project Information

Project reference	DIR26S2/1011
Project title	Building an investment model enabling citizens to protect Liberia’s forests
Country/ies	Liberia
Lead partner	Society for the Conservation of Nature of Liberia (SCNL)
Project partner(s)	Royal Society for the Protection of Birds (RSPB), Finance Earth (formerly Environmental Finance)
Darwin grant value	£409,994
Start/end dates of project	1 October 2020 – 31 September 2023
Reporting period (e.g. Apr 2021 – Mar 2022) and number (e.g. Annual Report 1, 2, 3)	April 2021 – March 2022 Annual Report 2
Project Leader name	Michael F. Garbo
Project website/blog/social media	n/a
Report author(s) and date	Anne Gardner, Richard Hoff II, Jamesetta Cheazar-Barquoi 30 April 2022

### 1. Project summary

The Gola Forest Landscape consists of 350,000 ha of Upper Guinea Rainforest straddling the Liberia/Sierra Leone border. It is a biodiversity hotspot containing at least 60 globally-threatened species.

In Liberia, Community Forestry (CF) legislation enables communities to manage and benefit from their forest assets and thereby reduce their poverty. By engaging CF communities to conserve part of their forests, CFs can link protected areas to benefit biodiversity, particularly large, mobile species (e.g. chimpanzees and forest elephants, which face increasing threats). SCNL and the FDA are supporting 6 clans in the Gola Landscape to designate 7 CFs and include conservation zones in this way.

However, cashflows from forest-threatening activities (unsustainable agriculture, illegal bushmeat trading and mining) provide attractive short-term income opportunities and whilst communities are willing to set conservation targets for CFs, a lack of conservation culture combined with poverty and insufficient commercial infrastructure and business support prevent communities from investing time and resources into alternative sustainable livelihoods and conservation activities.

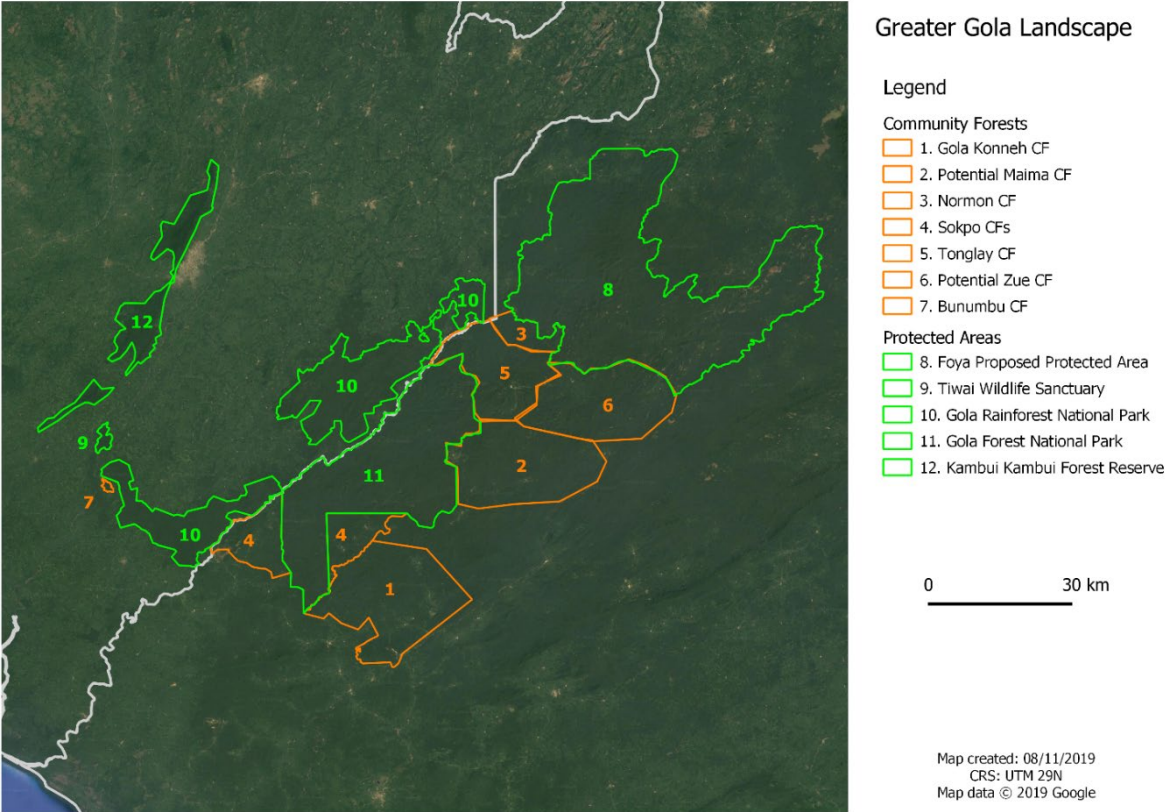
SCNL has worked for six years with the Tonglay and Normon clans and have evidence that: (1) tailored small loan schemes can incentivise uptake of sustainable income-generating activities to reduce poverty and support the establishment of conservation targets for CFs; and (2) a reliable, secure source of income could incentivise communities to conserve and monitor their CFs.

We expect that scaling up such loan schemes could reduce poverty through sustainable income-generating activities whilst generating sufficient interest to pay community members to conserve CFs. We are therefore working with British investment firm, Finance Earth, to create a £1.2 million impact investment fund to finance such loan schemes across the Gola Landscape.

This project is:

- collecting and analysing the data needed to provide sufficient evidence to support the investment case to attract this scale of investment,
- testing the scaling up of the existing loan scheme with the Normon and Tonglay Clans,
- and testing the feasibility of using the interest generated by the loan scheme to pay stipends to Citizen Conservation Teams who patrol the CFs, collect biomonitoring data, and do conservation education.

**Map of the Trans-boundary Gola Landscape**



This map shows Gola Landscape straddling Sierra Leone (top left) and Liberia (bottom right).

**2. Project stakeholders/ partners**

SCNL is working with two other organisations on this project - the Royal Society for the Protection of Birds (RSPB) and Finance Earth (FE) (formerly called Environmental Finance).

RSPB is the UK partner of BirdLife International, collaborating with SCNL since 2009 to conserve the Gola Forest. RSPB provides technical and financial support to SCNL to carry out this and other projects. Specifically:

- RSPB supports the development of the relationship between FE and SCNL by providing co-funding for FE staff time as well as some RSPB staff time.

- RSPB also supports the SCNL project leader and coordinator in the delivery of SCNL's first Darwin project, particularly the administrative requirements.

