

# The Darwin Initiative

Country/Region:	ODA Eligible Countries
Programme Value:	up to £93.75m
Start – End Date:	April 2021 up to March 2028
Overall Risk Rating:	Moderate
Version Number:	3.1

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## Executive Summary

The Darwin Initiative is the UK's flagship international challenge fund for biodiversity and sustainable development, established at the Rio Earth Summit in 1992. Building on this long-standing commitment, renewed by the Prime Minister at the 2019 UN General Assembly, the business case sets out how we will scale-up, delivering on vfm, leveraging additional finance and building local capability and capacity.

The Darwin Initiative remains strongly aligned to HMG's International Strategic priorities, and comes at an important time: as the UK hosts both the G7 and UNFCCC COP26, whilst the CBD COP15 develops a post-2020 global biodiversity framework, and during a time when awareness of the risk from zoonotic diseases and their link to biodiversity has achieved a greater global profile, and when countries are urged to "build back better" by factoring in environmental sustainability to their economic recovery plans.

Whilst there is evidence of successful Darwin Initiative projects to date, there is a need to go further:

- First, the **scale of funding** and overall activity needs to be increased to help address the scale of the challenge and the current global funding gap.
- Second, there is considerable scope to innovate, learning from experiences and building on successes, **demonstrating programme-level results** and enabling the adoption of refined best practices.
- Thirdly, larger, more sustainable impacts can be achieved in eligible countries from an even greater emphasis on **building local capability and capacity**.

To scale-up and deliver greater impact, a new structure is proposed:

*Component A: Capability and Capacity*

*Component B: Project and Programme Windows*

*Component C: Evidence, Best Practice and Outreach*

The revised structure provides a path for successes to scale, enabling innovation, placing a greater value on evidence and learning within the programme, creating new funding opportunities for larger programmes, and addressing the gap between the small projects and landscape level interventions.

The presented Indicative Multiyear Budget Profile provides a route to scale to £30m per annum by 2023, spending up to £93.75m by 2024.

The programme will adopt an adaptive management approach, focusing on continued learning and robust delivery as it scales, facilitated by the new Monitoring, Evaluation and Learning approach at its heart. This will enable responses to poor performance and to opportunities; refinements to the schemes to focus support effectively, rebalance the portfolio, responding to a better evidence of what works. A review point in 2022, which assesses progress, demand, quality of bids and a fuller results framework will inform a decision on exact budget allocations for future years. Noting that by this point, we expect to have spent up to £30m and committed a further £12m for the 2022/23 financial year.

The resulting success will be gains for biodiversity such as restoration of degraded habitats, sustainably managed ecosystems, strengthened governance of ecosystems, reduced rates of biodiversity loss or degradation. For indigenous and local communities, women, and other stakeholders, project will contribute to poverty reduction through improved or more secure income, enhanced resilience when faced by disasters or climate change impacts, or improved nutrition or food security.

As a result of the new design, the Darwin Initiative will deliver greater impact than the sum of its individual projects by integrating learning into its operations, adapting its approach in response to performance and evidence, raising the quality of project delivery, strengthening local action and enhancing the likelihood of successful approaches scaling-up within the Initiative and beyond.

# 1. Strategic Case

At the 2019 UNGA Summit, the PM announced a £220m UK International Biodiversity Fund, calling for new ambition to halt and reverse the loss of biodiversity, within the context of the most vulnerable:

*Our planet's rich biodiversity is under threat. As we destroy the world's forests, we drive ever more species to extinction, we erode nature's ability to cope with climate change and we undermine the livelihoods of millions of people. The UK recognises that we are at a tipping point and that action now is both urgent and essential.*

## 1.1 Global context

**The planet is facing unprecedented biodiversity loss and degradation;** the scale of loss and rates of extinction are the greatest they have been for several million years and are accelerating. A quarter of species assessed are threatened by our **human activity**, with an estimated million species facing extinction<sup>1</sup>, whilst global populations of fish, birds, mammals and reptiles have declined by 68% since 1970<sup>2</sup>. Of the twenty Aichi Biodiversity Targets adopted as part of the Strategic Plan for Biodiversity (2011-2020), only six were partially achieved; 14 of the 18 assessed ecosystem services are declining as result of biodiversity loss<sup>3</sup>. The window of opportunity the world has to tackle the biodiversity crisis is shrinking.

## 1.2 Biodiversity and Sustainable Development

**Biodiversity loss is a critical challenge for sustainable development.**

Halting and reversing the decline in biodiversity is critical for achieving the Sustainable Development Goals, not only for the well-known types of biodiversity (fish stocks, forests, agriculture) but also the less well-known biodiversity (e.g. fungi and invertebrates), and the associated traditional knowledge.

Biodiversity loss is escalating the likelihood that dangerous tipping points will be reached, bringing instability and abrupt changes, resulting in impacts to wellbeing (e.g. economic activity and unemployment, food and water insecurity, health, fragility and conflict) at the community, national and international levels. These tipping points will have the greatest impact on low-income countries, with their greater reliance on biodiversity and limited capability to adapt, undoing past gains and risking future prospects<sup>4</sup>.

The most vulnerable rely on biodiversity to manage risks (food security, environmental hazards, climate change, and health) and meet their everyday needs, including:

- >3bn people depend on marine and coastal biodiversity; >1.6bn people rely on forests and non-timber products.
- Loss of crop biodiversity, and subsequent reliance on agrochemicals to compensate for lowered plant resilience and poor soil, exposes biodiversity and people to health-damaging pollutants.

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<sup>1</sup> IPBES (2019) Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

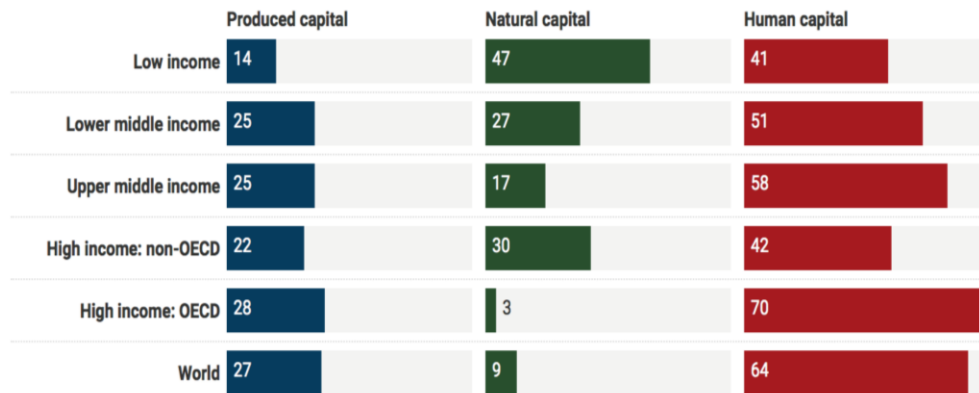
<sup>2</sup> WWF (2020) *Living Planet Report 2020: Bending the curve of biodiversity loss*. Almond, R.E.A., Grooten M. and Petersen, T. (Eds). WWF, Gland, Switzerland.

<sup>3</sup> IPBES (2019) Global Assessment Report on Biodiversity and Ecosystem Services

<sup>4</sup> World Bank Group (2021) Virtual Technical Briefing – Wednesday, March 24, 2021 Biodiversity, Forests and Landscapes

- Agricultural systems' resilience and capacity to adapt to climate change depends on maintaining diversity in cropping systems, crop varieties, and animal breeds, without which future productivity levels are at risk, impacting the small-scale farmers the hardest.
- Declines in the diversity of fish species are strongly associated with lower catches, decreased resilience to exploitation, and higher incidence of stock collapse. Over 90 % of global marine fish stocks are now fully exploited or overfished<sup>5</sup>.

Figure 1 Wealth by Asset Type<sup>6</sup>



Low-income countries are proportionally more reliant on natural capital (Figure 1), leveraging this to build infrastructure and human capital but placing natural capital under pressure.

Over the last decades, biodiversity loss has been linked to outbreaks of fatal vector-borne and infectious zoonotic, including (HIV/AIDS), malaria, avian influenza, Ebola, Severe acute respiratory syndrome (SARS), and most recently Coronavirus disease 2019 (COVID19)<sup>7,8</sup>.

### 1.3 Drivers of biodiversity loss.

Human activity remains the primary cause of biodiversity loss and degradation, accelerating in the past 50 years via established **direct drivers**<sup>9</sup>:

1. **Changes in land and sea use**, e.g. agricultural and urban expansion, water extraction.
2. **Direct exploitation of organisms**, e.g. overexploitation via harvesting, logging, hunting and fishing
3. **Climate change**, e.g. extreme weather events, changes in seasonality, ocean acidification
4. **Pollution**, e.g. marine plastic, waste, industry, agriculture, petrochemicals
5. **Invasion of alien species**, e.g. global trade spreading species that impact ecosystem functions

There is a two-way interaction between climate change and biodiversity loss – climate change is partly driving biodiversity loss, the loss of which is reducing biodiversity's capability to capture and store carbon, adapt and be resilient.

Behind these are **indirect drivers**: a variety of economic, political and social factors, including consumption habits, wealth generation, and the spatial decoupling of production from consumption. Incentives often

<sup>5</sup> FAO (2020a) *The State of World Fisheries and Aquaculture 2020*

<sup>6</sup> WBG (2020) *The Changing Wealth of Nations 2021*

<sup>7</sup> European Parliament (2020) *The link between biodiversity loss and the increasing spread of zoonotic diseases*.

<sup>8</sup> Morand, S. & Lajaunie, C. (2021) *Outbreaks of Vector-Borne and Zoonotic Diseases Are Associated With Changes in Forest Cover and Oil Palm Expansion at Global Scale*. *Front. Vet. Sci.*, 24

<sup>9</sup> IPBES (2019) *Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services*. Bonn, Germany.

favour economic expansion without due consideration to the multiple values that ecosystems provide<sup>10</sup>. Inequalities between stakeholders often lead to a decoupling of who benefits from the use of ecosystems or exploitation of resources, and who bears the cost from that use or exploitation.

Biodiversity loss and degradation tends to be **less in areas managed by indigenous and local communities**, but these are facing escalating external pressures from resource extraction, commodity production, mining, and transport and energy infrastructure, impacting not only biodiversity but also the livelihoods and wellbeing of these same communities.

## 1.4 Addressing the biodiversity and sustainable development challenge

### 1.4.1 *Barriers to addressing the challenge*

The direct and indirect drivers of biodiversity degradation and loss need to be addressed to halt and reverse current trends. As the Dasgupta review on the Economics of Biodiversity highlighted, action is needed to ensure biodiversity and natural capital considerations are more effectively embedded in political and economic decision-making and institutions, and to address the 'impact inequality' by managing the 'demands' on biodiversity (from consumption, production and trade) and improve the 'supply' of biodiversity<sup>11</sup>. Barriers to this include:

**Market failures:** biodiversity is an example of an externality or public good that private actors (consumers or producers) will not necessarily account for in their private behaviour.

**Government or governance failures:** ability of policymakers to take a holistic, sustainable approach to political and economic priorities and the management of biodiversity assets; capable institutions and the requisite biodiversity knowledge to guide effective action<sup>12</sup> form the enabling conditions to change this.

**Information gaps:** lack of awareness of biodiversity measures, understanding impacts of activities, and options to managing biodiversity limits the effectiveness of policymakers, communities, and private agents.

**Inequalities:** economic, political, and social inequalities exacerbate the market and governance failures; more equitable representation of marginalised groups (e.g. indigenous and local communities, women, ethnicity, age, poor) in decision-making is needed.

The **biodiversity financing gap:** The UK, France, Germany, Norway, and Sweden, are the highest providers of ODA for Biodiversity (SGD Indicator 15.a.1), reporting US\$980m in 2018, but additional public and private finance is needed to close an estimated gap of \$579 - \$843 billion/year<sup>13</sup>.

## 1.5 The Darwin Initiative

### 1.5.1 *Current Darwin Initiative – An Overview*

Established in 1992, at the United Nations Conference on Environment and Development, Rio de Janeiro, the Darwin Initiative is the UK's flagship international programme to address biodiversity challenges.

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<sup>10</sup> Dasgupta, P. (2021), *The Economics of Biodiversity: The Dasgupta Review*. (London: HM Treasury).

<sup>11</sup> Dasgupta, P. (2021), *The Economics of Biodiversity: The Dasgupta Review*. (London: HM Treasury).

<sup>12</sup> Milner-Gulland EJ, et al. (2021) Four steps for the Earth: Mainstreaming the Post-2020 Global Biodiversity Framework. *One Earth* 4: 75–87.

<sup>13</sup> Deutz, A., et al. (2020) *Financing Nature: Closing the global biodiversity financing gap*. The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability.

The Initiative supports projects through a challenge fund<sup>14</sup> mechanism, administered by a Fund Manager<sup>15</sup>, competitively awarding grants that demonstrate likely impact on biodiversity and poverty reduction challenges that reflect local contexts. In recent years, Darwin Initiative has placed a stronger emphasis on local stakeholders and building local capability, thereby promoting sustainable success.

In particular, the Darwin Initiative supports addressing the barriers by:

- Promoting understanding of **biodiversity** from the species, to landscapes and seascapes.
- Improving **awareness and understanding** of the challenges and the options to address them.
- Developing **policy and approaches** tailored to local contexts and needs.
- Building and strengthening inclusive **partnerships**, through collaboration, skills development, resource sharing and the co-delivery of projects to deliver local solutions to the global challenge.

The Initiative currently has 3 grants available:

- **Main:** (£50k-£500k, 1-3 years) grants tackling key threats to biodiversity in developing countries
- **Partnership:** small grants (up to £10k) to organisations new to the Initiative to develop applications.
- **Fellowships:** grants for promising individuals to acquire skills and knowledge.

Applicants are assessed by an independent Darwin Expert Committee, who recommend projects based on merit to Defra. Currently, a typical Darwin Initiative Main project is c.£100,000/year, operates for three years, raises 20-80% match-funding, and is led by a single organisation (frequently UK-based) in partnership with local organisations.

Since its creation the Darwin Initiative has supported over 1,220 projects in 159 countries, giving rise to the Illegal Wildlife Trade Challenge Fund and helping the UK and recipient countries fulfil commitments under the Convention on Biological Diversity (CBD), related conventions, protocols and treaties. An independent evaluation of the Initiative, intended to assess aggregate impacts, is in progress but there is evidence of positive impacts on ecosystems, species and on livelihoods (see Annex B).

### 1.5.2 *Proposed Darwin Initiative – An Overview*

Whilst there is evidence of success, there is a need to go further:

- First, the **scale of funding** and activity needs to increase as the scale of the challenge and the current global funding gap is significant.
- Second, there is considerable scope to innovate, learn more from experiences, develop stronger evidence, enable the adoption of refined best practices and demonstrate **programme-level results**.
- Thirdly, larger, more sustainable impacts can be delivered from an even greater emphasis on **building local capability and capacity**.

The proposed new structure will reinforce successful elements and learning to date whilst opening up new possibilities as a UK-branded international challenge fund filling with a niche in the global funding landscape in scale, reach and focus<sup>16</sup>. The renewed Initiative will be adaptively managed (see 5.5.1), responding iteratively to new evidence and continued learning, under three components (see Annex A for details):

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<sup>14</sup> See Annex A, for Challenge Fund Principles.

<sup>15</sup> Currently NIRAS LTS International, see Commercial Case for Fund Manager details.

<sup>16</sup> Scale: Grant sizes, Reach: Global, Focus: Biodiversity-Poverty Reduction.

### *Component A: Capability and Capacity*

- **Darwin Initiative Partnerships** - (£10K-£200K) to support capability and capacity within civil society, research institutes and organisations of recipient countries to develop, deliver and sustain impact. For example, this might be an integrated package of fellowships, training, and conservation action to build skills, experience, and ownership of biodiversity-livelihood projects.

### *Component B: Project and Programme Windows*

- **Darwin Initiative Innovation & Rapid Response** – (£10k-£200k) Grants for testing innovative approaches, developing an understanding of barriers to scaling, or rapidly responding to high-priority near-term challenges or opportunities for transformation.
- **Darwin Initiative Main** - (£100k-£600k) multi-year grants for projects.
- **Darwin Initiative Extra** - (£600k-£5m) multi-year grants to scale successful approaches.

### *Component C: Evidence, Best Practice and Outreach*

How the Initiative learns, responds to and disseminates evidence needs to be robust and systematic.

- **Internally:** understanding early indicators of success is key to strengthening the guidance, selection criteria and support to raise the quality and impact of projects.
- **Externally:** generate high quality evidence, lesson learning and best practice of what works against different themes and contexts. The Darwin Initiative Portal will be rebuilt to make evidence, best practices, and knowledge available, accessible and applicable. New aspects will include: Community of Practice (webinars and tools to support programme delivery, and technical quality of projects), Themed Reports (commissioned analysis of evidence from the Initiative and beyond), Virtual Visits and Case Studies (raising awareness and understanding of the Initiative), Networking events, and regular sharing of project impacts, challenges and successes.

### **1.5.3 Transformational Change**

Placing a greater focus on supporting capability and capacity will strengthen the long-term legacy. By restructuring, the Initiative can act as a pipeline to scale success, with projects moving up through the Initiative before seeking support from the larger Defra, HMG or global environment funds.

All proposals will be assessed on their plans to deliver sustainable impact and potential to scale:

- *Landscape scaling:* take a tested approach and apply it at the landscape/seascape level.
- *Replication scaling:* take a tested approach and apply it another geography.
- *Systems change scaling:* provide evidence which supports system changes (e.g. legislation) that has impacts beyond its original scale.
- *Regional capacitation:* geographic clusters of projects, combining to build capacity and momentum.

For illustration, by strengthening the likelihood of **scaling impact through Darwin Initiative Extra or others**, the following past projects (see Annex B for more) have or could be scaled:

- Blue Ventures' *Conserving mangrove forests and alleviating poverty in Madagascar* has been **landscape scaled** to a new International Climate Finance programme in Madagascar and Indonesia seeking to protect 20,000 hectares of mangrove forests, deliver 13.9 million tonnes of carbon dioxide savings and benefit over 100,000 people
- Royal Botanic Gardens Kew's project on *Harnessing agricultural ecosystem biodiversity for bean production and food security* in Malawi and Tanzania, has **replication scaling** potential with the



application of the approach in other African agricultural landscapes, and potentially beyond, to protect pollinator habitats whilst improving yields and income for farmers.

- Fundación Natura Bolivia successful work on *Reciprocal Watershed Agreements: conserving Bolivia's Chaco through improved livelihoods* inspired **systems change scaling** beyond its original scale through additional local authorities creating new areas with long-term legal protection for biodiversity, whilst maintaining water sources, increasing local food security and improving health by enhancing water quality.

In a number of countries (e.g. Uganda or Nepal), Darwin Initiative projects have the potential to achieve **scale through regional capacitation** where clusters of projects have been conducted resulting in the enhancements of national capability and capacity.