Finance Earth is the UK's leading environmental impact investment advisor, with experience of designing >£150 million of social and environmental impact funds. Finance Earth has been RSPB's conservation investment advisor since 2017. Informed by evidence gathered through this project, FE is working with SCNL and RSPB to design an investable model for delivering an expanded small loan programme in communities across the Gola trans-boundary landscape.

SCNL is responsible for the overall coordination of the project and the implementation of all activities in Liberia.

The partnership among the three organisations is generally working well with regular meetings and communication between all parties. Effective collaboration is evidenced by the good progress the project is making to achieve its planned results.

Despite this good working relationship, there have been some challenges mainly regarding exchanging information between SCNL and FE. This is borne from a mis-match of information requirements for private investment in comparison to the existing level of operational/ governance /risk management information and documentation from SCNL's current systems and processes. It is worth noting that these are adequate to support the programme in its current, grant-funded state. However, FE has identified there is currently a gap in the systems and documentation of processes to scale up the loan programme, which in their current form are unlikely to meet the requirements of investors. Therefore FE ran multiple workshops to help gather this information, and support SCNL to refine processes so they are appropriate to attract private investment.

We were able to address these challenges in part through open discussion which resulted in three concrete actions – a. RSPB assigned some conservation officer time to support SCNL with the logistics of information management; b. we adjusted (and re-adjusted) the format of our meetings to accommodate differences in the way the different organisations worked; and c. FE dedicated more time than originally anticipated to gathering information for input into the financial model and investment case. SCNL also increased the responsibility of the M&E officer to take on some of the project coordinator's responsibilities given other demands on the coordinator's time.

The primary community-based partners are the Community Forest Management Bodies (CFMBs) of the Tonglay and Normon Clans in Gbarpolu County. The CFMBs are appointed by the elected Community Assembly and Executive Committee and oversee the management of the Community Forests. The CFMBs, with training and support from SCNL, manage the small loan programme and Citizen Conservation Teams (CCTs) that are the core of this project. SCNL has been working with the Tonglay and Normon Clans since 2014 and has a strong and respectful relationship with these communities. The CFMBs and women's loan groups are consulted frequently about the implementation of the small loan programme and several changes in loan modalities were implemented as a result of this input.

The Forestry Development Authority (FDA) of the Government of Liberia is mandated to sustainably manage and conserve all forest resources for the benefit of present and future generations of Liberians. It is not much involved with the day-to-day implementation of this project but convenes regular coordination meetings of all actors working in the Gola Landscape to ensure oversight of all forest-related activities.

### **3. Project progress**

#### **3.1 Progress in carrying out project Activities**

**Output 1:** Normon and Tonglay CFMBs each demonstrate they have the capacity to run expanded small-loan schemes that reduce poverty through encouraging rainforest-friendly livelihoods.

**Activity 1.1:** Project coordinator and Community Mobilisation Officers (CMOs) continue regular training for CFMBs, community leadership, and loan groups on the small loan programme, incorporating elements related to CCTs.

**Progress:** Members of existing and new loan groups participated in two training workshops during this reporting period, along with CFMB and CCT members. Annex 4 provides a summary of all training activities. Annex 9 contains all training reports.

**Activity 1.2:** Approximately every 6 months, project coordinator and CMOs work with CFMBs and community leadership to start a new round of loans with new loan groups, including adaptation of loan modalities as necessary and training for the members of the new groups

**Progress:** The CFMBs, with SCNL support, disbursed a new round of loans in Y2Q3. During this round we piloted lending a larger amount (200,000 LRD) to 5 groups who were chosen based on their previous successful management of smaller loans and who staff thought had the capacity to manage larger loans. As of March 2022, 43 loan groups (215 women) had received loans. Annex 5 provides a list of all current loan groups.

**Activity 1.3:** Project leader, co-leader and coordinator work with Finance Earth to design and implement tests of the interest rate mechanism, using financial data collected by CMOs and M&E officer.

**Progress:** Early analysis by Finance Earth indicated that the loan modalities that were being used at the start of this reporting period were unlikely to generate sufficient funds to meet the goals of an impact investment fund. Therefore, as one means of addressing this, we tested larger loans (200,000 LRD) with 5 groups during the last loan disbursement. Thus far, there are no defaults on repayments from these pilot groups. The current interest rate being charged is 10% which is quite low compared to other lenders in the country. However, we are working in a remote and very poor area with difficult access to larger towns. Therefore there is pressure from the borrowers and from their political representatives to keep interest rates low. We will try 15% in the next round of loans, trying to find a rate that is feasible for the women but that is more likely to generate enough revenue to make an impact investment fund feasible.

**Activity 1.4:** By month 6, project coordinator works with CFMBs and Clan leadership to develop and agree modalities on use of loan interest to pay stipends for CCTs and other costs.

**Progress:** Given the need to reduce interest rates from those foreseen when the project was developed, the CFMBs and CCTs agreed to reduce the monthly stipend for CCT members to █████. Until now, 100% of the stipend amount was covered by project funds. Starting June 2022, 25% of the stipend amount will be covered by interest generated by the loan programme. This will increase incrementally until the end of the project when we expect 100% of the stipend amount to be covered by interest.

**Activity 1.5:** Project coordinator and CMOs provide training to the CFMBs and CFMB loan committees on implementation of agreed modalities.

**Progress:** As per Activity 1.1, CFMB and CCT members participated in 2 training workshops during this reporting period, together with loan group members.

**Activity 1.6:** CMOs continue regular ongoing monitoring of and support to the CFMBs, loan committees, and loan groups on management of the loans and on management of the interest.

**Progress:** While CMOs continue to provide support to the CFMBs and loan groups, the CCT members are taking on increasing responsibility for following up with the loan groups, reminding them of their repayment dates, etc. We think that this evolution will contribute to the long term feasibility of the model given that there are many more CCT members than CMOs and the CCT members come from villages throughout the clans, thereby making it easier for the CCT members to be in direct daily contact with the loan groups.

**Activity 1.7:** CMOs provide training to borrowers to increase their capacity to run a business and access the loan scheme to increase their well-being.

**Progress:** SCNL provided business training to all borrowers in March 2022 using a training model developed as part of a previous project and modified to suit current needs. See Annex 6 for manual.

**Activity 1.8:** CMOs provide training to and work with borrowers to increase capacity for forest-friendly livelihoods activities.

**Progress:** Progress on this activity was limited during this reporting period. This project was originally planned to take place alongside another project focused on livelihood activities so that the two would complement each other but the overlap between the two projects has turned out to be less than planned. We carried out some refresher training at the start of this reporting period on the production of beans, groundnuts, lowland rice and honey. Another project focusing on livelihood activities, supported by the Liberia Forest Sector Project (LFSP), is just getting underway and we anticipate collaborating closely. In particular, the LFSP project is expected to fund the installation of a communal cold storage facility, thereby creating more business opportunities for the women doing petty trading as well as groundnut grinding equipment, thereby giving the women growing groundnuts an opportunity to add value to their product.

**Activity 1.9:** Project leader, co-leader and coordinator work with Finance Earth to test and design optimum livelihood training programmes and test livelihood programmes to grow borrowing capacity.

**Progress:** During this reporting period, SCNL and FE worked together to gather and analyse financial information in order to identify forest-friendly livelihood activities likely to be financially successful in the local context. The top four were honey production, a communal cold storage facility, groundnut processing, and bean production. As per 1.8, we anticipate pursuing this more intensely in the upcoming months.

## **Output 2 Normon and Tonglay CCTs successfully implement conservation/monitoring activities agreed by the CFMBs, the CCTs and other community members, in return for a stipend that reduces poverty.**

**Activity 2.1:** SCNL field staff provide information and carry out discussions about Darwin-funded pilot Citizen Conservation Teams with community members (women, men, youth, occupational groups), community and clan leaders, and CFMBs via meetings and written announcements.

**Progress:** This activity was completed and reported in AR1.

**Activity 2.2:** SCNL field staff support the CFMBs and community leadership to develop and implement selection criteria and selection process for CCTs.

**Progress:** This activity was completed and reported in AR1. Since then, one CCT member from Normon was replaced after an investigation found that he was involved in bushmeat hunting. One of the “stand-by” members became a permanent CCT member. The investigative report is included as Annex 7 and the updated CCT member list as Annex 8.

**Activity 2.3:** SCNL research technician (RT), with support from the project leaders, train all 24 permanent CCT members and at least 24 potential annual members in biomonitoring. Coordinator works with RT and CCT members to review and revise tools after 3 months, 6 months and 1 yr. Refresher training carried out at least every 6 months

**Progress:** CCT members participated in two biomonitoring training in June and November 2021. Training reports are included in Annex 9.

**Activity 2.4:** Project coordinator works with community members to develop patrolling tools. SCNL field staff train all 24 permanent CCT members and at least 24 potential annual members in patrolling and work with CCT members to review and revise tools.

**Progress:** No further revision to the patrolling tools was deemed necessary.

**Activity 2.5:** Project coordinator develops materials for conservation education and awareness raising; train all 24 permanent CCT members and at least 24 potential annual members in conservation education and awareness-raising; and review and revise tools after 3 months, 6 months and 1 yr. Refresher training is carried out at least every 6 months.

**Progress:** SCNL staff developed environmental education training materials and conducted an environmental education training workshop for CCT members in June 2021. The training workshop report is included in Annex 9.

**Activity 2.6:** SCNL field staff support CFMBs to identify, schedule and manage the work of CCT members, including reporting by CCT members.

**Progress:** SCNL staff continue to support the CFMBs and CCT members to carry regular patrols of the two community forests, and accompany the CCT members on their patrols to assist them with biomonitoring tasks and preparing patrol reports. See Annex 10 for sample patrol reports.

**Activity 2.7:** SCNL field staff support CFMBs to develop and implement system for paying CCT stipends.

**Progress:** Currently, SCNL staff pay the CCT member stipends directly with CFMB members present. Starting June, when interest collected by the CFMBs will be used to cover a portion of the stipend costs, CFMBs will be responsible for paying the stipends, with SCNL staff present.

**Activity 2.8:** Project leader, co-leader and coordinator work with Finance Earth to design and implement tests of the CCT membership profile and stipend amounts.

**Progress:** Based on information furnished by SCNL, FE examined the feasibility of different loan modalities and stipend amounts. As a result of significant changes in external conditions (e.g. LRD/USD exchange rate) since the project was first designed, we found that we needed to reduce the monthly stipend amount to \$50. SCNL staff consulted with the CFMBs and CCTs and all agreed to this change. It is possible that a lower amount may be needed to enable the financial model to work

**Output 3 A social /environmental investment fund of at least [REDACTED] is secured to fund the combined small-loan and livelihood support programme at a scale that is capable of generating sufficient funds to sustainably support 12 CCTs (including the pilot areas of Tonglay and Normon).**

**Activity 3.1:** Finance Earth (FE) will hold regular update calls with SCNL and RSPB to feedback on programme testing and data gathering processes undertaken through Outputs 1 and 2

**Progress:** We have tried several different approaches to holding regular calls among the partners to try and accommodate different needs, styles of working, and access to internet. Currently, the primary meetings are:

- a monthly project management meeting of representatives of all partners
- periodic (roughly monthly) workshop/presentation-style calls during which we delve in depth into a particular aspect of the loan programme for which FE needs information to develop the investment case. These were required as the data available was not of the level of detail that FE originally anticipated. FE designed the workshops to gather this information and provide up-skilling to SCNL and RSPB staff on finance topics
- frequent (at least weekly) calls between RSPB staff and SCNL to facilitate the gathering and sharing of different kinds of information

**Activity 3.2:** Finance Earth will compile all financial, impact and risk data gathered by SCNL and its partners for Outputs 1 and 2 (ongoing throughout project).

**Progress:** During this reporting period, we focused our data gathering and analysis on:

- loan modalities, including the loan processes and cashflow
- feasibility of different livelihood activities
- risks associated with the loan programme
- programme design for scaling up loan activities

FE designed and delivered workshops on each of these topics to identify and extract the required information. Copies of all the related FE presentations are found in Annex 11.

**Activity 3.3:** Finance Earth analyse and assess project data from Outputs 1 and 2, culminating in the creation of an Investment Case at the end of Year 2 of the project.

**Progress:** Based on the analysis described in 3.2, FE developed a detailed financial model that will provide the basis for writing the investment case. As further information gathering workshops are delivered, outputs will be incorporated into the model and investment case. At the time of writing further inputs required include: cost refinement, operational plans and risks, grant finance requirement identification, and livelihoods activities planning. Assuming all the necessary workshops can be scheduled, we expect that a first draft of the high level investment case / teaser with which to approach investors should be ready June/July 2022. The high level

investment case / teaser will be followed by an Information Memorandum, which will include initial feedback from investors given the bespoke nature of the structure.

3.4 Finance Earth compiles a list of potential funders/investors for preliminary market testing to establish appetite for social/environmental impact investment into the Gola small loan and CCT project.

**Progress:** FE compiled an initial list of potential funders/investors from their networks that they are adding as the project progresses. During this reporting period they met with BRAC International (Liberia's largest small loan provider) and World Hope International to better understand the small loan landscape and operational realities of operating in Liberia and to investigate further possibilities for investors. Moreover, FE met with the UNDP and the World Bank to understand better the international development financing opportunities and appetite for the loan programme.