## 1.6 Strategic Fit

The Darwin Initiative business case comes at an important time: as the UK hosts both the G7 and UNFCCC COP26, whilst the CBD COP15 develops a post-2020 global biodiversity framework; when awareness of the risk from zoonotic diseases and their link to biodiversity has achieved a greater global profile; and at a time when countries are urged to “build back better” by factoring in environmental sustainability to their economic recovery plans. The publication of *The Economics of Biodiversity: Dasgupta Review* helps raise the profile and inform the choices that can both enhance biodiversity and deliver sustainable economic growth.

The Darwin Initiative contributes to HMG's ODA strategy, in particular the climate and biodiversity objective. It will also support several other ODA strategy objectives including COVID-19 and global health, science, technology and data for development, and trade and economic development. It will support women to manage and benefit from biodiversity, help to avoid biodiversity-related conflicts whilst strengthening the resilience of the vulnerable, and transparently delivering impact through the challenge fund model<sup>17</sup>.

The Darwin Initiative will contribute to and/or align with other UK strategic priorities:

- The Integrated Review of Security, Defence, Development and Foreign Policy: In 2021 and beyond, HMG will make tackling climate change and biodiversity loss its number one international priority.
- The 25 Year Environment Plan's commitments to protect international forests, promote sustainable agriculture and support zero deforestation supply chains.
- HMG's International Nature Strategy to reduce threats to biodiversity; restore nature's resilience; mainstream nature in economic decision-making, and tackle drivers of nature loss and degradation
- The focus on the role of nature in combating climate change as Chair of the UNFCCC COP26.
- The Green Finance Strategy's domestic and international commitments on climate change, the environment and sustainable development.
- International Research and Innovation Strategy, to build on UK's strong science strengths to address global challenges.

The Darwin Initiative will align with and contribute to the UK's international commitments and its responsibilities under a number of international policy processes:

- The Leaders' Pledge for Nature and the work of the High Ambition Coalition
- The CBD's post-2020 global biodiversity framework, which will include strategic goals for 2021-2030.
- Sustainable Development Goals: including a breadth of goals from the biosphere, society and economy goals, to the Partnerships Goal.

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<sup>17</sup> See Annex A, for Challenge Fund Principles.

- To support climate change mitigation and adaptation, in particular nature-based solutions, under the 2015 Paris Agreement within the UNFCCC.

In addition to its focus on the CBD, Darwin Initiative also contributes to the:

- Nagoya Protocol on Access and Benefit Sharing (ABS);
- International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA);
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Convention on the Conservation of Migratory Species of Wild Animals (CMS);
- Ramsar Convention on Wetlands.

Individual projects will need to demonstrate strategic alignment and contribution to national level policies including National Biodiversity Strategy and Action Plans (NBSAP), National Adaptation Plans (NAP) and/or Nationally Determined Contributions (NDC) amongst others, this will be assessed in the application process.

The proposed intervention will be compliant with the relevant legislation and guidance in Managing Public Money, with further details provided in sections 4.1, 4.2 and Annex F.

### 1.6.1 Defra

Domestically and internationally, Defra leads for HMG and owns the key policy areas of the Darwin Initiative including biodiversity (e.g. net gain), environment (e.g. environmental land management), and agriculture, food and land use. Through this, Defra has access to world-leading expertise in-house, via our Non-Departmental Public Bodies and Executive Agencies (RBG Kew, Joint Nature Conservation Committee, and CEFAS), and wider stakeholder relationships that can be drawn upon to provide strategic guidance and quality assurance in the awarding of grants (see Annex G for Defra Group expertise on DEC).

## 1.7 Impact, Outcomes and Outputs

### 1.7.1 Impact

The intended impact of the Initiative is:

- *The rates of biodiversity loss and degradation are slowed, halted or reversed, and poverty reduced in developing countries.*

By contributing to this impact, the Initiative will support the implementation of the multi-lateral environment agreements including but not limited to the Convention of Biological Diversity. We will consider adopting a score card approach to impact indicators, with national-level data from NBSAP, SDG and CBD reporting frameworks, plus a transformative change indicator.

### 1.7.2 Outcome

The Darwin Initiative will support and influence stakeholders to incorporate biodiversity considerations in achieving poverty reduction, through evidence and best practices, and targeting the outcome:

- *Local communities and stakeholders, including governments, demonstrate sustained improvement in policy and practice that results in gains for biodiversity and reduced poverty.*

Indicators at the Outcome level will monitor performance primarily against biodiversity and poverty reduction metrics (see Annex I for examples in the draft logframe), reported by the individual projects, and the implementation of policies and plans. These indicators are under development, but could include:

- Area of biodiversity with improved management (protected areas/non-protected areas, ecosystem)

- Number of people with improved outcomes: i) income; ii) disaster/climate resilience; iii) representation/protections iv) water, food security and nutrition (all disaggregated by gender)
- Number of laws, regulations, and policies with new biodiversity provisions enacted or amended.
- Finance leveraged by activities building on best practices and projects delivered by Darwin Initiative.

### 1.7.3 *Outputs*

To achieve the outcome, Darwin Initiative will deliver the following outputs at programme level:

- Output 1:* Capability and capacity of national and local stakeholders enhanced.
- Output 2:* Biodiversity-Poverty Reduction Policies and Management Plans are available and accessible.
- Output 3:* Evidence is utilised, and Best Practices are refined and made available.
- Output 4:* Programme management adapts to strengthen delivery of the challenge fund.

Each Component (see 1.5.2) is associated with an Output (Component A & Output 1, B & 2 and C & 3), with Output 4 resulting from the adaptive approach. See 1.7.4 and Annex I for provisional indicators to monitor performance towards delivering these outputs, outcome and impact.

In achieving the outputs, cross-cutting co-benefits can be realised, including climate change mitigation and adaptation, and public health improvements such as, reducing the risks of zoonotic disease pandemics.

### 1.7.4 *What does success look like?*

Through a more central and strategic approach to monitoring, evaluating and learning, as set out in Component C the Initiative will demonstrate value beyond the outcomes of the individual projects that form the portfolio. To strengthen the ability to assess performance, adjust delivery and understand the results at the project and programme level, the approach will include:

- key performance indicators (see 5.7 and Annex I for further details on KPIs) reported by the programme and projects, to strengthen performance assessments and results collection, with
- project-level indicators to measure project-specific results, to strengthen the ability to assess performance, adjust delivery and understand the results.
- an independent impact evaluation.

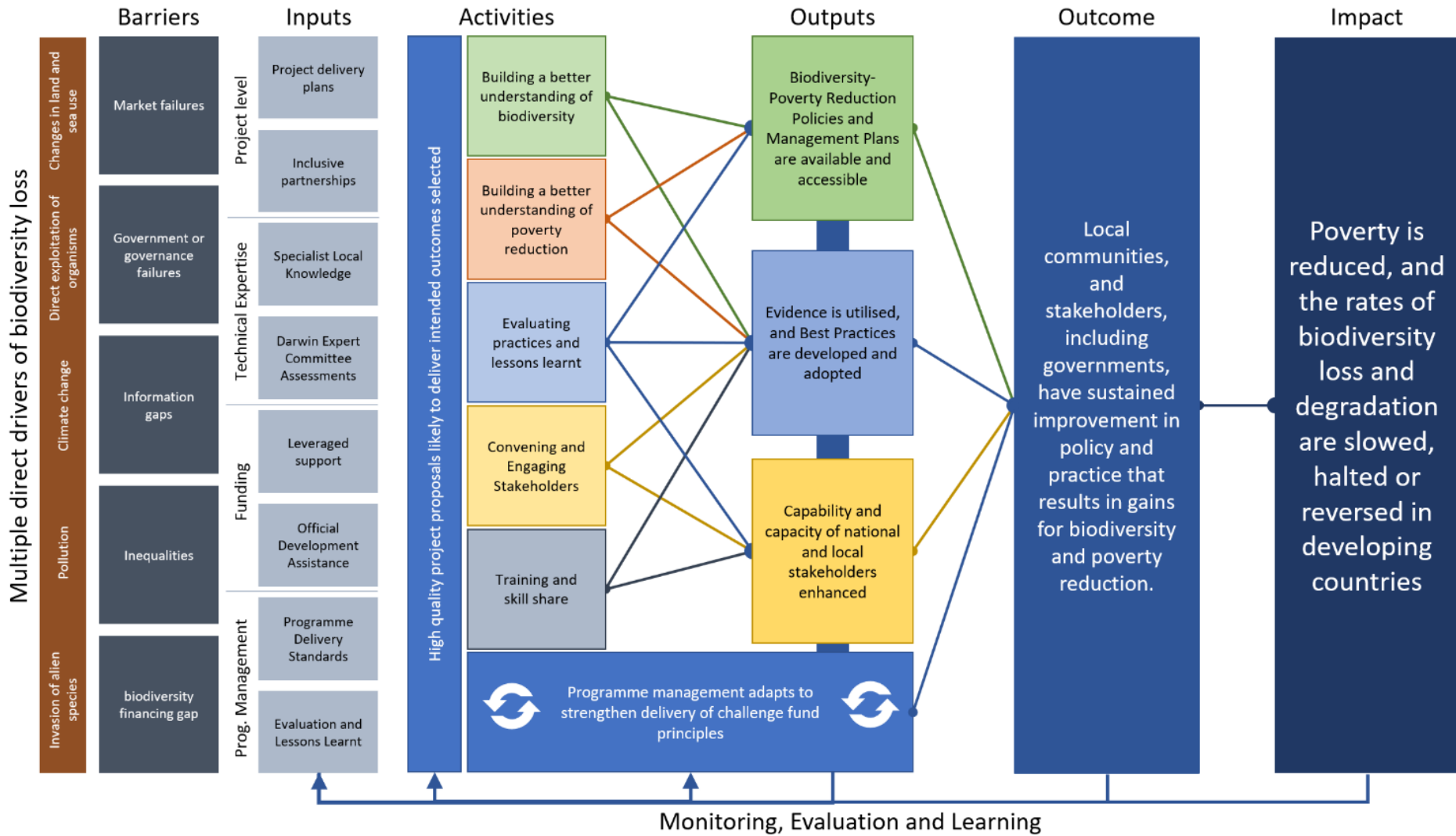
Wherever possible, tools including disaggregated indicators will help monitor, understand and focus support for key groups including women and, indigenous and local communities.

Some examples of potential indicators being considered include:

- Number of indigenous and local communities, and stakeholders with improved capacity.
- Number of secondments or placements conducted.
- Number of new/improved management plans (sustainable use, restoration, invasive species).
- Number of policies strengthened, developed or formally contributed to at local and national levels on biodiversity-poverty reduction issues by projects.
- Number of best practice guides developed or strengthened (e.g. working with marginalised communities, gender best practices, developing enterprises, programme management etc.).
- No. of conservation assessments or species stock assessments conducted and published.
- Proportion of grants awarded to high quality applications received
- Leverage achieved by projects at application.

These will be developed and refined over the next few months on advice from Ecorys, DEC and Defra, please refer to see 5.7 for details on Monitoring, Evaluation and Learning, and Annex I for the draft logframe.

1.7.5 Draft Theory of Change



## 2. Economic Case (Options Appraisal)

### 2.1 Appraisal Summary

The Appraisal Case will set out the economic rationale behind the intervention, assess the relative costs and benefits and highlight the preferred option on value for money grounds.

Due to the nature of the intervention – Darwin Initiative and comparable options deliver a wide range of specific outputs and outcomes many of which are difficult to monetise, – we have not sought to undertake a full quantitative cost-benefit analysis of the options with discounting. Instead, we have used a mix of quantitative and qualitative information to assess the relative costs and benefits of the different options.

#### 2.1.1 *Rationale for Intervention*

As set out in the strategic case, biodiversity is declining rapidly across the globe. This trend is driven through over-use or excessive demand of nature, and inadequate protection of and investment in supply, the result of a number of market and governance failures:

- **Public goods.** There are few pure public goods, and biodiversity can have both public and private aspects, for example local biodiversity that improves crop yields for farmers whilst promoting wider ecosystem benefits. However, to the significant extent that biodiversity has public good features, there can be insufficient economic incentives to conserve and sustainably use biodiversity.
- **Externalities.** Externalities occur where individuals do not account for the total cost of their behaviour in decision making, and so the production or consumption of a good or service imposes costs or benefits on others. This is often the case with biodiversity. For example, the cost associated with a loss in biodiversity when harvesting a forest may not be included in the price of the timber. Similarly, a community sustainably harvesting mangroves will not be paid for the positive externalities these mangroves provide downstream, such as storm protection, CO2 capture, or fish nursery grounds, and so may be incentivised to convert the land to more “productive” uses. Intervention can help establish and shape markets to capture externalities, for example allocating rights, promoting better pricing of natural resources and ecosystem services and setting taxes to discourage damaging behaviour.
- **Governance failures.** Lack of coherence or coordination in governance, as well as misaligned political economy incentives, can result in inability or unwillingness of governments (at different levels) to correct for market failures, take long term approaches and integrate impacts on biodiversity and natural capital into policy and decision-making.
- **Information.** The link between biodiversity and the services nature provides is not always known or understood. This can mean that biodiversity is systematically undervalued by market actors and governments. Governments and others can play a role in correcting this failure including through monitoring and data collection, promoting research and knowledge dissemination.
- **Inequalities:** Importantly, the global distributional of these market failures is skewed since biodiversity loss impacts the global poor disproportionately (e.g., loss of flood protection, crops, and wild caught protein)<sup>18</sup>. Many of the world’s poorest live in rural areas and depend directly on biodiversity and ecosystems for their subsistence as well as for cost-effective and readily accessible protection from risk,

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<sup>18</sup> IIED (2019) <https://pubs.iied.org/pdfs/17636IIED.pdf>

particularly food security risks, risks from environmental hazards, and health risks. More than 3 billion people depend on marine and coastal biodiversity, while over 1.6 billion people rely on forests and non-timber products for their livelihoods. Habitat degradation and the loss of biodiversity is also threatening the livelihoods of more than 1 billion people living in dry and sub-humid lands.

Some of these drivers of biodiversity loss need to be addressed through interventions aimed at managing the demands placed on nature, including international demand, but some need to tackle the challenges around the local or national demands on and supply of nature. Here there can be particular challenges around lack of local capacity, knowledge and technical awareness, local governance arrangements, and lack of resources. Donor interventions can help to address these challenges.

## 2.2 Options Overview

### 2.2.1 Longlisted Options

A range of options for addressing the challenges described above have been considered. The shortlisted options (particularly option 2) have been developed in collaboration with Defra policy and analyst colleagues, the Darwin Expert Committee (representing institutions including UNEP, WWF, RSPB, and University of Oxford), and other key stakeholders from a range of organisations such as the Cambridge Conservation Initiative, IUCN, the US Fish and Wildlife Service.

Continuing with the Darwin Initiative at the current scale (c£10m pa) was deemed to not meet the strategic objectives above, and particularly the need to scale up activity in response to the size of the challenge and lack of sufficient activity from other countries and donors. As noted in the strategic case, there is a very substantial financing gap for activity to address biodiversity challenges and continuing with Darwin at the current scale, even alongside other currently planned UK government activity (e.g. Biodiverse Landscapes Fund), would not go far enough and would not send the right signal to other actors. This option has therefore been discounted. For all options taken forward to the shortlisted stage, total funding (including baseline funding of £7.46m) is set at the available budget of £93.75m to maximise overall scale and impact.

A range of options for restructuring the Darwin Initiative were considered by the expert group, against the needs of scaling up success, driving innovation, building sustainable local capacity and sharing best practice. The preferred restructuring option has been taken forward to the shortlisted options stage, along with the option of retaining the existing structure at the higher programme scale.

Two further options for delivering objectives are taken forward to the short-listed options, both of which involve providing funding to alternative multi-donor instruments.

### 2.2.2 Shortlisted Options

All the shortlisted options appraised have been determined to meet the strategic objectives:

- Option 1: Increase Darwin Initiative spending and retain the current structure.
- Option 2: Increase Darwin Initiative spending and restructure.
- Option 3: Additional funding through a multilateral financial mechanism (e.g., GEF)
- Option 4: Additional funding through a multi-donor trust Fund (e.g., PROGREEN)

#### *'Business as usual'*

This is the baseline option to which all other options will be compared. Under this option, Defra would commit no new funding to the Darwin Initiative, but would see through the completion of existing Darwin Initiative projects costing £7.46m over the first two years. The UK would continue to spend on other

initiatives which have a focus on biodiversity conservation (e.g., Illegal Wildlife Trade Challenge Fund (IWT CF) and International Climate Finance (ICF) funded programs.

*Option 1: Increase Darwin Initiative spending to £93.75m and retain the current structure*

Under this option, Defra continues to fund the Darwin Initiative (increasing funding from c.£30m to £93.75m) as an established initiative for addressing biodiversity challenges but no new streams are established, and the structure of the Darwin Initiative remains as at present. This would entail:

- Funding just under 100 similar £300k Darwin Initiative Main projects every year. Darwin Initiative Main projects are usually led by a UK based organisation in partnership with local organisations, and typically last for three years. They deliver core Darwin Initiative outcomes of protecting and enhancing biodiversity while contributing to sustainable development. Total ~ £30m pa
- Funding ~10 Fellowships a year at ~£30k each. These support individuals in developing countries to acquire skills and knowledge contributing to Darwin Initiative's objectives. Total ~ £300k pa
- Funding ~10 capability building partnership projects per year, up to £10k each. Total ~ £100k pa

*Option 2: Increase Darwin Initiative spending to £93.75m and fully restructure*

Under this option, Defra continues to fund the Darwin Initiative, with total funding increased to £93.75m, and restructures to include new streams on innovation, capacity development and larger projects, as described in the strategic and other cases.

The Darwin Initiative Main project stream will entail an expansion of the existing scheme and will fund approximately 25 to 30 projects per year with an average size of £500k over three years.

The Darwin Initiative Extra project stream will address broadly the same criteria as Darwin Initiative Main but will support larger projects with demonstrated scaling potential. It is assumed that this stream will fund 7 to 10 new projects per year by 2023/24, with projects ranging between £600k-£5m in total over up to five years.

The Darwin Initiative Fellowships stream will support future environmental leaders from developing countries to grow professionally and build lasting positive relationships with the UK by supporting Fellows to draw on UK technical and scientific expertise in the fields of biodiversity and sustainable development. This stream will fund 15 to 20 Fellowships every year up to £50k each.

The Darwin Initiative capacity development stream, building on the current Darwin Initiative partnership grants, will allow organisations to bid for small projects to help them test ideas, design log-frames, solidify partnerships and connect to expertise. These projects could also help to gather baseline data and an evidence base to understand and design interventions. This stream will fund 10 to 15 projects per year between £10k and £100k over up to three years.

The Darwin Innovation project stream will aim to fund more innovative projects that at present might not be eligible for Darwin Initiative funding. This stream will fund 10 to 20 projects between £20k and £200k in value over one to three years in duration.

Expanded Darwin Initiative Main projects and Darwin Initiative Extra projects would start in 2021/22. Small fellowship and partnership projects would remain unchanged during 21/22. Other new streams would start from April 2022 to complete the restructuring.