**Activity 3.5:** Finance Earth prepares marketing materials for investors, including a presentation, detailed "Teaser" or "Information Memorandum", and financial model (with input from SCNL and RSPB).

**Progress:** As per 3.3, FE is refining its detailed financial model based on its analysis thus far and is continually updating this as further analysis is completed and information is gathered.

**Activities 3.6 – 3.12:** These activities are planned for the next reporting period.

**Output 4 Results of the demonstrations and the Investment Case for social-environmental investment is shared with the conservation and development community across Liberia and Sierra Leone, including with other communities in the Gola Landscape, the FDA, and across Africa through the BirdLife International partnership.**

**Activities 4.1 - 4.4:** Scheduled for the next reporting period.

**Activity 4.5:** SCNL staff present lessons learned at relevant regional meetings of the BirdLife International partnership.

**Progress:** The BirdLife International secretariat invited the project coordinator to present at a webinar in Nov. 2021 that aimed to share insights from micro-finance projects within the BirdLife partnership. SCNL's presentation was entitled "Using Microfinance to Foster Biodiversity Conservation and Improved Livelihoods". See Annex 12.

Connections made at the webinar resulted in an exchange visit of SCNL staff to Nature Tanzania in Feb. 2022. SCNL returned with several ideas for improving their own programme. See Annex 13 for the trip report.

**Output 5 SCNL staff capacity to lead the Darwin Initiative project and future projects is strengthened and broadened.**

**Activity 5.1:** SCNL project coordinator, with support from project leader and co-leader, develops annual and quarterly workplans.

**Progress:** We submitted an updated workplan with HYR2.

**Activity 5.2:** SCNL project coordinator, with support from project leader and co-leader, reviews workplans quarterly with all staff and revises as needed.

**Progress:** Staff from all partners meet monthly to review and update the workplan.

**Activity 5.3:** SCNL project coordinator develops M&E plan with support from project leader and co-leader.

**Progress:** We updated the M&E plan to reflect changes in staffing meeting schedules.

**Activity 5.4:** SCNL project co-coordinator presents project results at annual meetings of the Gola Forest Bilateral Coordination Committee.

**Progress:** The Gola Forest Bilateral Coordination Committee has not met since this project started. However, the FDA has initiated regular meetings with SCNL to review work in the Gola landscape, including this project.

**Activity 5.5:** SCNL finance staff develop finance reporting tools specific to this project and produce relevant financial reports on time with support from project leader and co-leader.

**Progress:** Tools are in place and being used.

**Activity 5.6:** Project leader and co-leader produce required technical reports with input from project coordinator. By Year 3, project coordinator produces technical reports with support from project leader and co-leader as needed.

**Progress:** RSPB is supporting SCNL to write AR2.

**Activity 5.7:** Project coordinator regularly reviews biomonitoring reports with CFMBs and CCTs.

**Progress:** Biomonitoring data is included in CCT patrol reports. See Annex 10 for samples of patrol reports.

**Activity 5.8:** CCTs, together with SCNL research technician, collect biomonitoring data (e.g. loss of primary forest, signs of illegal activities including illegal hunting).

**Progress:** CCTs are carrying out regular (roughly monthly) patrols of the Tonglay and Normon Community Forests. See Annex 10 for samples of patrol reports.

**Activity 5.9:** Planned for next reporting period.

**Activity 5.10:** SCNL field staff, under technical guidance of the project leader and co-leader conduct household survey and individual interviews at start and end of project.

**Progress:** Start of project surveys are complete.

**Activity 5.11:** Project leader and co-leader work with SCNL staff to analyse all data.

**Progress:** Start of project surveys are complete.

**Activity 5.12:** Finance Earth provide quarterly progress reports of development of investment fund.

**Progress:** FE completed all quarterly progress reports.

## 3.2 Progress towards project Outputs

**Output 1.** Normon and Tonglay CFMBs each demonstrate they have the capacity to run expanded small-loan schemes that reduce poverty through encouraging rainforest-friendly livelihoods.

**Baseline condition:** A loan scheme exists in both the Normon and Tonglay clans, with capital being loaned to 130 women and being repaid with interest. Under the Darwin project additional funding has been made available which will be used to expand the loan schemes to benefit more women.

**Indicator 1.1:** The two loan schemes continue to be managed well (i.e. capital maintained) throughout the project period.

**Progress:** As evidenced by the loan ledgers and loan repayment summaries, the loan schemes continue to be well managed even though there have been some challenges with some groups paying late. Nevertheless, the groups are making repayments and as of June, CCT stipends will be partially paid from the interest payments. When the programme scales up, and is engaging with investors, it will be important to report more reliably on loan repayments.

**Indicator 1.2:** Loan groups are able to absorb incrementally larger loan amounts over the life of the project, leading to a loan portfolio size of [REDACTED] for each Clan.

**Progress:** Demand for loans remains high with more groups expressing interest. We piloted increased loans of LRD 200,000 to 5 loan groups in Camp Alpha and will be piloting an even larger loan of LRD 300,000 to 2 groups in the next disbursement.

Current Norman portfolio: LRD [REDACTED]

Current Tonglay portfolio: LRD [REDACTED]

*\*Exchange rate used 1 GBP = 249.1588 LRD to nearest £100*

Although demand remains high, the bigger issue is whether all of the groups will continue to be able to repay their loans given the difficult economic context.



**Indicator 1.3:** The number of individuals participating in the loan scheme increases incrementally from 130 to at least 430 over the life of the project.

**Progress:** As evidenced by the loan ledgers, the number of borrowers is now 215. As per 1.2, we are trialing larger loan sizes to some groups, therefore the overall number of borrowers at EOP will be fewer than 430 and will depend on how many groups are able to manage the larger loans.

**Indicator 1.4:** 90% of the 430 loan scheme beneficiaries report a significant positive impact on their own/their household's wellbeing (e.g., being able to pay school or medical fees, make improvements to accommodation, pay for labour to rehabilitate cocoa farms or plant and harvest more crops) as a result of engaging in the loan scheme.

**Progress:** 92% of loan group members surveyed in April 2021 reported a positive impact as a result of the loan programme. See Annex 14 for complete report, pp 14-15.

**Output 2.** Normon and Tonglay CCTs successfully implement conservation/monitoring activities agreed by the CFMBs, the CCTs and other community members, in return for a stipend that reduces poverty.

**Baseline condition:** No Community Conservation Teams or any organised form of community forest protection existed before the Darwin project began. Communities were delighted to hear that through the Darwin project they would be given support to patrol and monitor their own forests.

**Indicator 2.1:** CCT members (12 permanent and 3 annual for each of two teams) are selected by communities using a transparent process with clear criteria by Month 6 of the project.

**Progress:** As evidenced by the current list of CCT members, the CFMBs completed the selection of CCT members, 12 permanent and 12 standby members for each clan.

**Indicator 2.2:** All CCT members (24 permanent and 6 annual) are trained in biomonitoring, patrolling, conservation education and awareness-raising by the end of Year 1.

**Progress:** As evidenced by the training workshop reports (See Annex 9), CCT members participated in training on patrolling, biomonitoring, and environmental education. Refresher training is continuing.

**Indicator 2.3:** By the end of the project, CCT members are implementing a scientifically robust but locally appropriate programme of biomonitoring, patrolling, conservation education and awareness-raising activities.

**Progress:** As evidenced by patrolling reports (see Annex10), CCT members are carrying out regular patrols during which they do biomonitoring. At this point, there continues to be SCNL technical support for the patrols. CCT members participated in environmental education training and are carrying out awareness raising activities. In particular, after patrols are completed, they present what they saw in the forest to community members. As an additional task, CCT members are now also assisting the CFMBs by following up loan payments with loan group members.

**Indicator 2.4:** By end of project 90% of the 30 CCT members report a significant positive impact on their/their household's wellbeing as a result of engaging in the loan scheme.

**Progress:** The assessment carried out by the social scientist (see Annex 14) shows that the CCT members value the stipend that they are receiving as well as well as skills they are learning. The impact on their household's wellbeing will be assessed at EOP.

**Output 3.** A social /environmental investment fund of at least [REDACTED] is secured to fund the combined small-loan and livelihood support programme at a scale that is capable of generating sufficient funds to sustainably support 12 CCTs (including the pilot areas of Tonglay and Normon).

**Baseline condition:** No investment fund in existence.

**Indicator 3.1:** An Investment Case for investors is available at the end of Year 2 of the project, based on evidence of Outputs 1 and 2.

**Progress:** As evidenced by FE's presentations (see Annex11), FE carried out considerable analysis of loan modalities, loan processes, livelihoods activities, risks, and programme design,

all of which feed into the ongoing development of a detailed financial model and high-level Investment Case, expected now by June/July 2022.

**Indicators 3.2 – 3.3:** Planned for Year 3.

**Output 4.** Results of the demonstrations and the Investment Case for social-environmental investment is shared with the conservation and development community across Liberia and Sierra Leone, including with other communities in the Gola Landscape, the FDA, and across Africa through the BirdLife International partnership.

**Indicators 4.1 – 4.5:** Planned for the last 2 months of the project.

**Indicator 4.6:** Lessons learned report will be shared within the BirdLife International partnership at a regional meeting 1-2 months before the end of the project.

**Progress:** Although the final lessons learned report will not be written until EOP, we already made a presentation to the BirdLife partnership about the project at a regional webinar. This resulted in an invitation to visit Nature Tanzania who are also working on a small loan project to promote biodiversity conservation. SCNL staff brought back several insights that they are incorporating into the work in Liberia. See Annex 13.

**Indicator 4.7:** By mid project, 3 and by end of project, 5 other NGOs in Liberia/Africa demonstrate a commitment to replicate the pilot.

**Progress:** As of end Year 2, no other NGOs are demonstrating a commitment to replicate the pilot. However, the exchange visit with Nature Tanzania did lead to some useful learning by both organisations.

**Output 5.** SCNL staff capacity to lead the Darwin Initiative project and future projects is strengthened and broadened.

**Baseline condition:** This is the first Darwin project SCNL have led on. While staff have experience of working with other funders, they have not worked with Darwin before.

**Indicator 5.1:** A Monitoring and Evaluation (M&E) plan is put in place by Month 4 of the project.

**Progress:** We reviewed the M&E plan in October and included a copy in HYR2. We updated this recently to include some staffing and scheduling changes.

**Indicator 5.2:** A project implementation committee (PIC) is established to guide and support the project.

**Progress:** We did not do this but instead have been holding regular coordination meetings with the FDA.

**Indicator 5.3:** The implementation committee meets biannually, or more frequently as requested by committee members.

**Progress:** See 5.2.

**Indicator 5.4:** SCNL prepares regular (biannual) internal notes for the steering committee and for future records on the progress of the project.

**Progress:** The Gola Forest Bilateral Coordination Committee was established several years ago and was meant to serve as a steering committee for all projects implemented in the Gola Landscape in both Liberia and Sierra Leone. Because of COVID travel restrictions, the committee has not met for over 2 years. Nevertheless, SCNL and the FDA are holding regular coordination meetings about work in the Gola Landscape so that the FDA maintains oversight of this project.

**Indicator 5.5:** A financial reporting system is in place by the end of Month 2 and financial expenditure remains within contractual limits.

**Progress:** The financial reporting system is functioning, as evidenced by the financial reports submitted.

### 3.3 Progress towards the project outcome

**Outcome:** An evidence-based pilot secures [REDACTED] of social/environmental investment to finance 12 Citizen Conservation Teams through small-loan programmes, enabling community stewardship of High Conservation Value Community Forest and uplifting local economies.

**Indicator 0.1:** By end of project, conservation by-laws governing at least the 15,000 ha of conservation zones of the Normon Community Forest and Tonglay Community Forest are respected and enforced by community members.

**Progress:** As evidenced by patrol reports (see Annex 10), the CCTs are regularly patrolling the Normon and Tonglay Community Forests and those breaking the by-laws are dealt with by the traditional authorities. The Community Forests are now officially approved by the Government of Liberia, governed by a Community Forest Management Agreement (CFMA), giving greater authority to the Normon and Tonglay Clans to manage their own forest.

**Indicator 0.2:** By end of project, conservation goals (e.g. no loss of primary forest, no illegal activities including illegal hunting) for the conservation zones of the Normon and Tonglay Community Forests are attained and threats to biodiversity (e.g. commercial bushmeat hunting) are decreasing compared to baselines.

**Progress:** We will assess this indicator at EOP but thus far, we are optimistic that we will reach our conservation goals as the CCT patrols have, anecdotally, reduced the amount of illegal bush meat hunting and pit sawing. The CCT members collect biomonitoring data as part of their regular patrols which feeds into SCNL's broader biomonitoring programme.

**Indicator 0.3:** By the end of project, direct loan beneficiaries have increased in total from 130 to at least 430. 42 people benefit from employment in 2 pilot Citizen Conservation Teams. 24 people will be employed on a permanent basis, and 18 (6/year) will be employed annually.