### Option 3: Provide £86.2m through a multilateral financial mechanism (GEF)

Under this option, £7.46m (out of total of £93.75m) of funding would be used to fund existing legacy Darwin Initiative projects through to completion whilst additional funding of £86.3m would be channelled through an established multilateral financing mechanism with objectives that cover biodiversity and sustainable development. The Global Environment Facility (GEF) is taken as an example of a ‘vertical fund’ multilateral financial mechanism. It works with a set of 18 accredited agencies (predominantly the multilateral development banks and UN agencies but includes Non-Governmental Organisations NGOs) to develop and implement projects and programmes. The GEF’s funds are available to developing countries and countries with economies in transition to meet the objectives of the international environmental conventions and agreements, including objectives tackling biodiversity loss and promoting sustainable livelihoods. However, funding also supports programmes that cover a range of other environmental issues including renewable energy, transport, chemicals, waste.

### Option 4: Additional £86.2m through a multi-donor trust fund (PROGREEN)

Under this option, £7.46m (out of total of £93.75m) of funding would be used to fund existing legacy Darwin Initiative projects through to completion whilst additional funding of £86.3m would be channelled through a relevant multi-donor fund for addressing biodiversity challenges. Multi-donor trust funds are vehicles for channelling finance from governmental and nongovernmental donors and are typically administered by a trustee organization such as the World Bank or other development organization. PROGREEN, a World Bank MDTF, is taken as a suitable example. Under a single governance mechanism, results framework and results reporting, it aims to provide and leverage scaled-up finance for sustainable management and conservation of terrestrial ecosystems, sustainable food production in key landscapes, and the adoption of Nature-Based Solutions for key infrastructure investments that would otherwise drive deforestation. Germany has already committed €200m to PROGREEN and the business case, including the Theory of Change and results framework, has been approved by the Partnership Council and World Bank. Locations where projects will be carried out will be decided by the World Bank’s regional directors.

## 2.3 Options Appraisal

Below we assess the costs and benefits of the options to determine their relative value for money, making reasonable assumptions and using a mix of quantitative (where possible) and qualitative assessment. The costs and benefits of options are assessed relative to the baseline of ‘business as usual’. The appraisal applies quantitative and qualitative sensitivity analysis to test the robustness of the recommendations.

### 2.3.1 Benefits, costs, and risks: Summary

Table 1 A summary of assumptions, costs and benefits for each of the options relative to ‘business as usual’

	Assumptions <sup>19</sup>	Costs	Benefits
BAU	Darwin Initiative legacy projects funding continued (c.£7.5m, incl. £0.25m admin) in years 1 & 2. Increased community activity, not at required scale.	£7.5m of programme funding over 2 years. £9.6m of co-financing for projects (social cost).	88% outcomes from sample of projects (Round 22) given in Annex C. Around £16.5m post-project finance for biodiversity activities leveraged. Non-quantified benefits: post-project outcomes, knowledge and capability.

<sup>19</sup> The assumptions which underpin the Darwin Initiatives theory of change (which apply across options 1 and 2) can be found in Annex I



Option 1	<p>Admin costs &amp; grant to co-finance ratio same as existing fund.</p> <p>Project outcomes similar to sample. Diminishing returns of 15%-25%.</p> <p>-10% optimism bias on benefits.</p>	<p>Additional £3.95m of administration and evaluation costs</p> <p>£81.1m additional project costs/ £1.1m allocated to fellowships and capability building</p> <p>£108m of additional co-financing (social cost)</p>	<p>Additional benefits of kinds outlined in Annex C, multiplied by 6.5-7.5.</p> <p>£125m-£142m in additional post-project funding leveraged</p> <p>Some additional knowledge sharing and capability building</p> <p>Additional UK visibility and influence.</p> <p>Variety of implementing partners, creating expert community.</p>
Option 2	<p>Higher admin costs given additional complexity.</p> <p>Project grant to co-finance ratio same as existing fund.</p> <p>Sample benefits scaled to project finance with diminishing returns countered by restructured funding components. 10% optimism bias (benefits scaling). Innovation stream will have net-positive impact.</p>	<p>6% administration and evaluation costs - £5.4m additional</p> <p>£80.9m of additional programme funding</p> <p>£80.9m of additional programme funding structured into components on innovation, main, extra, capability building, knowledge and evidence sharing.</p> <p>£96m of additional co-financing for project costs (social cost)</p>	<p>Additional benefits of kinds to Annex C multiplied by 6-6.7, but substantially greater benefits expected with new scaling of success, innovation, and capability building components.</p> <p>£110m-£125m post-project funding leveraged, likely higher given restructuring.</p> <p>Highest non-quantified benefits of post-project outcomes and wider knowledge sharing.</p> <p>Highest for UK leadership &amp; influence.</p> <p>Flexibility to innovate and respond.</p> <p>Variety of implementing partners, creating expert community.</p>
Option 3	<p>11% admin agency costs.</p> <p>Grant to co-finance ratio same as for GEF sample (uncertain).</p> <p>Projects achieve outcomes similar to Annex D. 35% of projects &amp; outcomes biodiversity &amp; development focused (50% dilution)</p> <p>Similar post-project finance/grant ratio as Darwin Initiative (highly uncertain – no info)</p>	<p>£9.5m of additional administration costs</p> <p>Additional £76.8m of UK direct project funding</p> <p>£944m of co-financing (social cost)</p>	<p>Outcome types as in Annex C, scaled for programme funding (93%), and with ~50% of benefits being relevant for biodiversity/development objectives. Other wider benefits.</p> <p>Potentially £1bn of post-project finance but highly uncertain (no information) and only 35-50% of this for biodiversity activities.</p> <p>Some additional knowledge sharing and capability building.</p> <p>UK contribution to multilateral system recognised (moderate).</p>
Option 4	<p>8% administration costs.</p> <p>Grant/co-finance ratio as for Darwin Initiative sample (uncertain).</p> <p>Outcomes similar to Darwin projects at appropriate scale, with around 65-75% biodiversity relevant, others covering areas of fund focus (uncertain).</p> <p>Post-project finance leveraged, similar to Darwin Initiative rate (highly uncertain – no info).</p>	<p>£6.9m of additional administration and agency costs</p> <p>£79.4m of additional UK direct project funding</p> <p>£174m of co-financing (social cost), in practice likely to be higher</p>	<p>Equivalent to Darwin Initiative sample benefits multiplied by factor of between 5.8 and 7.6, but highly uncertain (limited information).</p> <p>Other non-biodiversity focused benefits from project activities.</p> <p>Potentially additional post-project finance in the range of £168m-190m, but only 65-75% relevant for biodiversity and uncertain.</p> <p>Potential for significant knowledge sharing and some capability building, but less than with option 2</p> <p>UK contribution to the multilateral system (moderate).</p>

### 2.3.2 Costs and benefits of options relative to 'business as usual'

#### 'Business as usual'

##### **Costs:**

No additional funding would be provided to the Darwin Initiative but £7.46m of funding would be used to complete existing Darwin Initiative legacy projects between 2021/22. This would include administration costs of approximately 3.5% or £0.25m, leaving around £7.2m being spent on the projects themselves.

The most recent round of Darwin Initiative projects for which final reports are available (Round 22)<sup>20</sup> were awarded £8.2m of UK Darwin Initiative grant funding and received £10.9m of co-financing from other donors for project lifetimes. Scaling the co-funding to the level of UK funding for Darwin Initiative legacy programmes we could assume that approximately £9.6m of co-financing would be provided for the final two years of Darwin Initiative legacy programmes. We treat this co-financing, which contributes to project benefits, as a social cost.

##### **Benefits:**

The set of projects in the sample from Round 22 of Darwin Initiative achieved a range of quantified benefits, including but not limited to (see Annex C for the full set of quantified outcomes from projects):

- Approx. 43,000 beneficiaries<sup>21</sup> of income improving or generating activities from 21 projects and a total spend of £12.7m.
- Approx. 726,000 ha under improved management<sup>22</sup> from 8 projects and a total spend of £5.4m.
- Participants crop yields increased by 31% on average across 3 projects (£2.1m total spend)).
- Food security improved for approximately 7,627 individuals across 3 projects (£2.6m total spend)).
- An alien invasive species successfully removed from a high priority Caribbean island, leading to (among other benefits) a more than eight-fold increase in butterflies, moths, beetles, crickets and other invertebrates (Project 23-003).
- A 76% decrease in illegal fishing activity, a 38% decrease in illegal hawksbill Turtle nest destruction, and a 100% decrease in illegal manatee hunting across several areas within coastal communities in Atlántida, Honduras (Project 23-028).
- A 64% decrease in livestock losses, 60% reduction in lion retaliation killings, and a reduction of households on one meal per day from 6% to zero across 5 projects sites in Zimbabwe and Botswana (Project 23-018).

The benefits above, and detailed more fully in Annex C, were generated through lifetime project grants of £8.2m. For simplicity, we assume that under business as usual the types and volume of quantifiable benefits set out in Annex C will be delivered from remaining Darwin Initiative legacy projects to a scale of 7.2/8.2 (i.e. 88%).

There are also expected benefits in terms of additional finance leveraged. In the same recent round of Darwin Initiative projects (Round 22), an additional £18.8m was leveraged from other sources for post-

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<sup>20</sup> The sample includes 28 Projects see Annex C

<sup>21</sup> LTS International internal analysis. Where only the number of households was recorded, an average household size of 4.5 individuals is assumed. Where only number of communities was recorded, the average community size was assumed to be 10 households.

<sup>22</sup> "under improved management" includes hectares conserved, hectares in a better state, and areas that have implemented new action/management plan. Only includes areas where managements plans have been accepted or implemented. The area for which management plans have been produced (but not yet accepted/implemented) would be larger (1.8m ha).

project activities. Assuming a broadly constant ratio of Darwin Initiative grant to funding leveraged, we can assume that Darwin Initiative legacy projects will therefore leverage approximately £16.5m of additional finance for biodiversity activities post-project.<sup>23</sup>

There are likely additional benefits not being captured in the above analysis. Firstly, many of the project benefits occur sometime after project completion so will not have not been captured in the final reports that are available. Secondly, there are a range of less tangible benefits from Darwin Initiative projects, including improved knowledge and capability. Under business as usual, these benefits can be expected to be generated from remaining legacy projects in line with the overall scale of funding.

### *Option 1: Increase Darwin Initiative spending to £93.75m and retain the current structure*

#### **Costs:**

The UK would spend £93.75m on the Darwin Initiative over 5 years.

Under this option, administration and evaluation costs are approximately 4.5% (3.5% administration<sup>24</sup>, 1% independent evaluation). This represents an **additional £3.95m of administration and evaluation costs** over business as usual over 3 years.

The remaining £89.55m of financial cost would be allocated according to the same proportions and priorities as currently (FY 20/21) with most of the funding supporting Darwin Initiative Main projects. With £7.2m funding going to Darwin Initiative Main legacy projects as under the baseline, this would represent **additional project costs of £81.1m**. Of the £89.55m total, **approximately £1.1m would be allocated to fellowships and capability building grants**.

Based on the co-financing received for the sample of Round 22 projects, and taking a constant ratio of Darwin Initiative grant to co-financing, we could expect **approximately £108m of additional co-financing**, relative to the baseline, over 3 years (from £81.1m of additional project grants). This is taken as additional social cost.

#### **Benefits:**

The funding for Darwin Initiative projects could be expected to deliver similar benefits to current Darwin Initiative projects but at a greater scale in terms of increased numbers of projects funded. This option would therefore achieve, additional to the baseline, **similar kinds of project outcomes as in the project sample (and described more fully in Annex C) but multiplied by a factor of between 6.5 and 7.5** given the total amount of funding to be allocated for projects in country, and allowing for diminishing returns of between 15-25% and 10% optimism bias.

There is no strong basis for selecting the rate of diminishing returns and so a range is taken, though typical variation in the quality of Darwin Initiative Main proposals received and reviewed by the Darwin Expert Committee each year provides some support for likely diminishing returns within the range for the size of total funding.<sup>25</sup> The Green Book does not provide generic optimism bias adjustments for benefits in the

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<sup>23</sup> Note that this data does not give an indication of the additionality of the resources raised. It cannot be said conclusively that this funding would not have been raised for biodiversity projects without Darwin.

<sup>24</sup> Administration costs are assumed to remain at the same level as the existing fund.

<sup>25</sup> In practice, diminishing returns may occur less because of range of good opportunities available and more because of limitations in available capability of implementing partners.

same way as it does for cost data but does provide examples of adjustments applied in comparable cost-benefit analysis for local partnerships.<sup>26</sup> Based on this our assumption for optimism bias on benefits is 10%.

There are likely to be benefits in terms of additional finance leveraged. In the same recent round of Darwin Initiative projects (Round 22), an additional £18.8m was leveraged from other sources for post-project activities from the total UK Darwin Initiative grant value of £8.2m plus £10.9m of co-financing. Assuming a broadly constant ratio of Darwin Initiative grant plus co-financing to funding leveraged, but again allowing for the same diminishing returns and optimism bias, this option could lead to **approximately £125m-£142m in additional funding leveraged** for biodiversity and poverty activities post-project.<sup>27</sup>

As in the 'do nothing' baseline, there are likely to be **additional benefits** not being captured, including outcomes achieved post-project completion and improved knowledge and capability. These could be expected to be realised according to the scale of additional project funding, but also with some diminishing returns. Knowledge and capability benefits can be expected to be further enhanced to some degree by the approximately £1.1m of additional funding specifically for local capability building. In addition to these benefits, there will also likely be intangible reputational benefits for the UK in funding Darwin Initiative, an initiative with high UK visibility, at this scale.

### *Option 2: Increase Darwin Initiative spending to £93.75m and fully restructure.*

#### **Costs:**

The UK would spend an additional £93.75m on the Darwin Initiative over 5 years. Administration and evaluation costs would be approximately 6% (5% administration, 1% independent evaluation), greater than under option 1 recognising the additional complexity of the Darwin Initiative under the restructuring. This represents **£5.4m of additional administration and evaluation costs** over 3 years relative to the baseline.

The remaining £88.1m of non-administration funding will be structured as set out in other parts of this business case, with £7.2m (8%) of funding being used for legacy projects in years 1 and 2 as under the baseline 'do nothing' scenario. As such, **£80.9m of additional programme funding** will be allocated across the new or revised components of Darwin Partnerships, Darwin Innovate, Darwin Main, Darwin Extra and evidence and best practice (2%).

Under this option, co-financing could be expected to be based on the ratio of co-financing to Darwin Initiative grant from the sample of Darwin Initiative Main projects, applied to the total portion of project grant funding under the new initiative structure (Darwin Innovate, Main and Extra). **The additional social cost of co-financing, relative to baseline, could therefore be expected to be approximately £96m.**

#### **Benefits:**

As this option involves significant restructuring of the Darwin Initiative with the introduction of novel components it is even more difficult to quantitatively estimate the benefits. As a starting point, we could expect that through the project funding components (Innovate, Main and Extra), the initiative will continue to generate the kinds of outcomes captured in the recent sample of projects for Round 22 (Annex C) at an appropriate scale. We could initially take the diminishing returns towards the lower end of the range used for option (i.e. around 10%) given that Darwin Main will be scaled to a lesser extent and the initiative would be split into a set of new components. On this basis, given additional funding for Darwin Innovate, Main and

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<sup>26</sup> See

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/300214/cost\\_benefit\\_analysis\\_guidance\\_for\\_local\\_partnerships.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/300214/cost_benefit_analysis_guidance_for_local_partnerships.pdf)

<sup>27</sup> Again, it is difficult to be conclusive that the funding would not be raised for biodiversity projects without Darwin.

Extra of approximately £72.3m relative to the baseline, and taking the same assumption for optimism bias as under option 1, **additional benefits could be equivalent to sample project (Annex C) benefits scaled by a factor of 6.5 to 6.7.** In practice, however, we could **expect the benefits to be significantly greater under this option than these estimates would indicate:**

First, the proposed structure includes the new Darwin Initiative Extra component. As this is intended to scale projects with strong demonstration of success or potential success, the additional funding allocated to this component can be expected to generate results significantly greater than the average for Round 22 sample projects. Darwin Initiative experts consider there is both a gap in the market and strong demand for funding for larger and longer duration projects. For examples of Darwin Initiative projects identified as having significant scaling potential, see Annex B. This would counter diminishing returns from simply funding a greater number of Darwin Initiative Main projects, and indeed could raise average project outcomes across Darwin Initiative as a whole.

Second, the Darwin Innovate component (approximately £5m of additional funding) will enable innovation in project outcomes and rapid response to new challenges and opportunities (e.g., COVID-19 Rapid Response Round). Whilst the rate of 'failure' for these grants could be expected to be higher than for other funding windows, given the emphasis on innovation, the relative size of this funding window will be small whilst instances of higher than average success could be magnified through Darwin Initiative Main and Darwin Initiative Extra projects, especially towards the end of the programme

Third, programme benefits are likely to be further enhanced through strengthened and additional components on local capability building and on knowledge sharing. The still relatively small amounts of funding allocated to these components can be expected to amplify and render more sustainable the outcomes and results generated through the direct projects themselves. Restructuring the Darwin Initiative in such ways will enhance the evidence base on what works in funding community-led initiatives to protect biodiversity while delivering livelihood benefits, improving the effectiveness of spend across the sector.

Therefore, whilst the directly quantified factor for scaling of benefits under option 2 appears to be smaller than under option 1, in practice the scaling factor is likely to be considerably higher.

Based on the scale of project funding and applying the same ratio of post-project finance to Darwin Initiative grant plus co-financing as under option 1, and with the same diminishing returns and optimism bias, we could expect this option to generate in the range of **£110m-£125m of additional post-project finance for biodiversity-related activities.** This could in practice be higher in so far as restructured components help to generate additional finance at higher rates than has been the case to date.<sup>28</sup>

As with option 1, this option can be expected to generate **additional non-quantifiable benefits** in terms of post-programme outcomes and wider knowledge sharing, and likely to a greater degree than under option 1 given the additional emphases on building local capability and sharing knowledge and good practice in the re-structured programme. Intangible benefits in terms of UK visibility are also likely to be higher given the greater impacts expected to be achieved through the restructuring.

### *Option 3: Additional funding through a multilateral financial mechanism (GEF)*

The costs and benefits associated with Darwin Initiative legacy projects would be realised as under the baseline 'do nothing' scenario.

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<sup>28</sup> As with option 1, this data does not give an indication of the additionality of the resources raised.

### **Costs:**

The UK would contribute an additional £86.3m to the GEF the fund over 5 years. Overall GEF's administration costs are approximately 11% (4% administration and 7% agency fees). This represents approximately **£9.5m of additional administration costs** under this option relative to baseline. The UK would be providing an **additional £76.8m of funding for projects themselves** through the GEF.

We have taken a random sample of 28 GEF-5 projects for the purposes of this analysis – see Annex D. These received total direct GEF financing of £82.9m, approximately ten times the grant financing associated with the sample of Darwin Initiative projects. The projects were also funded through significant co-finance of around £1.02bn during project lifetime. We do not have information on the sources of this co-financing and for simplicity and consistency we treat it as a social cost. Scaling this to the level of additional UK contribution to GEF programme costs, we could expect **additional co-financing relative to the baseline under this option to be approximately £944m**,<sup>29</sup> though in practice it is difficult to determine whether a marginal contribution of the size being considered from a single donor would combine with this scale of co-finance.

### **Benefits:**

The GEF covers a broader range of environmental objectives than those set out in the strategic case. Only 33% of funds committed to the GEF from the UK are accounted for as biodiversity spend, broadly corroborated by only 36% of our sampled projects listing biodiversity as a focal area, though in practice a wider set of projects could be expected to have biodiversity benefits of some kind. We might assume that providing funding through the GEF leads to a 50% dilution from biodiversity objectives. Furthermore, whilst key performance indicators for GEF include the number of direct beneficiaries as a co-benefit of investment, the focus on poverty reduction is not as explicit as under Darwin Initiative.

Under a multilateral instrument, programming and policy decisions inevitably represent a compromise between the views of the many different stakeholders, which limits the UK's ability to direct specific projects, activities, thematic or geographic areas.

Approximately 80% of GEF projects were marked as moderately satisfactory or higher across the entire portfolio, indicating that projects overall are likely to meet their objectives. In addition, the GEF has a good research output and generates significant global knowledge by drawing on the expertise and resources its partners, regularly producing high quality reports.

Again, assuming the same co-financing ratio is approximately maintained, this option could be expected to achieve the **kinds of benefits outlined in Annex D, scaled according to the additional UK funding contribution (i.e.  $76.8/82.9 = 93\%$ )**. In terms of relevant biodiversity and sustainable development outcomes, the sample of projects achieved:

1. Approx. 2.6m hectares under improved management<sup>30</sup> from 11 projects and a total spend of £315m.)<sup>31</sup>.
2. Integrated spatial planning (ISP) activities rolled out to 40 coastal districts, 32 diversification zones,

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<sup>29</sup>The co-finance to grant ratio across the entire sample is 12.3. The ratio for biodiversity projects specifically within the sample is around 7.6. Climate and energy projects tend to have a high grant to co-finance ratio, which brings the sample average up.

<sup>30</sup> "under improved management" includes hectares conserved, hectares in a better state, and areas that have implemented new action/management plan. Only includes areas where managements plans have been accepted or implemented.

<sup>31</sup> Assumes hectares under better management was the only benefit obtained from this spending. In reality this funding would have led to a number of other benefits.



3. \$536k in ecotourism related income and 3,556 individuals benefitting from alternative livelihoods activities in Jordan (Project 5026).

It is difficult to compare these outcomes with those achieved under Darwin Initiative options 1 and 2. Individual projects look to achieve similar outcomes<sup>32</sup>, but **overall the relevant results can be expected to be fewer and concentrated within a smaller sub-set of projects (35-50%)**. UK funding, combined with co-financing, would be expected to achieve other wider benefits, including substantial reductions in GHG emissions, as demonstrated in the sample of projects. These kinds of benefits are being pursued through other UK government programmes intended to achieve climate outcomes, including a UK contribution to the GEF.

We do not have data from GEF on post-project finance leveraged. If the same ratio of grant plus co-financing to post-project finance was achieved as with the Darwin Initiative sample, then around £1bn in post-project finance could be achieved **although only 35-50% of this would be expected to finance biodiversity activities** and there is considerable uncertainty around such numbers.

As under options 1 and 2, there would be **some additional benefits from the knowledge generation and capacity building**, although again this would be diluted by being less focused on biodiversity and could be particularly be expected to be less than under option 2 with its significant emphasis on local capacity building.

Under this option, the UK would not gain the global visibility associated with options 1 and 2. The UK would be seen to be further contributing to the multilateral system although such benefits in this case would be limited given the UK is already a significant donor to the GEF.

#### *Option 4: Additional funding through a multi-donor trust fund (PROGREEN)*

The costs and benefits associated with Darwin Initiative legacy projects would be realised as under the baseline 'do nothing' scenario.

##### **Costs:**

The UK would contribute an additional £86.3m to the PROGREEN multi-donor trust fund over 5 years. Overall PROGREEN administration costs are expected to be approximately 8% (5% program management, 3% world bank fee). This represents **approximately £6.9m of additional administration costs** relative to the baseline.<sup>33</sup> **Approximately £79.4m of additional funding would be provided for PROGREEN projects.**

At present we do not have strong information on the likely overall rate of co-financing that could be expected with PROGREEN. **We could assume the committed German contribution of £174m as co-financing but in practice the total level of co-financing would likely be higher.** We treat this as social cost.

##### **Benefits:**

PROGREEN brings together several Trust Funds under a single governance mechanism and results framework. This enhances strategic coherence, efficiency, and is also a good option for leveraging further contributions from other donors which could enhance the impact of the programme and provide good value for money. Working with and through MDTFs can offer opportunities for greater impact, harmonisation and coordination, robust risk management, and access to technical knowledge and influence.

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<sup>32</sup> Through a somewhat crude comparison from relevant subsets Darwin looks to deliver 'improved management' of ecosystems at an average cost of £7.43 per hectare compared to GEF's £121 per hectare.

<sup>33</sup> The world bank fee declines with scale, so may reduce slightly as the scale of the fund grows.

PROGREEN's objectives and KPI's do not fully align with those set out in the strategic case. For example, "key hydropower, transport and/or mining sites under improved management through adoption of NBS" is a KPI under the fund's pillar 3.<sup>34</sup> Furthermore, whilst PROGREEN includes 'improving livelihoods' as a sub-objective under pillar 1 the Fund's focus on poverty alleviation is not as explicit as Darwin Initiative. There could be expected to be limited scope to amend objectives and results of the Fund given the need for negotiation and compromise with the World Bank and other donors to the fund.

Indicative programme areas ('Pillars') and indicators include:

- Pillar 1: Management of Forests and Land-based Ecosystems
  - Area under sustainable forest management (ha).
  - Landscapes under integrated & innovative management (based on modelling & monitoring) (number)
  - Share of land-users adopting new practices in targeted landscapes (%)
  - Normalized Difference Vegetation Index corrected for short-term weather effects (number)
- Pillar 2: Management of Land-Use Changes from Agriculture
  - Area under low-impact sustainable food production (ha)
  - Farmers adopting climate-smart agricultural practices (number)
  - Farm-level production for responsible commodity value chains (t)
- Pillar 3: Management of Landscapes Involving Select Sectors
  - Key hydropower, transport and/or mining sites under improved management through adoption of NBS (number)
  - Habitats conserved and/or restored in landscapes degraded by infrastructure & mining operations (ha)

These indicative programme areas and indicators suggest that benefits of this option would be more relevant to our strategic outcomes than the GEF (option 2), but less so than the benefits of Darwin Initiative options 1 and 2. There is less of a focus on biodiversity, and related poverty reduction, outcomes. Furthermore, as a new MDTF in the process of being fully established, there is a lack of evidence on the effectiveness of the Fund in achieving results. However, as a fund managed and implemented by the World Bank, with relatively high levels of expertise (and links to wider networks) and well-established systems for safeguarding and assurance, we can expect project outcomes to be relatively strong.

Given the above, we could assume that this option could generate additional relevant direct biodiversity and sustainable development benefits equivalent to between 65% and 75%<sup>35</sup> of those generated under option 1, at a scale according to the total UK contribution plus co-financing.<sup>36</sup> **This would be equivalent to the benefits of the Darwin Initiative sample multiplied by a factor of between 5.8 and 7.6**, though there is significant uncertainty around such numbers. PROGREEN also includes a significant knowledge sharing component compared to option 1 which may scale up results and improve their sustainability, but the extent of this is unclear at present. Contributing to PROGREEN could be expected to lead to other benefits less relevant to core strategic objectives.

Post-project finance under this option is unclear but taking the same leverage ratio of grant and co-financing to post-project finance as under option 1 (with 10% optimism bias and diminishing returns) we might expect **additional post-project finance in the range of £168m-190m, though with only 65-75% of this being for**

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<sup>34</sup> This KPI could offer some benefits for biodiversity depending on how applied in practice.

<sup>35</sup> These numbers do not have a strong 'scientific' basis, but are based on the moderate dilution of biodiversity and poverty objectives in PROGREEN, the multi-donor element and reduced ability of the UK to select projects based on expert advice, and the lack of established delivery track record.

<sup>36</sup> As with option 1 this assumes a range for diminishing returns and 10% optimism bias.



**biodiversity relevant activities** There would be **some non-quantified benefits from wider knowledge sharing and post project outcomes**, possibly to a greater extent than under option 1 but less than option 2. As with option 3, the UK would not gain the global visibility associated with options 1 and 2 but the UK would be seen to be **further contributing to the multilateral system to an extent**.

## 2.4 Justification for the preferred option

From the analysis above, **our recommended option on value for money grounds is option 2** – scaling up and restructuring the Darwin Initiative.

Option 1 would deliver a scaling up of the demonstrated success of the Darwin Initiative with increased UK international visibility. However, by retaining the existing structure it would likely experience some diminishing returns at the higher scale and would not deliver the significant gains, at similar (potentially less) overall social cost, from including new or enhanced components on scaling up success, innovation, local capability building and knowledge sharing as in option 2.

Option 3 would likely result in strong benefits overall, possibly including high post-project finance, but overall social costs are potentially substantially higher (meaning UK share of benefits would be much less) and given the broad objectives of the GEF, the biodiversity benefits would also be heavily diluted. There would likely be less directly relevant local capability building and wider knowledge sharing than under option 2 and UK visibility would be less. Overall, option 2 offers stronger value for money, especially in terms of the core strategic objectives.

The social costs and benefits of option 4 are even more difficult to determine. Social costs are expected to be higher than option 2 given finance from other donors (meaning a smaller UK share of benefits) and the benefits themselves are expected to be diluted, though to a lesser extent than under option 3, from addressing biodiversity challenges. There would likely be some local capability building and knowledge sharing but to a lesser degree, and less focused, than under option 2, and UK visibility would be less (though greater than under option 2). Overall, the value for money appears weaker than option 2 and given greater uncertainties, option 4 would carry more risk.

Option 2 would build on the success of the current Darwin Initiative, utilising considerable expertise and achieving results through strong local ownership. It would scale up successful projects, encourage greater innovation (at a reasonable scale), strengthen local capability and do more than currently to share best practice. It would bring the UK significant international visibility in addressing the global biodiversity challenge at a time of important UK international leadership.

### *Sensitivity analysis*

Given the challenges in quantifying the cost-benefit analysis it is difficult to carry out sensitivity analysis and test the robustness of recommendations to changes in assumptions. However, we consider that the recommendation is robust to the most likely variation in assumptions (where there is greatest uncertainty). One assumption is the expected 15-25% diminishing returns to scale. If diminishing returns were significantly higher in scaling up Darwin Initiative then this would reduce the expected benefits from scaling up Darwin Initiative, particularly under option 1 which retains the existing structure. We might expect diminishing returns to continue to be present for GEF (option 3) but perhaps less so for PROGREEN (option 4) given that this is a less established instrument. However, option 2 involves a significant restructuring of the Darwin Initiative with the creation of new components, and this can still be expected to counter and outweigh the diminishing returns that could be experienced from (the significantly lower) scaling up of the

Darwin Initiative Main component. Although variations in this assumption might weaken option 2 slightly, its advantage over options 1 and 3 would likely increase and its advantage over option 4 be maintained.

There is no strong basis for considering variation in the performance (benefits achieved) of the different instruments. Darwin Initiative and GEF both have established track records of delivering results, whilst PROGREEN is yet to demonstrate the results it is able to achieve. Clearly variations in relative performance across the options would alter the comparison but there would need to be a significant tilt in favour of GEF and/or PROGREEN relative to the (restructured) Darwin Initiative to overcome the dilution of results of these options.

There is considerable uncertainty on co-financing (social cost) that can be expected for different options. However, this is not expected to affect the comparison of options as such variation would be mainly expected to lead to equivalent changes in benefits for each option, leaving the share of benefits attributable to UK government funding essentially unchanged.

The other main area of uncertainty concerns the rate of post-project finance that the options can deliver. Here we have some reliable information for Darwin Initiative but none for GEF and PROGREEN. Again, there would need to be substantial relative shift in favour of GEF (option 3) or PROGREEN (option 4) to render either of these options preferable to the option of scaling up and restructuring Darwin Initiative (option 2).

Overall, for either of options 3 or 4 to become preferable to option 2 there likely would need to be significant improvements in the performance (benefits realisation) and/or post-project finance relative to Darwin Initiative, given their dilution of biodiversity benefits and the strong offer of results from option 2. There is no evidence to suggest this could be likely.

#### *The four 'Es' of value for money for the preferred option*

Taking FCDO's framework of the 'four Es' in assessing value for money, Option 2 is seen to represent strong value for money:

- **Economy** will be achieved through competitive procurement of an implementing agency and through the competitive mechanism of the challenge fund selecting projects that demonstrate economy in sourcing inputs.
- **Efficiency and Effectiveness** will also be delivered through the well-established challenge fund mechanisms and technical advisory review board, helping to select projects that can demonstrate strong delivery of outputs and outcomes. The new Darwin Initiative Extra component will help projects with demonstrated potential to achieve strong outputs and outcomes are scaled up, whilst the Innovate component will help project implementers find new ways to deliver strong results. The knowledge sharing, and evidence and enhanced capability components will strengthen the overall efficiency and effectiveness of Darwin Initiative and wider biodiversity projects.
- **Equity** will be delivered through projects contributing to reducing inequality, including gender inequality, with appropriate monitoring and indicators being established. Through its open and transparent funding mechanisms, the Darwin Initiative will also provide equal opportunities to a range of implementing partners to obtain funding for good quality projects.

## 3. Commercial Case

The Appraisal Case provides a high-level justification for the proposed intervention; the following Commercial and Financial Cases sets out the delivery model, procurement and financing options.

### 3.1 Administration options considered

Darwin Plus and Illegal Wildlife Trade Challenge Funds evolved from the Darwin Initiative, as a result they share delivery models, quality assurance, due diligence, and are likely to continue to do so.

The new administration contract will secure a single Fund Manager capable of delivering vfm and high delivery standards to the three funds, delivering efficiency gains and enabling efficient co-learning.

An appraisal of the administration options for the Darwin Initiative, inclusive of the related Darwin Plus and Illegal Wildlife Trade Challenge Funds, was conducted in 2020 by Defra analysts in partnership with the Government Internal Audit Agency (GIAA) and Defra Commercial (Annex E).

This assessment, summarised here, considered the following administration options:

- a) *Tender the contract, formulated as currently, to deliver the restructured Funds:* benefit from technical expertise available in the market, whilst Defra maintains control of the project payments. Reservations exist over the capacity for the efficient processing of an increased volume and complexity (foreign currency) of payments to projects. **Discounted.**
- b) *Tender the contract, expanding its scope to include the making of payments to grant recipients:* benefit from technical expertise available in the market, and benefit from external expertise to efficiently manage and process c.40% higher volume of international payments without burdening Defra's financial management systems, resulting in vfm. **Preferred Administration Option.**
- c) *Bring all grant administration functions and services in-house to Defra;* a short-term challenge, related to the lack of available technical expertise available, and capacity to administer an increased volume and complexity (foreign currency) of payments. Could be mitigated with resource investment and long-term certainty. **Discounted.**

### 3.2 Fund Manager Contract

The Fund Manager Contract, reflecting the above preferred administration option, legal and commercial advice, the new scale of The Darwin Initiative, and the related Darwin Plus and Illegal Wildlife Trade Challenge Funds, is expected to include the following services:

1. To manage the administration of the grant application and award processes for the schemes for the lifetime of the contract, ensuring good use of public money, including:
  - compliance with Government Functional Standard: Grants
  - delivering administrative functions to set up schemes, including supporting materials and webinars
  - an effective communications plan to promote the grant schemes
  - delivering administrative functions to deliver and manage the operation of funding rounds
  - conduct or facilitate project assessments and due diligence checks on proposals
  - delivering administrative functions for new projects and on-going liaison and coordination
  - making grant payments, i.e. transferring project funds to delivery partners
  - overseeing the financial reporting and audits for the projects, and for the schemes.
2. To provide support to the Expert Committee and Advisory Groups, including the Darwin Expert Committee (DEC), Darwin Plus Advisory Group (DPAG) and IWT Advisory Group (IWTAG):
  - holding contracts with and manage payments to members
  - supporting administration and sifting for recruitment of new members.
3. To provide effective management and monitoring and evaluation of all projects:
  - support projects refine and develop robust approaches to MEL,

- collating and quality assuring annual results framework data,
  - quality assuring and scoring project reports (annual and final), synthesising these for Defra and DEC
  - providing risk management guidance, including safeguarding, escalating issues to Defra
4. To manage and deliver Component C: Evidence, Best Practice and Outreach, to be developed but potentially include:
    - help identify early indicators of success to strengthen the assessment of proposals to raise the quality and impact of projects
    - capturing lessons learnt, and best practices for dissemination and to inform adaptive management of projects and selection of future projects.
    - commission the themed reports, to synthesise evidence, to strengthen the quality of interventions
    - facilitate virtual visits and develop case studies
    - to plan, organise and facilitate workshops as required, both in the UK and overseas
    - develop, refine and manage the new portal and project database
  5. To liaise with a separate independent M&E contractor on evaluation of the funds, which will involve sharing of documentation, reports and knowledge of the project portfolio.
  6. To provide *ad hoc* technical advice or briefing on issues arising from new or proposed developments to the grant schemes or specific one-off tasks.

These functions ensure that projects and applicants are professionally supported throughout the lifecycle, and allows the Defra Secretariat to focus on strategic and policy priorities for the expanded Initiative.

### 3.3 Due diligence on Delivery Partners

The Fund Manager undertakes due diligence on Lead Delivery Partners, who will in turn undertake this responsibility on additional delivery partners. These pre-agreement checks will identify potential risks:

- **Delivery:** Risks associated with achieving the outcome of the project, including approach to risk management, and maintain value for money.
- **Safeguarding:** organisations must have robust safeguarding policies, including whistleblowing, risk management, governance and accountability, and a code of conduct.
- **Operational:** if the organisation capacity and capability to manage the project, including governance, ability to comply with key legislation, and deliver quality assured results.
- **Fiduciary:** the organisation's financial position and stability and ability to effectively and efficiently manage the proposed level of funding.
- **Reputational:** risks associated with actions that impact the reputation of the Initiative or HMG

Contextual risk will be assessed on advice from FCDO in-country offices, including socio-political context or unrest, military activity, or natural disasters. Additional due diligence checks and audits will be undertaken during the implementation to provide on-going risk management (see Financial and Management Cases).

If the due diligence process exposes a risk beyond stated risk appetite or a significant concern, the grant offer can be withdrawn or terminated, should remedial actions not prove possible.

### 3.4 Procurement strategy

The procurement process for the new Fund Manager contract will start in mid-2021, following the completion of the business case, to start by 1<sup>st</sup> January 2022.

The current administration contract, with NIRAS LTS International, is due to complete on 30th June 2021 and raising a STA was considered. However, following discussions with Commercial and Legal we have been advised to extend the current contract to end 31st March 2022 in compliance with Public Contracts Regulation 72. A Change Control Notice (CCN) will be raised and we will continue to operate under the current terms with the same service until a new contract is in place from 1st January 2022. The contract extension will end 31st March 2021 and will provide a 3-month transition period in the event that a new supplier is successful following evaluation, in bidding for the new contract.