**Progress:** As evidenced by the list of loan groups (Annex 5) and the list of CCT members (Annex 8), there are currently 215 borrowers and 24 CCT members who are patrolling and receiving a regular stipend. As per 1.3, we are trialing some larger loans so we do not expect the total number of borrowers to reach 430. The final number will depend on how many borrowers are able to manage a larger loan.

**Indicator 0.4:** A social/environmental investment fund of [REDACTED] by end of project is available to support small-loan programmes and aligned CCTs in 12 CFs (7 in Liberia, 5 in Sierra Leone).

**Progress:** As per 3.1, Finance Earth have finished considerable analysis, developed a detailed financial model, which will be refined as further information is gathered, and are on track to complete a first draft of the investment case by June/July 2022.

### 3.4 Monitoring of assumptions

**Assumption 1:** The Government of Liberia maintains its commitment to biodiversity conservation.

**Comments:** The Government of Liberia has not changed its laws or policies with respect to biodiversity conservation. While the FDA has limited resources, FDA staff actively support the activities of conservation organisations and have been pro-active in playing a coordinating role in the various landscapes.

**Assumption 2:** The Forestry Development Authority (FDA) or other authorities will support the Tonglay and Normon Clans in enforcing CF bylaws.

**Comments:** The Community Forest Management Agreement between the Government of Liberia (via the FDA) and the Normon and Tonglay Clans was signed in May 2021, thereby giving the clans the legal right to manage and benefit from their Community Forests.

<https://scnlliberia.org/society-for-conservation-of-nature-of-liberia-facilitates-the-signing-of-community-forestorest-management-agreement-between-the-normon-and-tonglay-clans-community-forest/>

**Assumption 3:** There is a market for a social /environmental investment fund for the Gola region, and investors are willing to commit funds to the programme.

**Comments:** To date there has been no evidence to suggest that this is not the case. Finance Earth has begun initial engagement with potential impact investors operating in the region (UNDP, IFC). These discussions have helped Finance Earth understand some of the key barriers from an investor's perspective, and some interest in the programme has been identified. However, due to the size and complexity of the programme, and that the investment proposal is not yet fully developed, further information is required by investors before we can fully validate this assumption.

**Assumption 4: The interest rate charged on the loans can be set at an affordable rate for borrowers whilst generating sufficient funds to cover operating costs, CCT stipends and an appropriate return to future impact investors.**

**Comments:** This is a key assumption, one that we are analysing closely, particularly because external factors such as the LRD/USD exchange rate and economic conditions have changed significantly since this project was first designed. Given the deteriorating economic conditions in the area, there is pressure from both the communities and their political representatives to keep interest rates low, even as compared to those charged elsewhere in the country. Feedback from borrowers suggests that the key variable to affordability from their perspective is the monthly repayment amount. The levers available to adjust the repayment amount include interest rate, size of loan, and length of repayment period. We are trying different combinations of these with different groups to find combinations that work. We can then increase the number of groups so that the total interest generated by the loans is sufficient to pay CCT stipends. FE's most recent modeling suggests that this assumption is still true but it will depend on continuing to be able to scale up the number of groups to 1,200 over five years which will come with significant operational challenges. The programme will also likely rely on significant levels of grant to support non-CCT stipend costs, and investor return.

**Assumption 5: SCNL and external partners are able to continue to provide aligned training for the CFMBs and the borrowers.**

**Comments:** SCNL and external partners continued to provide training for the CFMBs, CCTs, and borrowers during this reporting period, both as part of this project and as part of others. Thus far, SCNL continues to be able to obtain funding for its conservation activities, including training.

**Assumption 6: Loan schemes benefiting women's groups continue to have a positive social impact.**

**Comments:** As evidenced by the social scientist's baseline assessment (see Annex15), the loan programme continues to have a positive impact on the borrowers, CCT members and the community at large.

**Assumption 7: There are sufficient numbers of individuals (both men and women) who are willing to be members of a CCT. There are sufficient literacy skills within each CCT to be able to carry out the required activities and prepare appropriate reports/communication.**

**Comments:** As evidenced by the list of current CCT members (see Annex 8), there was no difficulty in finding sufficient numbers of people to become CCT members. In addition to the 24 current members, there are 24 "standby" members who participate in all the trainings and are ready to step in should any of the permanent members need to be replaced.

**Assumption 8: Loans do not drive bushmeat hunting.**

**Comments:** Anecdotally, bushmeat hunting is decreasing in the Tonglay and Normon Community Forests but we will not know for sure until we carry out the relevant surveys at EOP. There are several factors at play. First, the borrowers sign an agreement before taking a loan that they will not engage in the bush meat trade. As women traders are the main drivers of the bush meat trade, this reduces the number of bush meat traders. Secondly, many hunters have chosen to become a CCT member rather than continue hunting, preferring a smaller but more regular income than hunting can provide. Finally, the CFMBs are utilising the CCT members to follow up with the borrower groups – partly to remind them of payments but also to enforce the agreement against bush meat trading.

**Assumption 9: The Investment Case is sufficiently robust to attract investment from targeted investors.**

**Comments:** To date there has been no evidence to suggest that this is not the case. Finance Earth is still working with Darwin and SCNL teams to create and validate the future loan programme design from financial and operational perspectives. The current design would not be robust enough to attract investment from targeted investors but with future planned activities of cost refinement, introduction of mobile money, validation and identification of additional operational risks, and with time to refine the investment case once initial investor feedback has been gathered, Finance Earth considers there still to be a significant chance that the programme can include an element of private finance from targeted investors.

**Assumption 10: Liberian conservation groups, the FDA and Birdlife International are amenable to workshops for learning about the project and lessons learned.**

**Comments:** The FDA continue to engage with SCNL on a regular basis both through project implementation and through the convening of coordination meetings at which this project is discussed. BirdLife International invited SCNL to present on this project at a webinar in November 2021 which resulted in an exchange visit for SCNL staff to Nature Tanzania who are also implementing a small loan programme for conservation.

**Assumption 11: National conditions in Liberia continue to allow SCNL to operate effectively.**

**Comments:** There were no issues during this reporting period that prevented SCNL from operating effectively as evidenced by this annual report.

### **3.5 Impact: achievement of positive impact on biodiversity and poverty alleviation**

**Impact statement:** 82,500 citizens of the Greater Gola Landscape are stewards of c.50,000 ha of High Conservation Value Community Forest, linking protected areas to conserve the largest remaining area of Guinea Rainforest.

**High level impact on biodiversity:** This project contributes to the conservation of the Gola Forest Landscape, the largest remaining block of Upper Guinea Rainforest, a globally important biodiversity hotspot holding at least 60 threatened species. It does so by contributing to the establishment and protection of conservation zones within the Normon and Tonglay Community Forests, which are themselves corridors connecting three protected areas in the Gola Landscape – two in Liberia and one in Sierra Leone.