With the STA in place, the following routes to market were considered to secure a Fund Manager:

- **Direct award to a Fund Manager.** This route would only be permitted if could be demonstrated that a sole supplier is capable of fulfilling the requirements. To make a direct award would not meet HMG commitments to fair and open competition; would not be justifiable on the grounds of need or expediency, and would be highly likely to meet with legal challenge from suppliers. **Discounted.**
- **Use of a framework from FCDO: International Multi-Disciplinary Programme (IMDP).** Suppliers have proven track records of delivering complex programmes and have been assessed for competency in administrative and financial management, risk management, performance oversight and knowledge of conservation and sustainable development. However, this Framework was not established for the procurement of a Fund Manager. This route was the preferred procurement option; however, it has since been established that it is not designed for the level of the spend this programme requires. **Discounted.**
- **Use of Crown Commercial Services (CCS) Dynamic Purchasing System (DPS) RM6172 Grant Services.** This new DPS has only been in place for a short time and few suppliers are registered to date, who have the International experience required to successfully deliver the contract, which may result in limited or no competition to award a contract. In addition, there is a maximum contract term restriction of 4 years on the DPS. Following the decision to hold an annual financial review of this project we wish to include as much flex into the contract as possible to facilitate any eventualities such as funding coming to an end or greatly scaled down, therefore propose to award a contract for a total of seven years being, three years followed by 4 x 12 months extensions (3+1+1+1+1) this would allow the proposed programme to complete and close if required, and is therefore considered the desired contract length should the performance and finance assumptions hold true. For this reason, the DPS is now **discounted** as a viable route to market.
- **Procure via open market.** To conduct an open procurement process that is compliant under the Public Contract Regulations 2015, is viable, with potential to ensure a contract is awarded to meet our expectations. An open procurement may be more resource intensive. However, to mitigate the risk of receiving bids from suppliers who do not meet all our requirements, a strong set of technical questions will be asked with minimum scores required for each question and will also include a pass/fail section. To ensure a fair, equal, and transparent competition and that we reach the suppliers with appropriate skills, we will issue a prior information notice (PIN) via Find A tender service. **As frameworks are discounted, the open process is the only identified remaining viable route to market.**

#### 3.4.1 *Financial management risk*

The Fund Manager will need to demonstrate the capacity and capability to manage public funds in line with HMGs low appetite for fiduciary risk, as they will be holding public funds to act as payment administrator, introducing a risk into the process whereby public funds are misused or lost before they are disbursed.

The Fund Manager contract will clearly set out the ownership of such risks, expected performance standards, and place appropriate protective contractual measures to manage and review the risk to ensure that remains within out tolerances and appetite. These will be guided by colleagues in both Defra Group Accountability and Governance team, and Government Internal Audit Agency.

### 3.5 Procurement risk

Table 2: Key risks considered and discussed with Commercial for this procurement exercise include:

Risk Description	Impact	Impact	Probability <sup>37</sup>	Gross Risk	Mitigation	Residual Risk
Tendering process does not complete in time to have a new contractor in place on contract expiry	Critical gap in fund administration. Delivery interruption is a reputational risk Delayed/ceased payments risks project failure.	Severe	Possible	Severe	Use a STA to provide time to conduct the ITT, reduces the likelihood of the risk. Given the limited nature of the STA, with the ITT process operating in parallel, risk of legal challenge is assessed to be low. Justification for the STA is being prepared to enable assessment of the likelihood of a claim being successful.	Minor
Outsourcing payment process leads to risks of fraud and error	Reputational risks to Defra, threat to project delivery, financial loss	Major	Unlikely	Major	Carry out full DD on contractor, require mapping of delivery chains for each project, scope payment process and F&E mitigations with GIAA.	Minor
TUPE <sup>38</sup> legislation applies to internal staff currently making payments	Loss of staff members currently involved in making payments	Moderate	Unlikely	Moderate	We have consulted with an employment lawyer, who considers the risk to be low	Minor
All bids from do not represent VFM	VFM not achieved impacting outcomes	Major	Rare	Moderate	The utilisation of a framework or open competition will strengthen the quality and vfm of bids.	Minor

### 3.6 Management of the Fund Manager Contract

Defra will manage the Fund Manager using performance-based metrics to ensure high performance. The contract will stipulate requirements and expectations, including reporting on output/milestone delivery; supply delivery chain management; risk management, spend and financial performance; with a dispute resolution. All contracts will contain mechanisms to clawback misused or unspent funds.

Defra will manage and regularly review the Fund Manager contract through at least:

- Quarterly Contract Meetings, to provide progress reports and basic data on applications, reports, claims, website traffic flagging up any potential risks/problems and reporting on agreed KPIs.
- Fortnightly working-level delivery team meetings, to provide timely input and monitor delivery.

<sup>37</sup> Likelihood: Almost certain (>80%), Likely (>50%<80%), Possible (>20%<50%), Unlikely (>5%<20%), Rare (<5%)

<sup>38</sup> Transfer of Undertakings Regulations (TUPE)



Regular reporting requirements will include:

- an update on project expenditure for each scheme at least two weeks in advance of the annual sift meetings for new projects, so that we can understand the available budget for new projects,
- an annual report to Defra by the end of April, or later by mutual agreement, each year providing a detailed report of the previous application round including:
  - o Breakdown of applications and list of successful projects
  - o Synthesis of lessons learnt including recommendations for strengthening delivery
  - o A review of closed projects and a summary of their outcomes and impacts
  - o Project portfolio breakdown, including an overview of projects by location, approach, theme
  - o Communications overview (portal, publications, social media and networking)
  - o Financial reporting (including project requested changes to logframes or payment profiles)
  - o Workshops and webinars

### 3.6.1 *Fund Manager Contract Costs*

The current Fund Manager contract, at £560k/pa, represents c.3.5% of the total grants administered.

The rescoped Fund Manager contract, with additional activities and responsibilities will be competitively tendered and is anticipated to cost up to c.5% of the total funds allocated each year.

The contractor will be required to submit monthly invoices, clearly setting out delivered activities, disaggregated by workstream, and presented against each fund: Darwin Initiative, IWTCF and Darwin Plus.

## 3.7 Programme level monitoring and evaluation contract

Ecorys holds a programme level monitoring and evaluation contract issued in 2020 (via FCDO Global Evaluation Framework Agreement), completing in March 2022, and managed by the Lead Analyst.

Ecorys will provide evidence to support programme management and results framework, enabling us to enhance the impact of our Darwin Initiative against UK policy priorities. The cost (£276,905 over 18 months) will be met by Darwin Initiative and Illegal Wildlife Trade Challenge Fund ODA budgets.

### 3.7.1 *Procuring the Second Independent Evaluator*

In order to test and understand the impact of the restructured Darwin Initiative as set out in this Business Case, a second independent evaluation is planned, to be influenced by the current Ecorys evaluation.

Defra will procure this independent impact evaluation (procurement options to be assessed), with the Head of the Darwin Initiative holding the contract (<£320,000 in value) and associated risk.

## 4. Financial Case

The Financial case establishes that the preferred delivery option, identified in the Economic Case is affordable and that the principles of sound financial management of public funds are followed.

### 4.1 Powers to spend and ODA

Spending will be under the International Development Act 2002, which provides a power for the Secretary of State to “provide any person or body with development assistance if he is satisfied that the provision of the assistance is likely to contribute to a reduction in poverty”. With respect to the British Overseas Territories, the Act includes a provision to provide assistance where the reduction in poverty is not met.

The programme will adhere to the rules for spending Official Development Assistance (ODA), as it will be provided by an official agency (Defra) and only be used in ODA-eligible countries. Funding will be provided to the delivery partners in the form of a grant. It is not a loan programme, nor does it provide any other complex type of finance to recipient countries.

## 4.2 Accounting Officer Tests

The accounting office tests (Annex F) were considered during the development of this business case:

- **Affordability:** the intervention is *affordable*.
- **Regularity:** the intervention is *regular* being compliant with legislation and *Managing Public Money*.
- **Propriety:** The intervention is *proper* as it meets the standards in *Managing Public Money* and accords with the generally understood principles of public life.
- **Value for money:** the intervention is assessed as providing *value for money*.
- **Feasibility:** the intervention is *feasible* and *deliverable*.

## 4.3 Financial resources & budgets

The full costs will be up to £93.75m of ODA spending; this is inclusive of £1.25m/pa added when Ministers agreed to move the three ODA eligible UK Overseas Territories<sup>39</sup> from the Darwin Plus into Darwin Initiative.

£17.2m was secured for 2021/22 in the 2020 Spending Review, future funding will be requested via Spending Reviews, should it not be secured, Funding Rounds and existing commitments will be halted.

As a Tier 1 programme (>£75m whole life RDEL cost), and with projects operate for up to 5 years, resulting in commitments to run across Spending Review periods, HMT approval will be sought for this programme.

## 4.4 Contracted Costs

Comparable HMG programmes, including ICF, FGMC, and BRACED<sup>40</sup> amongst others, have been benchmarked to indicate likely costs. Based on this, and consultation with evaluation experts and other internal assessments, the costs are estimated at:

**Fund Manager contract:** typical range (5-10%) of programme, depending on its size, level of risk and responsibilities undertaken. Building on experience to date, we estimate this cost to be up to 5%.

**Independent Evaluator contract:** ~3% of total programme funds, dependent on its size, level of risk, innovation and extent of new monitoring data required. We anticipate allocating ~1% to programme-level evaluation, building on the current evaluation work being conducted.

Defra will manage the Fund Manager and Independent Evaluator contracts, so will pay these suppliers directly according to the terms of the contracts. Payments will be made in arrears following satisfactory meeting of milestones, KPIs and other measures as stipulated in the contractual agreements; this is expected to be monthly for the Fund Manager and on the production deliverables for the Evaluator.

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<sup>39</sup> St Helena, Montserrat and Pitcairn

<sup>40</sup> International Climate Fund; Forest Governance, Markets and Climate Programme; Building Resilience and Adaptation to Climate Extremes and Disasters.



#### 4.5 Schedule of funding/costs (i.e. high-level budget)

The spending has been profiled over an indicative multiyear timeframe (Table 3); this includes the delivery of pre-existing commitments from previous funding rounds. Spend will be contingent upon successful programme reviews and Spending Reviews, with provisions to curtail activities if considered necessary.

As most projects are expected to last between three and five years, it will take until 2023/24 to establish a full portfolio of operational projects by building on funding rounds in 2021/22 and 2022/23.

Table 3: Indicative Multiyear Budget Profile (£)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total (£)	%
Darwin Initiative Legacy	5,470,000	1,990,000	-	-	-	-	-	7,460,000	6
Darwin Initiative Partnerships	1,759,500	3,486,690	3,162,134	1,434,944	-	-	-	9,843,268	8
Darwin Initiative Innovate	586,500	1,162,230	1,054,045	478,315	-	-	-	3,281,089	3
Darwin Initiative Main	5,865,000	11,622,300	16,405,446	10,540,446	4,783,146	-	-	49,216,338	42
Darwin Initiative Extra	3,284,400	6,508,488	9,187,050	9,187,050	9,187,050	5,902,650	2,678,562	45,935,249	39
Evidence, Best Practice and Outreach	205,309	201,539	167,438	-	-	-	-	574,286	<1
<b>Total<sup>41</sup> (£)</b>	<b>17,170,709</b>	<b>24,971,247</b>	<b>29,976,112</b>	<b>21,640,754</b>	<b>13,970,196</b>	<b>5,902,650</b>	<b>2,678,562</b>	<b>116,310,230</b>	<b>100</b>
Fund Manager	858,535	1,248,562	1,498,806	865,630	419,106	118,053	26,786	5,035,478	
Defra Staff costs	155,950	155,950	155,950	77,975	38,988	15,595	7,798	608,205	
<b>Total Administration</b>								<b>5,643,683</b>	<b>5</b>
<b>Monitoring &amp; Evaluation</b>	<b>180,000</b>	<b>100,000</b>	<b>220,000</b>					<b>500,000</b>	<b>&lt;1</b>
<b>Total Grant expenditure</b>								<b>110,116,547</b>	<b>94</b>
<b>Accumulative Total (£)</b>	<b>17,350,709</b>	<b>42,421,956</b>	<b>72,618,0682</b>	<b>94,258,823</b>	<b>108,229,018</b>	<b>114,131,668</b>	<b>116,810,230</b>	<b>116,810,230</b>	<b>100</b>

The indicative profile assumes a strong, growing, and high-quality pipeline of multiyear projects under each new funding stream; this will be regularly reviewed, potentially leading to profile, portfolio balance and schemes adjustments based on evidence, quality and need. If the scaling-up demonstrates a case to continue or to accelerate the spend, we will seek a cost extension to this business case (in 2024/25 under the above scenario) that could, if justified, maintain a scaled-up Darwin Initiative operating at

<sup>41</sup> Total, inclusive of Fund Manager and Defra Staff Costs.

## 4.6 Project Funding

On instruction from Defra and in line with agreed governance and safeguards, the Fund Manager will administer the transfer of the funds to the projects.

In line with HMT's guide on Managing Public Money, we will ensure that Defra is not paying in advance of need. Some grantees, particularly smaller organisations with limited capital, will need funding prior to commencing an activity; clearance for this approach will be agreed with Defra prior to any payments. The Grant Funding Agreement will include mechanisms to mitigate the associated risk, including the ability to clawback any misused or unspent funds.

Defra will transfer funds quarterly to the Fund Manager for disbursement to the grantees, on the demonstration of need including, but not limited to, grant claim forms, details of previous and anticipated payments to grantees, payments by fund, and any prepayments or accruals.

The Fund Manager will hold these funds on account, in a dedicated bank account, for the sole purpose of making payments to grantees; any interest accrued will be retained within the account and owned by Defra.

Defra Commercial advise that requiring a Fund Manager to pay grantees in advance of receiving funds, would limit competitive procurement of the Fund Manager as few have the capability or capacity to do so.

HMT approval will be required for the Fund Manager to hold ~£2-7.5m, and Commercial lawyers, Finance Business Partners, Managing Public Money and GIAA have been consulted on risk mitigation.

When authorised to make the payments to the grantees, the Fund Manager will:

- provide assurance that all money has been paid to the grantee by way of a bank statement.
- disburse payments to projects only on receipt of validated grant claim forms, which will include required expenditure assurance.
- ensure that project implementers are aware that they bear the foreign exchange risk, as foreign payments are made at the pre-agreed sterling amount.
- not pay projects in breach of funding agreements.
- retain all project and payment records for a minimum of five years after termination of each project.

Defra and the Government Internal Audit Agency (GIAA) need full access to grant documents and financial records, and shall have the right of access to complete audits at the Fund Manager's premises if necessary.

### 4.6.1 *Reporting, monitoring and accounting for funds*

The Fund Manager will submit quarterly and annual financial reports, in line with existing HMG programmes and the expectations of Defra Finance, with reports disaggregating data by scheme, project and category of spend, with regular external audits of the Fund Manager conducted.

The Fund Manager will provide projections of spend for the financial year broken down by quarter and major budget category lines, with month by month financial forecasts, accurate to within 2% variation, advising Defra in a timely manner of any unexpected, or significant, changes in forecasts.

## 4.6.2 Transparency

Defra requires all its partners to meet the [International Aid Transparency Initiative \(IATI\) standard<sup>42</sup>](#) which aims to ensure that organisations publish information to ‘improve the coordination, accountability and effectiveness to maximise their impact on the world's poorest and most vulnerable people’. This includes the publication of project and programme annual reports and logframes.

## 4.6.3 Grant Agreements

The terms of the grant agreement between the Defra and the Grantee are set out in the Grant Offer Letter, together with the Grant Acceptance Form and the terms and conditions of Grant, describes each partner’s responsibilities including fiduciary, safeguarding, compliance, monitoring and reporting.

## 4.7 Defra Resource levels

Managing the expanded Initiative, will require the allocation of resource see Table 4, and Section 5.1.

Table 4: Defra Resource Levels

Grade	Annual Cost	Allocation	Cost
Grade 6 (SRO)	£88,645	0.1	£8,865
Grade 7	£75,216	1.0	£75,216
SEO	£56,826	1.0	£56,826
Grade 7 Analyst	£75,216	0.2	£15,043
<b>Total</b>			<b>£155,950</b>

HMT agreed resourcing should not >5% of the programme, so these allocations are considered affordable.

## 4.8 Budget classification

In reviewing the Consolidated Budget Guidance 2020-21 (CBG) and details of past and current Darwin Initiative projects; the budget category and any accounting implications for the typical projects supported has been considered, and will be monitored on a case by case basis as new grants are approved.

### 4.8.1 Budget classification - ESA10

Under the CBG, ESA10 confirms expenditure should be considered against accounting standards IAS 38: Intangibles and IAS 16: Property Plant and Equipment (PPE).

A requirement of all Darwin Initiative funding is that outputs are open access, therefore, there is no ability to sell the intangible asset and no reliable measure of probable future economic benefit as there is no recordable method of tracking who has utilised the evidence findings.

As it is not the intention of these grants to create an asset, neither IAS 38 or IAS 16 would be applicable, expenditure would not be budgeted as CDEL, nor depreciated in Defra’s accounts.

<sup>42</sup> <https://iatistandard.org/en/about/iati-standard/>

The second aspect to consider within ESA10 is whether the expenditure meets the definition of research and development, for projects which do should be treated as CDEL and expensed with no depreciation against budgets, those that do not are scored as RDEL.

#### 4.8.2 *Budget classification - Capital versus Resource*

CBG sets out the distinction whether expenditure scores as capital (CDEL) or resource (RDEL). CDEL is where the recipient uses payments to buy fixed assets or inventory; repay debt or acquire long term financial assets, with other payments be treated as RDEL. Having reviewed a sample of projects, they do not align with this definition of CDEL, and will therefore be treated as RDEL.

Under Treasury guidance we are permitted to change budgets from RDEL to CDEL within the financial year. We therefore believe, as the classification of budgets as CDEL are likely to be minimal and difficult to estimate, that we proceed with requesting an RDEL budget, with any CDEL classification being processed in year and covered in a separate grant agreement. We will move to reduce the likelihood of this need to change RDEL to CDEL through more accurate projections ahead of spending review processes.

### 4.9 **Monitoring, reporting and accounting for expenditure**

ODA budgets will need to be tracked and report on both the financial and calendar years.

### 4.10 **Financial risk**

Defra has a zero-tolerance approach to corruption and will pursue aggressive recovery approaches. In accepting the Terms and Conditions of the grant agreement, all organisations will be required to adopt a zero-tolerance approach to fraud, bribery and corruption, including but not limited to the Bribery Act; to act immediately if it is suspected, to cooperate fully with HMG and other authorities to bring perpetrators to account, and to pursue aggressive loss recovery approaches.

All agencies must have systems in place to detect and combat fraud. The Fund Manager will hold responsibility for conducting due diligence on lead delivery partners prior to award of grant, and for monitoring and identifying any risks associated with fraud and corruption throughout the programme and must comply with HMG's policies to deliver a zero-tolerance approach.

All grant agreements will contain provision for withdrawing funding, clawing back misused funds, and break clauses to check progress and pause spend where required.

Recipients of awards need to be capable of demonstrating compliance with this Grant Funding Agreement in their spending. If the maximum sum is £100,000 or more, we will require independent end of project audits to confirm expenditure was consistent with agreed objectives and standards; with final claims being reimbursed on the acceptance of the audit's findings.

If an issue is identified the Fund Manager will report this; if required, Defra may instruct the Fund Manager to send written notice requesting the delivery partner:

- Provide specific information as may be maintained by the delivery partner in the course of its regular operations regarding the use of the Contribution,
- Implement appropriate measures to ensure the Contribution is used in accordance with the purposes stated in the grant agreement.

If this process cannot be implemented within 30 days (or any other period agreed) of the last request for information of the delivery partner (which will be deemed as the final period of such consultations), the

Fund Manager (with approval from Defra) may terminate the grant agreement. One month’s notice will be provided. Any remaining balance of funds, uncommitted for the purpose of the Project prior to the receipt of such notice, shall be returned to Defra within 60 days of the date of the notice. Upon completion or closure of the Project, the delivery partner shall return any uncommitted funds to Defra within 30 days.

## 5. Management Case

The Darwin Initiative is an established challenge fund, operating since 1992, with a track record of delivering projects. A scaled Darwin Initiative fund therefore represents a ready-to-go, UK branded and deliverable method of contributing to enhanced UK commitments on biodiversity and poverty reduction.

### 5.1 Defra Resourcing requirements

The Defra team required to oversee the programme over its life would include: 1x Grade 7, 1x Senior Executive Officer, 0.2x Monitoring and Evaluation lead (see section 4.7 for further details).

Figure 2: Defra Resourcing Structure

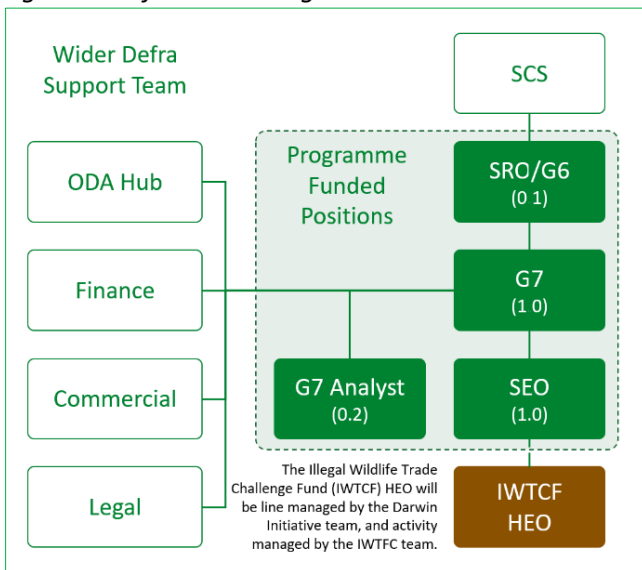
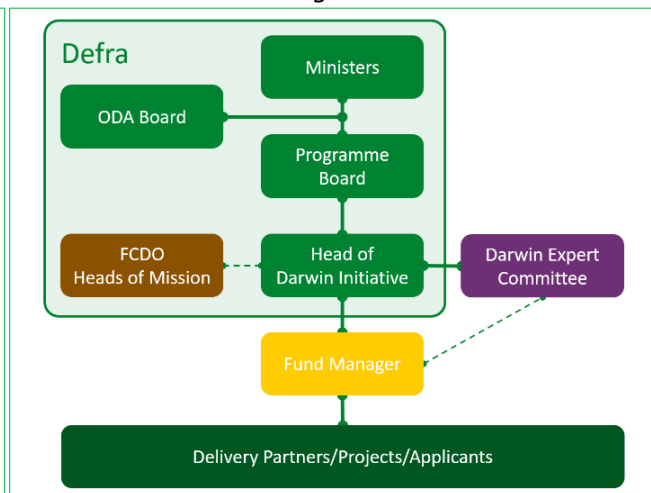


Figure 3 Governance Structure



The Grade 7 will be responsible for leading the delivering of the programme cycle to ODA best practice, managing risks and issues, contract management, engaging others and lead on the development and delivery of Component C; the SEO will lead on the financial management, and the delivery of the grant schemes by liaising with the Fund Manager and supporting the Darwin Expert Committee.

These posts are factored into Defra’s resourcing with minor SCS and wider support team required (Figure 2).

### 5.2 Governance

The Darwin Initiative uses existing, proven and established expertise and delivery mechanisms, which can be scaled. The Initiative will be managed by a Defra-based secretariat, with support from an outsourced Fund Manager, and overseen by a Programme Board and the Defra ODA Board (Figure 3).

**Delivery Partners:** Projects will be delivered by a wide range of respected and diverse UK and other organisations, including universities, research institutes and NGOs<sup>43</sup>, responsible for the design and delivery of projects as set out in the grant agreements, including but not limited to fiduciary, legal, reporting safeguarding aspects and project stakeholder management. They will liaise with the Fund Manager.

**Fund Manager:** The administration of the application process, due diligence on potential delivery partners, supporting DEC, on-going day-to-day liaison and project-level monitoring and evaluation. The Fund Manager will lead on engaging with potential applicants and delivery partners with active grants. The Fund Manager contract will be procured in 2021 (see Commercial Case), will report to the Head of Darwin Initiative.

**Darwin Expert Committee (DEC):** The independent Darwin Expert Committee (DEC) reviews applications to make robust recommendations to Defra on which are likely to achieve the desired impact. The Committee includes representation from across the biodiversity and poverty reduction sectors<sup>44</sup>, and is currently chaired by Professor E.J. Milner-Gulland, Tasso Leventis Professor of Biodiversity at Oxford University. The operations will be supported by the Fund Manager, but report to the Head of the Darwin Initiative.

**FCDO Heads of Mission:** Will be engaged and kept informed of Darwin Initiative activities within their countries, and will advise on strategic, political and security issues including recommending whether an Overseas Security and Justice Assistance (OSJA) Assessment is required.

## *Defra*

**Head of the Darwin Initiative:** The Head will lead the day-to-day delivery of the Initiative: oversee procurement exercises, manage the contracts with the Fund Manager and Independent Evaluator, deliver oversight of programme, financial and risk management, including safeguarding. The Head will report to the Senior Responsible Officer (SRO).

**SRO:** Reporting to the Programme Board, the SRO is ultimately accountable all aspects of governance, meeting objectives, delivering the outcome and realising the benefits. The SRO will inform the Programme Board, ODA Board and the Minister on any routine or escalated issues as appropriate.

**Darwin Initiative Programme Board:** The Board will meet at least twice a year to retain oversight of the delivery of the Initiative, approving annual workplans including the timing and scale of funding rounds, reviewing the recommendations made by the DEC and awarding funding, monitoring the performance and impact through annual reports and evaluation work conducted in part by the Fund Manager. It will consist of at least the Darwin Initiative SRO, ODA Deputy Director, Senior Strategic Policy Advisor to the Minister, and The Chair of DEC. We will also explore representation from other relevant government departments to support coherence in HMG biodiversity programming. The annual plan for funding rounds will be published together with projects supported.

**ODA board:** The ODA Board provides accountability and assurance for the budget and strategic direction for Defra's ODA. The DG-Chaired Board meets quarterly and consists of Defra Directors responsible for ODA spend, plus Finance, Commercial and the Chief Scientist's Office; FCDO is also represented.

**Ministerial:** The Minister of State for the Environment will be regularly updated on all developments and will take key strategic decisions. Ministerial decision will be sought if financial or reputational risks arise.

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<sup>43</sup> Full list at <https://www.darwininitiative.org.uk/project/institution>

<sup>44</sup> Includes *ex-officio* representations from: Defra, National History Museum, Centre for Environment, Fisheries, and Aquaculture Science (Cefas), Joint Nature Conservation Committee (JNCC), and Royal Botanic Gardens, Kew

Table 5: High-level overview of roles and responsibilities

Key Area	Defra	Darwin Expert Committee	Fund Manager	Delivery Partners
<b>Grantee Selection</b>	Develops and approves guidance. Oversees the Darwin Expert Committee. Darwin Initiative Programme Board awards funding.	Assesses applications and recommends proposals based on merit for funding. Reviews project level MEL plans and logframes.	Administration of application process. Assesses applicants MEL strategy. Undertakes financial due diligence.	Develops grant applications.
<b>Project level monitoring and reporting</b>	Reviews annual synthesis report.	Receives annual synthesis report.	Day-to-day point of contact for projects. Assesses and scores project reviews, before publication. Synthesises a project-level portfolio review. Conducts midterm reviews on a sample.	Reports against the agreed project-level MEL framework and in line with guidance. Quality assures results and assesses performance annually.
<b>Programme level monitoring and reporting</b>	Sets strategy. Accountable for programme risks. Owns MEL and reporting framework. Reviews and publishes logframe. Reviews Fund Manager reports. Conducts and publishes Annual Review.	Advises Defra on the strategy. Reviews programme level MEL strategy. Receives the Annual Review.	Compiles and quality assures data. Updates programme logframe and results framework. Owns agreed risks; manages project risks, including fiduciary and safeguarding. Reports quarterly, and annually.	Delivers activities to the agreed standard. Accountable for management of project risks. Timely and efficiently escalates risks and issues. Reports progress to Fund Manager.
<b>Payments and finance</b>	Reviews and scrutinises deliverables to authorises payments. Approves funds to delivery partners. Manages the delivery and reporting of the ODA budget.	None	Reports on deliverables and finance to Defra. Administers financial change requests and payments to delivery partners. Conducts spot check audits on projects.	Submits reports to support efficiency of projects payments. Complies with spot checks, audits, and the T&Cs of the agreement.

### 5.3 Delivery Plan for 2021/22

In scaling-up the Darwin Initiative, a number of changes will be required to the current approach.

Darwin Initiative Main: The successful projects selected under the pre-existing Darwin Initiative Main Funding Round 27, are due to begin in July 2021. Round 28 is scheduled to be launched, and sequenced to support successful projects to begin implementation in April 2022. This will continue as a 2-stage process as feedback provided after the Stage 1 is viewed by DEC to significantly strengthen the quality of applications.



The new Darwin Initiative schemes (Innovation and Rapid Response, Partnership and Extra) will all launch in July 2021 with a view that successful projects are able to begin implementation in the second half of the financial year (2021/22). A second Round of the new schemes will be launched during 2021/22 to support a new set of successful projects beginning implementation in April 2022.

Aligned to the scheme objectives, the new schemes will operate via a single-stage application process to support a responsive route to support; the Darwin Initiative Main will continue to operate once per year as a two-stage application process to allow feedback from the DEC to strengthen the quality of applications.

Enabling projects to start in April each year will support the alignment of reporting to the financial year and the programme level annual review cycle. However, to support the responsiveness of the Initiative, a mid-year start will also be supported under the new schemes.

## 5.4 Geographies

The Darwin Initiative is a challenge fund<sup>45</sup> seeking proposals that have the potential to be transformational at the landscape and regional scale, applied in new geographies or lead to systematic change (see 1.5.3).

Geographies included need to be ODA-eligible (see OECD DAC list<sup>46</sup>) taking into consideration HMG and strategic developments; see Annex H for the current list.

Guidance on expectations, and assessment criteria or weightings, will seek to ensure a robust approach is adopted in relation to country DAC status, within the context of the transboundary nature of biodiversity.

In assessing applications, consideration of the DAC list status will ensure that the limited funds can be allocated according to the central aim of supporting strong projects addressing a clear biodiversity gain and poverty reduction outcome; a ring-fence will ensure that at least 70% of funding is allocated to projects in least developed, other low income, and lower-middle income countries.

Upper Middle-Income countries in particular, need to present a strong case in demonstrating that they will:

- advance knowledge, evidence and impact in **Least Developed or Low-Income Countries**, or
- contribute to the **global public good**, for example by advancing understanding and/or strengthening the knowledge base related to biodiversity conservation/sustainable use and poverty reduction, or
- contribute to **serious and unique advancements** on a critical issue as a result of specific circumstances of the upper middle-income country that could not be made elsewhere.

ODA-eligible UK Overseas Territories (OTs) are eligible to apply (noting Spending Powers 4.1), but acknowledging their unique relationship with the UK, and their capacity to compete in open competition.

## 5.5 Portfolio and project management

### 5.5.1 Adaptive Management

Adaptive management approach will be adopted to support robust evidence-based delivery as it scales up from its current level of £10m/pa to £30m/pa. This will be strengthened and facilitated through the new

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<sup>45</sup> See Annex A, for Challenge Fund Principles.

<sup>46</sup> Organisation for Economic Co-operation and Development - Development Assistance Committee List:

<http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-of-ODA-Recipients-for-reporting-2020-flows.pdf>

Programme Board, MEL approach, including the Annual Review cycle to assess the scaling-up, including assumptions on the supply of high-quality proposals, and the operational delivery of schemes. A review point at the end of inception phase (likely 12-18 months' time) which assesses progress, demand to date, quality of bids and a fuller results framework will inform a decision on exact budget allocations for future years.

Where performance is assessed to be slow or at risk, options will be considered to address this. Equally, where opportunities arise, or performance is ahead of expectations we will consider options to exploit this in line with the strategic case. For illustration, this could result in refinements to each scheme (including their assessment) to focus support more effectively, rebalance the portfolio when over representation/underrepresentation occurs, responding to a better understanding or evidence of what works or how to address a barrier, accelerating the scaling-up, or pausing to assess options.

If the scaling-up demonstrates a case to continue or to accelerate the spend, we will seek a programme cost extension. If, however, the scaling-up proves challenging but demonstrates value, we will review and consider an extension to the timeframe.

Decisions under this adaptive style of management, will be made at the appropriate level to the scale of the decision according to the governance structure (see 5.2), with the Minister taking the key strategic decisions.

### *5.5.2 Best practices and delivery assurance*

Design and delivery follows HMG guidance, Defra's internal quality assurance and approvals processes, and draws on best practice from ODA spend across government including FCDO Programme Operating Framework (PrOF), procurement rules, transparency and reporting requirements, safeguarding rules, ODA eligibility guidance and established Project Portfolio Management approaches; all of which is kept under review.

The Fund Manager is responsible for due diligence checks on grantees; including reviewing independently audited financial statements for the two most recent financial years to the financial capacity to manage an award, and is expected to continue operating on a 'going concern' basis, assessing procedures for reducing the risk of fraud and error along the project delivery chain, and spot audits on live projects.

The Fund Manager and DEC review delivery partners' safeguarding policy, ensuring that the UK Safeguarding Strategy, OECD and UK Aid Standards including clear investigation and whistleblowing procedures is met.

### *5.5.3 Transparency*

Transparency allows HMG to demonstrate what we are doing to address biodiversity loss and poverty. Defra is committed to ensuring that all ODA spend meets the transparency commitment, as set out in the Aid Strategy, of achieving a rating of 'Good' or 'Very Good' in the Aid Transparency Index by 2020.

Defra registers details of ODA programmes (business cases, annual reviews, commitments and actual expenditure, location, delivery partners, procurement, due diligence and evaluation etc.) on the IATI registry and FCDO's DevTracker. Defra also participates in cross-government transparency learning days, including regular technical discussions with other departments and external open data experts.

All successful applications and delivery partner reports are made available via the Darwin Initiative website.

### *5.5.4 How will you work with FCDO or other country offices?*

Defra works closely with FCDO's better delivery team, safeguarding unit and transparency team, to share lessons learnt and to ensure that Defra has the most up-to-date guidance on best practice in delivering ODA.

We will continue to work with FCDO to leverage the expanded programme to support international UK biodiversity engagement and engage overseas HMG posts in key developments concerning in-country projects including promotion of the Initiative to local potential applicants.

## 5.6 Compliance and Safeguarding

### 5.6.1 *Compliance with the International Development (Gender Equality) Act 2014*

This programme will be fully compliant with the IDA (Gender Equality) Act 2014, furthermore implementation of its activities is expected to generate net benefits for women and children.

Halting and reversing biodiversity loss and degradation is linked to poverty reduction. Growing evidence indicates that the declining availability and quality of biodiversity and ecosystem services is leading to increased poverty and vulnerability, with vulnerable groups disproportionately affected<sup>47</sup>.

Evidence from the Ecosystem Services for Poverty Alleviation ([www.espa.ac.uk](http://www.espa.ac.uk)) programme also shows that women and men use resources differently. For example, due to gender differences in roles and responsibilities, women in rural communities are often the main collectors of wild plant food and firewood, with men focusing on timber, wild meat, and control access rights and tenure due to patriarchal structures. As a result, women and men develop knowledge about different species, their uses and their management.

To shape and inform biodiversity and poverty reduction actions, it is vital to understand gender-differentiated biodiversity practices, gendered knowledge acquisition and usage, as well as gender inequalities in control over resources.

All projects must consider how they will contribute to reducing inequality between genders; their likelihood of contributing will be scored in assessing proposals, monitored and reported on during delivery.

The Initiative will monitor and report on diversity within its own governance structures, and applicants to the schemes, responding to imbalances where possible.

### 5.6.2 *Safeguarding*

Particularly where activities are funded in fragile and conflict affected areas or with vulnerable people, safeguarding risks may be present. During proposal due diligence, safeguarding approaches, including Sexual Exploitation, Abuse and Harassment (SEAH), are reviewed to provide assurance on the expected standard is in place for all delivery partner staff and stakeholders. The review will cover: Safeguarding, Whistleblowing, Human Resources, Risk Management, Code of Conduct, Governance and Accountability.

Safeguarding advice will be sought from in-country UK missions where appropriate, including the need to conduct an Overseas Security and Justice Assistance (OSJA) Assessment.

Where Safeguarding issues are realised, they will be escalated to the Fund Manager and Defra.

## 5.7 Monitoring, Evaluation and Learning

Monitoring, evaluating and learning (MEL) is critical to good project management, assessing performance, demonstrating vfm, supporting transparency, and identifying evidence to correct or confirm the approach.

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<sup>47</sup> Schreckenberg, K. Mace, G. and Poudyal, M. (eds.): *Ecosystem Services and Poverty Alleviation: Trade-offs and Governance*. Routledge, London, (2018).

### 5.7.1 *Key performance indicators and other indicators*

Key performance indicators (KPIs) and other indicators will be selected or developed to provide metrics to assess performance and success towards the outcomes and outputs developed from the Theory of Change (ToC), and presented in the logframe, at both the programme and project level.

Supported projects will be expected to report annually against a minimum number of the Darwin Initiative KPIs, contributing data to the programme-level logframe to monitor performance and inform decisions. They will also be encouraged to select additional Darwin Initiative indicators with established methodologies for inclusion in project-level logframes with the capability to be compiled at the programme level.

Where possible, indicators will be based upon accepted or adapted methodologies to consistently capture results across the portfolio; some with the capability to contribute to results collection beyond the Darwin Initiative, e.g. HMG Nature Strategy, International Climate Finance, or the CBD. The methodologies must be proportionate to the value of the metric and balanced with the capability and capacity of the projects.