**High level Impact on human wellbeing:** This project has a direct impact on the wellbeing of two groups of people within the Normon and Tonglay Clans – the women borrowers within the small loan programme and the CCT members who receive a monthly stipend. Several surveys, including Annex 14, show that the women borrowers are better able to contribute to their families' wellbeing through participation in the programme. They state that they are able to contribute to costs such as school fees, medical care, and food for the family. We expect that the increased wellbeing of these households will contribute to the economic development of the broader community and therefore to the improved wellbeing of the community overall.

## **4. Project support to the Conventions, Treaties or Agreements**

### **Liberia's National Biodiversity Strategy and Action Plan II (NBSAP)**

Target 5, Action 1 of the NBSAP aims to establish Community Forests and to "provide incentives to communities for ecosystem services". This project is expanding an existing small loan programme (the conditions of which prohibit damaging activities, e.g. commercial bushmeat hunting and trading) tripling the number of loans available to forest communities. These loans provide the incentive described by the NBSAP, encouraging communities' uptake of conservation activities.

More importantly, the expanded loan programme is providing additional evidence to allow partners to design and build an investment case aiming to attract investment capital of [REDACTED] by project end, which will, post project, be used to further scale the loan scheme

across the landscape to a point where the interest generated can fund Citizen Conservation Teams to steward and monitor High Conservation Value Forest to deliver ecosystem services.

### **CBD**

Cooperation (Article 5) between Liberia (Community Forest Management Bodies, SCNL) and UK (Darwin Initiative, RSPB, Finance Earth) is helping protect an internationally recognised biodiversity hotspot and improve livelihoods of some of the poorest and most remote communities in Liberia. Incentivising communities living adjacent to the Gola Forest National Park (GFNP) to manage and preserve High Conservation Value Forest as Community Conservation Zones within their Community Forests will contribute to In-situ Conservation (Article 8(e,j)). The partners are pooling technical/scientific expertise to develop and prove a replicable impact investment model. In line with Article 18 we will share the model through our global networks, ensuring replicability and scalability.

### **CITES**

A key impact of this project will be incentivising communities to abandon illegal hunting for the bushmeat trade (e.g. chimpanzees) and for the illegal wildlife trade (e.g. pangolins), both through the small-loan programme and by sustainably enabling the communities to monitor and police their Community Forests. We work closely with Blamah Goll, the Technical Manager for Conservation at the FDA, who is also the CITES focal point for Liberia.

## **5. Project support to poverty reduction**

This project is contributing to poverty reduction in a variety of different ways.

### **Direct beneficiaries**

As per 3.5, this project has a direct impact on two groups of beneficiaries, the women borrowers and the CCT members, both of whom are able to contribute to improvements in wellbeing of their households. We expect that the increased wellbeing of these households will contribute to the economic development of the broader community and therefore to the improved wellbeing of the community overall (to be assessed through monitoring of the PPI of households in the community).

### **Community forests and ecosystem services**

Through the employment of CCT members and strengthening of the CFMBs, this project contributes to the protection and management of the Normon and Tonglay Community Forests and ultimately to the conservation of the Gola Forest Landscape. Through well-managed community forests, communities safeguard the ecosystem services provided by the forest and can improve community income through forest-dependent industries.

### **Scaling up**

This project is collecting and analysing the information needed to establish a social and environmental impact investment fund with a goal of attracting [REDACTED] of investment by the end of the project. The fund will enable the establishment of small loans schemes throughout the Gola Landscape contributing to the conservation of c.50,000 ha of high conservation value forest outside the protected areas and increasing the access of c.82,500 citizens to loan schemes and business development support.

## **6. Consideration of gender equality issues**

This project supports the economic empowerment of women in rural Liberia through a small loan programme. It gives these women the opportunity to improve the wellbeing of their households and thereby gives them a stronger voice within their household. By creating an environmental and social investment fund, we will eventually be able to scale this programme to a much larger number of women.

The CFMBs were not able to recruit equal numbers of male and female CCT members but of the 48 CCT members (24 permanent and 24 standby), 17 are female and 31 male, or 35% female and 65% male. Given local concerns about women working in the forest, we feel that this is a significant step on the road to greater gender equality.

The CFMBs reflect the overall community governance structures which are predominately male but in which there are designated women representatives and recognition that women's opinions need to be heard.

We note that all M&E data collected is sex disaggregated.

## **7. Monitoring and evaluation**

Monitoring and evaluation is based on an M&E plan that we shared earlier. We've updated it recently to reflect changes in staffing and scheduling. We use a tracking tool to make sure that we are recording the information needed to report on the indicators that are included in the logframe. All partners contribute to populating the tracking tool but it is SCNL, with technical support from RSPB, who has the primary responsibility for ensuring that all that data is collected. The system is generally working well but we do find ourselves devoting a lot of effort to collecting detailed numerical data such as number of men and women attending a training event and perhaps not enough time stepping back to reflect on broader, more fundamental issues about the effectiveness of our work.

## **8. Lessons learnt**

### **Lessons learned with respect to implementation of the loan scheme**

The original loan scheme on which this project is based followed the basic design of the Grameen Bank, whereby loans are made to groups of women (5 in our case) and the group as a whole is responsible for repaying the loan even if the loan is divided out to individual members. In effect, the traditional physical or financial collateral required of borrowers is replaced by the social capital among the individual group members. Following SCNL's exchange visit to Nature Tanzania whose loan programme uses physical collateral, we are considering the possibility of introducing the use of physical collateral, perhaps for some of the less poor communities who have more possibilities for physical collateral. We need to consult and analyse more thoroughly before making a decision but we think introducing a requirement for physical collateral might help to reverse a trend that we are seeing of borrowers becoming less diligent about making their monthly payments on time.

Another way of countering this trend that we have already introduced is to make borrower follow-up one of the tasks of the CCT members. There are CCT members living in all of villages of each clan so they are in closer daily contact with the borrowers and additionally, have a strong personal interest in doing the follow up as their stipends will depend on the loan interest being paid.

We are also looking at ways in which the CFMB members could obtain some benefit from the loan programme. Currently, they receive no compensation from the community for the work they do of managing the loan programme and therefore will sometimes prioritise other activities. Again, more consultation and analysis is needed before making a decision.

As noted earlier, this project was scheduled to be implemented in parallel with another project focused more on income-generating activities but for various reasons, including COVID delays, the timing did not work out. Another project, supported by the Liberia Forest Sector Project, is starting up now and we think it will be important to ensure that it supports the borrowers in exploring new opportunities for income generation. Two specific activities that are planned are the installation of a communal solar-powered cold storage facility and the installation of a grinding machine for making peanut butter.

With respect to the deployment of SCNL staff, we have found it necessary to hire a loan officer, somebody responsible for all of SCNL's loan activities in an area. The CMO's who were working on the programme did not always have all the technical skills needed and were often working on other aspects of SCNL's work. Having one person devoted to the loan programme has made the programme run more smoothly.

Finally, with respect to the loan programme, SCNL staff were impressed with the way in which Nature Tanzania had more thoroughly formalised all aspects of their loan programme. While SCNL's programme is governed by written agreements among SCNL, the CFMBs, and the

borrowers, Nature Tanzania also uses a comprehensive written framework that lays out all detailed loan modalities in one place.

### **Lessons learned with respect to management of the project.**

As noted under Activity 3.1, we have ended up trying several approaches to holding regular meetings among the partners in order to accommodate different needs, styles of working, and access to internet. It took some time at the beginning of the project for everybody to get used to different ways of working across organisations. Not only were there cultural differences due to geography but cultural differences due to different kinds of organisations working together i.e. not-for-profit NGOs and a for-profit investment firm. The original project design included a visit of FE staff to Liberia to become familiar with small loans in Liberia and the country context but this visit has not yet been possible because of COVID restrictions. If we were designing this project again we would definitely keep this visit in the design and perhaps find ways for more in-person interaction.

## **9. Actions taken in response to previous reviews (if applicable)**

The review of our first annual report included a number of questions which we have answered in Annex 15 as well as a number of recommendations for improving how the report was written and organised which we have tried to incorporate into the present report.

## **10. Other comments on progress not covered elsewhere**

We note that as we continue the analysis needed to develop the Investment Case, we are looking more in-depth at the operationalisation of a larger, scaled up loan programme throughout the Gola Landscape. We are still working on this but are currently considering a 5-year period to move from working only with the Tonglay and Normon Clans to working with 7 CFs throughout the landscape, incrementally increasing the capital available for loans to £1,200,000 by Year 5.

## **11. Sustainability and legacy**

The expected outcome of this project is the securing of a [REDACTED] impact investment fund to finance loan schemes such as the one supported here throughout the Gola Landscape. Much of the work we are doing now is to try and find the loan scheme modalities that have the best chance of working in the long term thereby assuring the sustainability of the investment fund and the loan schemes, all within the overall objective of conserving the Gola Forest Landscape. We are not yet far enough along in the development of the investment case or the scaling up of the loan scheme to generate a lot of outside interest but anticipate considerable interest if we are successful in achieving the outcome.

We recently received the Mid-term Review Report and will provide a complete reply. We note here however that the reviewer questions the sustainability of the current small loan scheme given what he perceives to be large default rates. We believe him to be mistaken about the default rates. There is definitely an issue with groups making monthly payments late that needs to be addressed but thus far there are no groups that have completely defaulted and not repaid their loans at all.

## **12. Darwin identity**

We used the Darwin Initiative logo on posters and banners for SCNL events, both Darwin-funded and not Darwin-funded. While this Darwin project is generally seen as a distinct project, displaying the Darwin Initiative logo along with those of other donor logos, frames this project as one of several in the landscape, all contributing to the same overall objective.

We recognised the UK Government's contribution to the work of this project at all public presentations about the project, including the presentation at the BirdLife regional webinar on microloan projects that contribute to conservation.

Although we display the Darwin Initiative logo when appropriate and always recognise the UK Government's contribution, the Darwin Initiative does not have a high profile in Liberia, this



being the only current Darwin project in a country where there is a fair amount of conservation activity.

### 13. Impact of COVID-19 on project delivery

COVID-19 had a significant impact on project delivery early on as the start of the project was delayed by six months and many of the early community meetings were held under COVID restrictions. However, the situation has evolved and COVID protocols are no longer required.

The pandemic (as well as changeover in FE staff) prevented an FE staff person from travelling to Liberia yet to gain a firsthand understanding of the small loan programme and the conditions under which it is being implemented. This slowed the implementation of the work as we had to build a common understanding of certain situations and activities over Zoom which was not ideal. The FE team still hopes to visit before the end of the programme but an exact date is still to be determined.

The bigger impact of COVID may be economic as the pandemic is having a negative impact on the Liberian economy, compounded more recently by the war in Ukraine. The World Bank notes that when the pandemic struck in early 2020, Liberia was already facing a challenging domestic and external environment. Decreasing incomes and higher food prices because of the pandemic are creating an economic downturn in a country particularly vulnerable to external shocks (*“Liberia Economic Update, 1<sup>st</sup> Edition”*, World Bank Group, June 2020). Rural communities in a remote part of Liberia are particularly vulnerable and therefore this project is being implemented in much tougher economic conditions than anticipated.

We note also that the co-project leader for this project left Liberia because of the pandemic and ended up retiring. RSPB hired her to provide some limited support to SCNL from a distance but the project lost some continuity with the earlier small loan programme with her departure.

### 14. Safeguarding

Please tick this box if any safeguarding or human rights violations have occurred during this financial year.

If you have ticked the box, please ensure these are reported to [ODA.safeguarding@defra.gov.uk](mailto:ODA.safeguarding@defra.gov.uk) as indicated in the T&Cs.

We confirm that SCNL has a safeguarding policy and a Code of Conduct for staff that are shared with all partners in the project. We have established a mechanism by which community members can report any complaints about SCNL to a designated respected elder who is responsible for forwarding legitimate complaints to a designated SCNL staff person for further action.

### 15. Project expenditure. The figures below are DRAFT.

**Table 1: Project expenditure during the reporting period (1 April 2021 – 31 March 2022)**

Project spend (indicative) since last Annual Report	2021/22 Grant (£)	2021/22 Total Darwin Costs (£)	Variance %	Comments (please explain significant variances)
Staff costs (see below)	██████	██████	██████	This was due to increase in workload on the M&E officer for this year and the salary of the M&E officer had to be increased to support her work load on the field

Consultancy costs	██████	██████	██████	We underspent due to the fact that the legal cost was not pay out because the investment agreement was not ready and a final payment to one of our partners did not go through before the end of the reporting period
Overhead Costs	██████	██████	██████	This includes costs for the mid-term review that were not originally budgeted
Travel and subsistence	██████	██████	██████	
Operating Costs	██████	██████	██████	
Capital items (see below)				
Monitoring & Evaluation (M&E)				
Others (see below)	██████	██████	██████	
<b>TOTAL</b>	██████████	██████████	██████████	

**16. OPTIONAL: Outstanding achievements of your project during the reporting period (300-400 words maximum). This section may be used for publicity purposes**