The indicators will be selected or developed during 2021, reflecting on the recommendations of the evaluation programme currently being implemented by Ecorys and wider efforts within Defra and HMG, including Biodiversity Landscape Fund, Blue Planet Fund, International Climate Fund (ICF) and Illegal Wildlife Trade Challenge Fund (IWTFCF). For illustrative purposes a list of potential indicators is given in Annex I.

The potential for a transformational impact indicator, influenced by the ICF's transformational change KPI 15, to assess the likelihood of wider systemic changes occurring, will be developed.

### 5.7.2 *Project level Monitoring, Evaluation and Learning*

As part of the existing terms and conditions, all projects are required to provide a theory of change, logframe and complete annual and final reports to review performance, all of which are published.

The objectives of project-level MEL strategy is to ensure VfM and effective project delivery; enabling the sharing and application of lessons learnt to existing and future projects; whilst promoting transparency.

The following mechanisms help provide MEL assurances:

- a) The Fund Manager conducts in-year monitoring of projects to identify potential issues that may threaten the project, in compliance with the FCDO PrOF on programme delivery
- b) Project annual reports are scored by an independent, desk-based assessment by specialists to check risks, update or improve logframes, and reflect on exit strategy to maximise long-term impact.
- c) Project final reports highlight outcomes, achievements likely to endure, whether policies have been influenced, and outline updates to the exit strategy, and are independently assessed.
- d) The Fund Manager also conducts Mid-Term Reviews and Monitoring Visits to a sample of projects.

### 5.7.3 *Programme level Monitoring, Evaluation and Learning*

MEL frameworks are implemented by projects, and we will substantially enhance the monitoring, evaluating and learning at the programme level, through a more central and strategic approach.

Ecorys, an independent expert contractor, was procured in 2020 to support the development of the framework to assess performance against outputs; provisional indicators are set out in Annex I to illustrate the type of metrics that are likely to feature in the programme level results framework.

To support transparency of ODA spend, we will publish the following deliverables:

- Programme level logframe

- Annual Review (AR) conducted to assess performance,
- Independent Evaluation, with a
- Project Closure Report (PCR) at the end of the Initiative.

In addition to the work being conducted by Ecorys, we plan to conduct an Independent Evaluation of the new structure at point that would support the decision on the future direction of the Initiative.

#### 5.7.4 Darwin Initiative Learning

How the Initiative learns and responds to evidence needs to become more robust, systematic and strategic.

The new MEL Framework, under development, will strengthen the ability to identify impactful activities, models and projects that demonstrate or indicate early that transformational change, or scaling, is likely.

Understanding early which projects are delivering on outcomes is essential to strengthening the quality of future grant awards as well as informing delivery of active grants. Early performance data will be presented to DEC in an informative format to guide their funding and strategic recommendations.

Annually, the Fund Manager assess and scores all project reports before synthesising the findings into a single report, focusing on impact, results and ways of working to inform and adjust delivery performance.

As public finance, it is important that evidence and materials (guides, papers, management plans) generated by the Initiative are accessible and available to inform and shape the actions of others; this will be achieved through the delivery of Component C: Evidence, Best Practice and Outreach (Annex A).

Lessons learnt, and best practices identified will inform the:

- delivery of active projects, through updated programme delivery guidance,
- targeting and guidance of funding rounds,
- work of DEC in identifying proposals that have the characteristics of transformative interventions, or opportunities where effort could be focussed to achieve transformative impact, and,
- wider effort beyond the Initiative on addressing the biodiversity and poverty reduction challenge.

## 5.8 Risk management

The overall risk of the programme is assessed as **Moderate**, and within our risk appetite.

Using FCDO ProF, we will work with Darwin Expert Committee, the Fund Manager and Delivery Partners to develop and maintain an effective risk framework.

### 5.8.1 Risk Appetite

Residual risk at the programme level will be managed to within Defra’s ODA Risk Appetite: the amount of risk to which the Defra is prepared to accept, tolerate or be exposed to at any point in time.

Table 6: Defra ODA Risk Appetite

Risk Type		Risk Appetite	
		Portfolio	Programme
<b>Contextual</b>	in-country Socio-political events or unrest, or natural disasters.	<b>Moderate</b>	<b>Major</b>
<b>Delivery</b>	associated with achieving the aims and objectives of the project.	<b>Moderate</b>	<b>Major</b>
<b>Safeguarding</b>	‘doing harm’ incl. sexual exploitation abuse and harassment.	<b>Minor</b>	<b>Minor</b>

<b>Operational</b>	HMG's capacity and capability to manage the programme.	Minor	Minor
<b>Fiduciary</b>	funds not used for intended purposes or not accounted for.	Minor	Minor
<b>Reputational</b>	interventions or delivery partners' actions risk HMG reputation.	Minor	Minor

### 5.8.2 Risk assessment and management process

#### *Project level*

At the application and assessment stage, projects will present a risk assessment under each of the above categories; DEC will review these against our risk appetite, flagging concerns with Defra.

Once projects are operating, delivery partners will regularly monitor risks to inform and manage delivery, and will carry out at least annual review of risk, including these in their annual report.

Where active projects face unforeseen challenges, for example from a natural disaster or new zoonotic diseases, where the impact or delay would threaten the delivery of the project outcome, then additional support could potentially be considered under the Darwin Initiative Innovation & Rapid Response scheme.

#### *Programme level*

Information drawn from project risk frameworks will inform the programme level risk framework, to be reviewed every six months, assigning risks, developing mitigating actions and agreeing escalation processes.

Operating through a challenge fund<sup>48</sup> approach will help reduce many of the risks by sharing risk between multiple delivery partners, with established track records and processes, across multiple geographies.

Building on lessons learnt since its establishment, in addition to FCDO best practices, the Initiative has tried and tested approaches to managing risk with in-built processes to further refine the approach to risk.

### 5.8.3 Managing risks of fraud and corruption

HMG has a low appetite for fiduciary risk, this will be managed to within this appetite by:

- a) monitoring of payments being made to grantees, and conducting spot audits.
- b) requiring the Fund Manager to provide its annual audit.
- c) requiring the Fund Manager to carry out at least annually, risk-based spot audits on projects to provide assurance at the 80% level of confidence that <5% of projects (or <5% of payment value) during the period under review are in error, and funds are spent to the terms and conditions.
- d) Fund Manager will conduct desk-based audits on all projects at completion, including a risk and quality assurance assessment of whether the report is ready for publication.
- e) Fund Manager will flag any instances of incorrect project claims, or projects not complying with the terms and conditions to Defra within 24 hours of becoming aware or has reasonable grounds for believing that there might be a problem.
- f) Fund Manager will maintain a current counter fraud policy or strategy, in line with Defra's approach including whistle blower capabilities, and support delivery partners to manage and respond to risks.
- g) All grantees (>£100,000) provide an end of project independent audit, to confirm that provided funds were spent on a basis consistent with project objectives.

<sup>48</sup> See Annex A, for Challenge Fund Principles.

Table 7: Darwin Initiative Risk Framework

Risk Type	Indicative High-Level Risks	Impact	Probability <sup>49</sup>	Gross Risk	Mitigation	Residual Risk
Contextual	Risk of operating in politically volatile and economically unstable contexts or experiencing unexpected or unforeseen events	Moderate	Likely	Major	<i>Reduce</i> : Security assessments conducted to inform decisions and project risk frameworks. Ongoing engagement and analysis to monitor of risk, with Fund Manager and Defra support.	Major
Delivery	Risk of challenging environments, implementing a portfolio of often novel activities. Risk of Covid-19 impacting forecasting/ future activities or the capacity to maintain plans.	Major	Likely	Severe	<i>Transfer and Reduce</i> : Fund Manager sets clear forecasts, reporting and monitoring. Clear guidance on change requests and quarterly payment processes supports adaptive delivery. Projects will be assessed on financial risks, forecasting, and demonstrate experience of successfully working in such environments.	Major
Safeguarding	Risk of programme or partner staff doing harm or not reporting incidences of sexual exploitation, abuse, harassment or bullying.	Severe	Possible	Severe	<i>Reduce</i> : Maintain, via the Fund Manager, close oversight and due diligence of activities across portfolio, providing training and advice to delivery partners, requiring a robust safeguarding policy in place including systems to enable reporting and support whistle-blowers.	Minor
Operational	Risk of Covid-19 impacting HMG's capacity Risk of complexity in Fund's management structure Risk of established projects being difficult to stop quickly	Moderate	Possible	Major	<i>Share</i> : Strong governance with clear ToRs, comprehensive documentation of processes, manage vacancy rate and reduced complexity of funds. Closely monitor quarterly reports to inform whether to stop projects/challenge funding. Include provisions in grant agreements to dictate process by which funding can be withdrawn.	Minor
Fiduciary	Risk of a project's funds being misappropriated for non-programme usage. Risk of poor financial management	Major	Possible	Major	<i>Reduce</i> : Fund Manager will manage and mitigate risk associated with the delivery partners, through enhanced due diligence, spot checks, reporting frameworks, audits and checks conducted prior to grant instalments being transferred. Disbursement practices enable close monitoring and the ability to halt expenditure, reducing the potential for misuse of funds.	Minor
Reputational	HMG invests in poor quality projects/implementers Risk of interventions going wrong/ causing harm, or delivery partners acting in a way that causes reputational harm to HMG	Major	Possible	Major	<i>Reduce</i> : Delivery Partners competitively selected against rigorous technical and financial criteria with independent assessment will help ensures projects meet delivery, quality and strategic objectives. Reporting frameworks, due diligence and spot check conducted by the Fund Manager.	Minor

<sup>49</sup> Likelihood: Almost certain (>80%), Likely (>50%<80%), Possible (>20%<50%), Unlikely (>5%<20%), Rare (<5%)



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## Annex A. Preferred Darwin Initiative Structure

All the schemes within the Darwin Initiative will continue the principles<sup>50</sup> of a challenge fund in order to deliver impact and vfm, through the following characteristics:

- **Competitive process:** at their core challenge funds is open to all who are willing to compete, only the best projects are funded and provide once-only funding, so impact sustainability is important.
- **Innovation:** applicants are invited to submit potentially transformational plans that can contribute to achieving the Outcome.
- **Leverage:** challenge funds only provide co-financing for successful projects, promoting ownership and commitment, and ensures public funds go further.
- **Partnerships:** challenge funds are useful for bringing together partners in a framework of cooperation for mutual benefit.
- **Local solutions to local problems:** challenge funds encourage bidders to develop ideas that provide local solutions to local problems, stimulating ownership and greater innovation.

### Component A: Capability and Capacity

Scheme:	Darwin Initiative Partnerships	Characteristics
	<p>Competitive grants, combining the former Fellowship and Partnership grants, to support the capability and capacity within civil society, research institutes and organisations of eligible countries to develop projects and deliver projects.</p> <p>Training elements should seek to support locally based future and existing environmental leaders to grow professionally and technically, building lasting positive relationships with the UK, and their ability to draw on UK professional and technical expertise in the fields of biodiversity and sustainable development. As such, grants can support justified travel between the UK and recipient country, either to the UK or for UK-based experts to be posted overseas.</p> <p>Linking the training to practical in-country activities will help embed new skills and knowledge, and ownership of projects. Training on its own, without a practical in-country element, will no longer be supported.</p> <p>Darwin Initiative Partnerships can either form standalone projects, or can be informally associated with other Darwin Initiative supported projects to build consortiums of organisations aligned with a locally relevant strategic outcome.</p> <p>By combining individual and organisational capability and capacity objectives, the intention would be to strengthen the legacy of the grant and the ability of recipient country organisations to successfully bid for larger Darwin Initiative grants.</p>	<ul style="list-style-type: none"> <li>• £10K-£200K</li> <li>• c.10 new grants per year by 2022/23</li> <li>• Single Stage Application</li> <li>• Expected frequency: &gt;1/year</li> <li>• 1 – 2 years</li> </ul>

### Component B: Project and Programme Windows

Scheme:	Darwin Initiative Innovation & Rapid Response	Characteristics
	<p>Grants for testing innovative approaches, developing an understanding of barriers to scaling, or rapidly responding to high-priority near-term challenges or opportunities for transformation.</p>	<ul style="list-style-type: none"> <li>• £10k-£200k</li> <li>• c.10 new grants per year by 2022/23</li> </ul>

<sup>50</sup> Pompa, C. (2013) *Understanding challenge funds*. ODI

**Innovation:** At present, there is a funding gap for projects that take higher levels of risk, including operational, delivery and contextual risk, in order to test and pilot innovative ways to tackle the biodiversity-sustainable development challenge.

A higher appetite for these risks, whilst maintaining Darwin Initiative’s low appetite for Safeguarding, Fiduciary and Reputational Risk, would be balanced with the potential to be transformational.

We propose to assess project by requiring robust evidence on the capability to manage risks, scenario analysis to map the probability of different outcomes, and a clear theory of change that maximises the likelihood of transformational change.

Potential project areas could include those that seek the application of new economic/financial, technological (hardware or data focussed) or policy approach that is markedly different to the approaches seen elsewhere within the portfolio.

**Rapid Response:** To address a funding gap capable of rapidly responding to challenges and capitalising on new opportunities.

This scheme could apply to active Darwin Initiative projects facing unforeseen challenges, for example from a natural disaster (e.g. forest fires, flooding, earthquakes) and where the impact or delay would threaten the delivery of the project outcome, or be opened up to wider competition.

The scheme would adopt a single-stage application process and be capable of being run more than once a year, enabling it to respond to new challenges (e.g. COVID-19 Rapid Response Round in 2020) or new opportunities.

- Single Stage Application
- Expected frequency: >1/year
- 1 – 2 years

Scheme:	Darwin Initiative Main	Characteristics
<p>Multi-year grants for action supports the achievement of the Outcome.</p> <p>Projects need to be located in the eligible countries, and demonstrate how they intend to address the loss and degradation of biodiversity, and deliver sustainable development benefits.</p> <p>Projects can be led by organisations based in any country, but should seek in-country partners and the early meaningful participation of people it impacts. We strongly welcome projects either lead by local organisations, or that contribute to building local capacity.</p> <p>The projects supported should help the eligible country meet their obligations under at least one relevant international environment convention/protocol/treaty.</p> <p>The potential to deliver transformational change and just transition will be valued.</p>		<ul style="list-style-type: none"> <li>• Mid-sized</li> <li>• £100k-£600k</li> <li>• c.25 new grants per year by 2022/23</li> <li>• Two Stage Application</li> <li>• Expected frequency: 1/year</li> <li>• 1 – 3 years</li> </ul>

Scheme:	Darwin Initiative Extra	Characteristics
<p>Multi-year grants to replicate and scale successful interventions.</p> <p>Potentially, taking successful Darwin Initiative projects, or projects from outside of the Initiative, and providing them with the certainty of funding to scale their success and seek to realise transformational impact.</p> <p>Building on the criteria utilised under Darwin Initiative Main, these projects will have to demonstrate the potential to go on after completion and successfully secure large-scale support from elsewhere with UK’s portfolio of funds (International Climate Fund, Biodiverse Landscapes Fund, Blue Planet Fund) or multilateral funds supported by the UK (e.g. Green Climate Fund, Global Environment Facility, Climate Investment Funds, NAMA Facility), or produce market-ready solutions.</p> <p>Active Darwin Initiative Main projects will be able to apply prior to completion in order to allow, if successful, a continuation of activities under Darwin Initiative Extra.</p>		<ul style="list-style-type: none"> <li>• £600k-£5m</li> <li>• c.7 new grants per year by 2022/23</li> <li>• Single Stage Application</li> <li>• Expected frequency: &gt;1/year</li> <li>• 2 – 5 years</li> </ul>

As with Darwin Initiative Main, projects will be expected to provide clear evidence on the potential for transformational change and a just transition; with a corresponding higher ambition and quality of proposal to match the scale of finance.

### Component C: Evidence, Best Practice and Outreach

Since 1992, the Darwin Initiative has and aims to continue to, generate evidence, tested best practices, and develop our understanding of biodiversity and sustainable development.

How the Darwin Initiative learns and responds to new evidence needs to become more robust and systematic.

**Internally:** understanding early which projects are delivering on their outcomes is essential to strengthening the quality of future grant awards. The new programme-level monitoring evaluation activities and annual review cycle will partly address this, but more will be done to capture and communicate the performance of projects in a way that is useful for DEC in guiding their recommendations to Defra.

**Externally:** As public finance, it is important that this evidence and generated materials (guides, papers, management plans) are accessible and available to inform and shape the actions of others in line with the strategic aims of the Initiative.

The Darwin Initiative's approach to accessibility and availability of evidence will look to capitalise on new tools, whilst future proofing the way the evidence is held in order to retain the ability to respond to new tools and approaches as they become available.

This will not only seek to maximise the impact of the Initiative, but also support the achievable vfm from the Initiative.

At the core of this element will be the **Darwin Initiative Portal**, a website and associated project database to:

- make available and accessible past and current project details, including reports, articles and materials, and
- increase the flexibility of the database to run queries, and present data on projects, including responding to commissions from Ministers and OGDs

Building on the Portal, the Component will also produce:

**Newsletters:** Darwin Initiative will continue to develop and distribute an electronic newsletter.

Form and support a **Community of Practice** with a series of webinars and tools to support the quality of programme delivery, and technical achievement of projects supported by the Initiative.

**Themed Reports:** A series of commissioned reports, synthesising evidence from the Darwin Initiative portfolio and elsewhere, to engage and support high quality interventions in line with Darwin Initiative. The focus of these reports will be guided with input from DEC and set by Defra.

**Virtual Visits and Case Studies:** To engage beyond current and potential delivery partners, these will seek to raise awareness and understanding of the challenge and the work of the Darwin Initiative.

**Networking:** A limited aspect of the component will seek to support national, regional and international in-person relationship building where opportunities arise that would allow the efficient and targeted delivery of these, and where such activities cannot be conducted remotely.

## Annex B. Examples of projects with scaling potential

*Examples of projects and approaches that have potential to scale<sup>51</sup>:*

### Sustainable Manu: Biodiversity conservation through sustainable development and rainforest regeneration

University of Glasgow

Peru

Regeneration of rainforest and enhanced livelihoods.

The project regenerated areas of rainforest and delivered enhanced livelihoods for communities currently dependent on unsustainable exploitation of rainforest in the Manu Biosphere Reserve. Project workshops and resources helped local communities establish 119 economically sustainable microenterprises (e.g. agroforestry and bio-gardens), resulting in 588 direct beneficiaries and a 34.5% increase in the average income of participants.

Scaling potential: Landscape scaling and/or Replication scaling

### Conserving mangrove forests and alleviating poverty in Madagascar (completed 2015)

Blue Ventures.

Madagascar

Coastal communities generate income from the sale of carbon credits, charcoal and timber through sustainable mangrove forest management. The project worked with communities to restore 74 ha of mangroves, and place over a further 2,000ha under conservation regimes.

The carbon stored in mangroves, referred to as 'blue carbon' has a value on international carbon markets. This project helped local communities to quantify and access this valuable source of income, helping to safeguard the fisheries that mangroves support.

This project has now been scaled into a larger International Climate Finance project run by Blue Ventures.

Scaling potential: Landscape scaling and/or Replication scaling

### Establishing Sustainable Management of the Lake Sofia Catchment Madagascar

Wildfowl and Westlands Trust

Madagascar

Implementation of wetland based sustainable agriculture for 10,000 people.

Working with over 10,000 wetland dependent people, the project put in place a variety of sustainable livelihoods including sustainable rice, Artemisia and vanilla production as well as improved fishing practices and husbandry training. Through these activities, the number of households classified as 'poor' decreased from 62% to 55%. Through the establishment of a community-based resource management such as the farmers' association, members reported that their average yield increased by 300% and the average size of fish caught in Lake Sofia increased by 86%.

Scaling potential: Landscape scaling and/or Replication scaling

### Conserving biodiversity by improving farming practices and livelihoods in Hoima

Wildlife Conservation Society

Uganda

Transition to agroforestry and enhancement of livelihoods.

This project helped communities to shift to more sustainable farming practices to improve livelihoods and reduce food scarcity. By project close, 1764 households increased their income by 1004% from maize compared to

<sup>51</sup> See 1.5.3 and 1.7.4 for further details.

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traditional farming practices. This project contributes to a long-term REDD+ project to conserve and restore forests. The 26 community members trained on conservation farming, and group loans and savings associations will continue to support farmers to ensure sustainability.

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Scaling potential: Landscape scaling and/or Replication scaling

### **Harnessing agricultural ecosystem biodiversity for bean production and food security**

Royal Botanic Gardens Kew

Malawi, Tanzania

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Improving habitats for pollinating insects while delivering livelihood benefits.

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Through raising awareness on insects beneficial to bean production, surveys taken at the end of the project indicated that farmers understood the value of field margin management and floral resource. This helped farmers protect the biodiversity on their plots, improving yields by providing habitats for pollinating insects. By project close, income generated by farmers from beans increased by 13% from the baseline and yields more than doubled - with some farmers making an income of USD \$500/ha.

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Scaling potential: Landscape scaling and/or Replication scaling

### **Reciprocal Watershed Agreements: conserving Bolivia's Chaco through improved livelihoods (completed 2017)**

Fundación Natura Bolivia

Bolivia

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Conservation of 20,000 hectares of forest that will aim to supply water to 10,000 Bolivians, through bottom up payments for environmental services (Reciprocal Watershed Agreements, or RWA) to 500 poor upstream farmers.

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Established eight Municipal Water Conservation Funds in Chaco – with funds invested in upstream 'water factories' to mitigate climate change through the conservation of old growth forests, encouraged climate change adaptation by maintaining water sources, increasing local food security through the diversification of production systems and improving health by enhancing water quality. 1,475 landowners voluntarily conserved 96,510 ha of water producing forests. The success of the project inspired local authorities to request help in building new municipal protected areas - creating 3 further areas. In total 490,589 ha of important forest area in Chaco received long-term legal protection.

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Scaling potential: Landscape scaling and/or Replication scaling and/or Systems change scaling

### **Securing Suklaphanta Wildlife Reserve's grasslands and wellbeing of local communities (completed 2018).**

Zoological Society of London

Nepal

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Healthy grassland ecosystems in and around Suklaphanta Wildlife Reserve improved the well-being for 2500 households through productive livestock, better access to veterinary services and more accessible fodder resources.

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The introduction of permanent grassland management plots helped improve grassland management. In health benefits, cases of zoonotic diseases registered by two clinics declined by 11% and no new zoonotic outbreaks during the project lifetime. Pressures on biodiversity and natural resources decreased through the establishment of tree nurseries with a focus on fodder species. Through the improved veterinary services, losses of livestock decreased by 67% compared to the baseline. Additionally, the project demonstrated the commercial and long-term viability of women led dairy cooperatives, demonstrating a case for gender mainstreaming and empowerment, and a bottom-up fully locally managed sustainable system for financial inclusion.

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Scaling potential: Landscape scaling and/or Replication scaling

## Annex C. Darwin Initiative Main Round 22 Project Outputs

This annex shows a summary of the wider project outputs (environmental etc.), both quantitative and qualitative, for a single round of Darwin Initiative projects. This covers a total of 28 projects from a spend of £19.1m during the project's lifetime (£8.2m Darwin Initiative funding, £10.9 from other sources), and £18.8m post-project funding from other sources (not contributing to these outputs). The outputs listed exclude standard measures (e.g. number of people trained, papers published etc).

Project	Title	Quantitative Outputs/Benefits (excluding standard measures)	Qualitative Outputs/Benefits (excluding standard measures)
23-001	Strengthening Cameroon's capacity to implement CITES	Monitoring and collection tool installed in 7 communities. Patrol coverage increased from 30% to 94.5% in yr. 3. Decrease in bushmeat seizures of 89.58% in final year, from 557 to 58. Elephant encounter rate increase from 0.27 to 0.4. Armed poachers arrested decreased from 33 (y1) to 21 (y2) to 1 (yr3). 34 seizures of bushmeat, 3 whole pangolins, 22kg of pangolin scales, and 600kg of Ivory Number of successful prosecutions increased 30% in yr3 relative to baseline 200 species assessments prepared on IUCN SIS database	Monitoring systems in place. Revived the National Anti-Poaching Committee. Law enforcement group set up Two ZSL field offices established
23-002	Important Plant Areas in Guinea-Conakry	22 Important Plant Areas identified and published, enabling them to be protected from development Approx. 20 new species to science as a result of surveys carried out 2 mammals and 3 plant species removed	Threatened species list established Priority threatened habitats established and ArcGIS maps produced Stakeholder workshop held Teaching materials for schools produced Baseline assessment on most threatened and rarest species completed. IPA's integrated into national policy and action plans
23-003	Eradicating invasive species from the highest priority Caribbean island	39 permanent bait stations installed 10% net increase in fast-breeding species by yr3 10% net increase in vegetation by yr. 3 8.4-fold increase in the density of Critically Endangered Redonda ground lizards more than 8x increase in butterflies, moths, beetles, crickets and other invertebrates	Alien invasive species successfully removed from the island Monitoring systems established to measure ecological response Substantial ecological improvements during project period Island designated as protected area National capability plan established
23-005	Promoting the use of plant resources in research and development		Methodology developed and published for ABS bottlenecks Recommendations made based on global best practice Training resources available online
23-006	Translocating conservation success and skills-exchange across four Indian Ocean countries	20 temporary personnel transfers completed 100ha increase in good flycatcher habitat Rehabilitated 100ha of native forest habitat 1 additional flycatcher population reintroduced 1 new flycatcher population established and breeding 8 low income people substantially improved English language proficiency	Improved understanding flycatcher resilience and adaptability. Habitat restoration projects started elsewhere as a result of this project Report submitted to CBD
23-007	Safeguarding Mesoamerican crop wild relatives	247 seed accessions and herbarium vouchers deposited in seed banks 4 national governments made aware of importance of conserving crop wild relatives Number of conserved accessions in the gene bank has increased 10%	Areas to protect threatened and vulnerable wild crop relatives identified and info shared Developed national plans for CWR conservation Regional workshop to assess extinction risk of at least 250 species of CWR.



23-008	Upgrading and broadening the new South-Pacific International Coconut Gene bank		Maps and models of threatened coconut cultivated areas made available Management plan for Asian pacific created Creation of multi-site gene bank
23-009	Sustainable rangeland management to protect red pandas and herder livelihoods	Restoration and protection of 108ha of red panda habitat 50% increase in winter fodder availability for 30% of households 200ha red panda habitat surveyed pa Major 20ha gully fenced off 1 private tree nursery established 120 households attended training events 5x 1ha established pasture trails 1000kg/ha silage pa Biogas units fully operational in two households with 40% reduction in firewood usage Household savings for 125 households increased from an average of \$2 to \$50.	Facilitated two savings schemes
23-010	Implementing a model for sustainable forest management in Cambodia	Improved food security for 5052 people 551 households had their animals vaccinated Seeds distributed to 43 families Area of forest converted to rice fields reduced by 50% over project 130000 ha managed more sustainably	Local consolation established at the village and district level Four land-use plans, and conservation agreements finalised Zoning plan developed Increased awareness of links between biodiversity & human well-being Strengthened relationships with local and national stakeholders
23-011	Transforming marine resource management in the Republic of Congo	Spatial data layers increase from 113 to >200 228% increase in enforcement patrols Models developed for 5 species of concern Economic losses for local fishers reduced 50% Distribution maps for 10 species of concern Marine Protected area coverage increased from 3% to 8%.	Increased capacity for marine planning and management Increase marine data reporting Better spatial understanding of fishing activities Increase in boat pilots trained Improved food security, poverty reduction and biodiversity conservation in marine communities
23-012	Improving Marine Biodiversity and Livelihood of coastal communities in Principe	Well-being improved for ~50% households in 5 communities	Collected 2 years' worth of fish landing surveys Collected information on fish biology and marine biodiversity Capacity building to allow for future co-management of resource Gathered data and assessed ecosystem service trade-offs and social spill over effects
23-013	Living with Tigers in Nepal: poverty reduction for human-wildlife coexistence	Livestock predation reduced from 13.7% in 2016 to 7.1% in 2018 Seeds provided to 110 households Number of people attacked by tigers reduced 80% in the focal communities The project has been able to significantly increase average household income by 71%, 46% and 41% in three communities.	Safe working practices established within zone Reduced consumption of natural resources and capacity increased for the uptake of alternative resources Capacity for, and new sources of, alternative livelihoods and income generation established Levels of poverty reduced, and wellbeing improved in focal communities
23-015	Guniea pigs as guinea pigs, reducing bushmeat hunting while improving community's wellbeing	Beneficiaries wealth index increased 25% over the 3 years Wellbeing scores of beneficiaries increased from baseline of 10.4% to 54.5% average 50% increase in people stating they were discouraged from hunting in the park 90% of those arrested for hunting at the project's inception were not arrested again 70% decrease in households consuming bushmeat	Increased capacity to set up and manage small enterprises Production and breeding techniques improved Law enforcement and awareness raising to deter bushmeat hunting
23-016	Yerba mate – a market-driven model for conserving Paraguay's Atlantic Forest	50ha of yerba mate planted 43 farms fulfilling the conditions for certification under organic and Fairtrade standards 16000kg of product harvested and sold by projects end 93% of those surveyed expressed that they had gained knowledge Improved well-being for c.1000 people	Community organisations established Community reps received numeracy, literacy and accounting training Talks conducted and agreements made between community organisations and private sector purchasers Biodiversity monitoring and data analysis carried out Evidence based production guidelines produced

23-017	Building resilient landscapes and livelihoods in Burkina Faso's shea parklands	10 communities implemented 'trees, bees, and birds' management strategy Savings of 37500 CFA francs per ha as a result of organic manure instead of fertilizers	Better understanding of the relationship between tree diversity, pollination, shea yields, Agri land use, and migratory birds
23-018	Alleviating rural poverty through conflict mitigation and improved crop yields	Livestock losses reduced from around 122 to around 40. Lion retaliation killing on the project sites decreased 60% 50% increase in crop yields across all project sites Households on 1 meal per day reduced to 0% from 6% Conflict incidents with large predators reduced by 70%	Carnivore Conservation Strategy formally accepted at the end of 2018
23-019	Achieving No Net Loss for communities and biodiversity in Uganda		Research conducted on the cost and benefits to local people Data collected, and existing datasets collated. Ecological field surveys conducted. Improved biodiversity and conservation outcomes of Kalagala offset Best practice guidelines adopted
23-020	Sustaining biodiversity, livelihoods and culture in PNG's montane forests	41% (>300 households) of people using new gardening methods introduced by project. 50% increase in number of marketable crops in gardens 30,000 weather hardened native seedlings successfully raised 4264 ha designated as sustainable forestry only area 22 crop varieties grown and distributed	Captured and raised awareness on traditional ecological knowledge on forests and threatened species
23-021	Promoting biodiversity in sustainable oil-palm landscapes for West African smallholders	54% adopted Best Agricultural Practices (BAP) on their farms >500 farms received supports with costs of RSPO certification Bird, butterfly and termite biodiversity increased by >10%	Evidence from the interventions disseminated internationally Policy recommendations submitted to Ghanaian Government
23-022	Developing Long-term Stakeholder Capacity for Elephant Conservation in Mali	75% of women that took part in income generating activities surveyed have seen their poverty reduced Reduced elephant poaching by 75% by the end of the project	Boundaries redrawn for elephant reserve Women's associations created Elephant loss reversed in entire range Habitat and biodiversity loss halted in 1 test site
23-023	Can health investments benefit conservation and sustainable development?		Evidence base (data sets created and analysed) on healthcare and biodiversity built Strategic plan developed Healthcare model rolled out and assessed
23-024	Securing marine fisheries, livelihoods and biodiversity in Myanmar through co-management	Designated co-management area now includes 280mi <sup>2</sup> of coastal waters.	Co-management plan for coastal fisheries adopted baseline data collected and made available, and monitoring tools designed for future use Strategy to reduce by-catch developed
23-026	Domestication of the Mulanje Cedar for improved livelihoods	150 people earned on average \$544 from seedlings sales More than 1500 people earned on average \$2 per day from land preparation etc. Unsustainable use and damage to cedar reduced by 50% 10 tree nurseries established	Optimal growing conditions established Improved horticultural protocols Stakeholders worked with experts to identify and access markets
23-027	Cultural and economic incentives for endangered species conservation in Cambodia	Participants increased their rice yields 23% Chicken consumption (nutrition proxy) increased by 156% Average 19% increase in annual income for participants 62% increase in community crocodile patrol days Produced and consumed increase 20%, while wild caught animals reduced as a component of participants diets	raised awareness of traditional knowledge At least 350 households empowered to strengthen food security Improved dietary diversity
23-028	Connecting coastal communities for integrated seascape management in Atlántida, Honduras	20ha mangrove restored 76% decrease in illegal fishing activity in two areas 38% decrease in illegal hawksbill turtle nest destruction 100% decrease in illegal manatee hunting in on area	Co-ordinated management and planning across 800k ha seascape Improved surveillance of bottom trawling Strengthened and shared evidence base widely Fostered a culture of monitoring

		Harmful fishing practices decreased by 20% in two areas At least 100 households increased their income from marine resources by 15% Involvement in conservation and monitoring increased 60%	A number of cooperation mechanisms set up (committee's) Improvement of livelihoods and food security for 1000 people
23-031	Science-based interventions reversing negative impacts of invasive plants in Nepal	40 women generated income of £4400 in char production 25tn of biochar produced 18tn carbon sequestered 481 ha of forest cleared of invasive species 200 households benefiting from smoke free kitchens 31,000 seedlings planted 351 improved cooking stoves distributed 50 households increased crop yields by 20%	Improved capacity for controlling invasive plants Weed species researched and evaluated National list of priority invasive plants established Biochar facilities established and introduced 20 native species selected and incorporated into the restoration planting schemes
23-032	Local economic development through "pro-poor" gorilla tourism in Uganda	64% of women and 58% of men participants stated their income had increased 200 people sold new or improved tourism services Perceived monthly income increase from £53pm to £73pm	Supply and demand for pro-poor tourism services assessed Gorilla friendly 'eco-label' tested in 3 tourism areas Local tourism products marketed to tour operators Sales and tourist numbers increased
23-033	Marrying community land rights with stakeholder aspirations in Indonesian Borneo	Forest clearance reduced by 8.7%	Evidence based established and findings shared Increased governmental capacity to manage community forest land Management plans established

## Annex D. GEF Sample Project Outputs

This annex shows a summary of the wider project outputs (environmental etc.), both quantitative and qualitative, for a sample of 28 GEF projects selected at random from GEF round 5. These outputs represent £82.9m in GEF funding and £1.03bn in funding from other sources (£1.1bn total).

Project	Title	Quantitative Outputs	Qualitative Outputs
5464	Reducing Greenhouse Gas and ODS Emissions Through Technology Transfer in Industrial Refrigeration	25 units installed in 4 enterprises Reduced 450tn Co2 Increased energy efficiency 28% on average	Gap analysis performed, discussed with stakeholders and shared. Policy yet to be implemented Personnel trained Two inception workshops organised (~200 participants)
5627	ASTUD PRC Clean Bus Leasing	100 automated passenger counters installed Reduction in GHC emissions by 1.31m tons by 2019	Surveys and consultations carried out in 17 cities Reports, working papers and guidebooks produced Training carried out in multiple cities
5146	GEF UNIDO Cleantech Programme for SMEs in Malaysia	3 national competitions organised with 150 applicants 7 companies received grants 600tn GHC emission reduction	Accelerator program designed Workshops organised
4749	Small Decentralized Renewable Energy Power Generation	\$3.5m investments mobilised Workshop attended by over 40 companies 33 international quality standards adopted 21,797 tonnes reduced CO2 emissions by the investments facilitated by the project 2.463 MWp Cumulative renewable energy capacity installed and operational	8 pilot projects selected and taken forward Report on de-risking renewable energy investments Updated and harmonized technical guidelines adopted as the official Technical Specifications and Guidelines Flyer disseminated to Lebanese Industrialists Multiple workshops organised with >200 participants Educational course translated and adopted into vocational schools' electro-technical curriculum
4742	Green Urban Lighting	1.564 GWh/year and 625 tCO2 annual emission reductions in 2018 from demonstration projects 20.56 GWh/year and 8.234 tCO2 annual emission reductions from replication via municipal programs utilizing revolving fund 188.2 GWh/year and 75,284 tCO2 annual emission reductions in 2018 from policy implementation 46 energy audits completed 200 specialists trained More than 170 media releases 34 outdoor and street lighting, and 8 indoor efficient lighting projects \$40.2m for energy-efficient municipal lighting secured 4,598 participants of workshops/training	Methodology designed, applied & verified in first street lighting energy audits Municipal lighting upgrade programs developed in other 11 municipalities Revolving fund established and operational in Yerevan and in 8 other cities Technical assistance provided for design and tenders of street lighting upgrades
4659	LME-EA: Coastal Resources for Sustainable Development: Mainstreaming the Application of Marine Spatial Planning	Integrated spatial planning (ISP) activities have been rolled out to all 40 project coastal districts, involving 257 project communes, with training for more than 1,500 stakeholders.	

	Strategies, Biodiversity Conservation and Sustainable Use	Some 249 GAP groups in 50 GAP zones have been established, involving 8,971 participating shrimp farming over a farming area of 11,622 ha. 32 diversification zones, 2,483 households over an area of 4,147 hectares Around 83 percent of the surveyed farms now have wastewater treatment systems that fully meet required environmental standards, and 85 percent practice proper post-harvest handling of pond mud Disease losses in the project area were reduced from 35% to around 10% of the survey ponds in 2017 97 co-management groups have been established for near-shore capture fisheries, involving 13,751 fishing households along 826 km of coastline.   3 Locally Managed Marine Areas covering nearly 90,000 ha 28 MCS field stations have been upgraded Upgrades of 11 ports and land sites have been completed and put into use	
4631	Watershed Approach to Sustainable Coffee Production in Burundi	4656ha land area where sustainable land mgt. practices were adopted 6 Environmentally friendly effluent control systems implemented 17971 Direct project beneficiaries 23506 trained in SLWM, shade- grown coffee, and biodiversity conservation practices 61 Research demonstration sites Improved biodiversity conservation in protected area	Capacity building program to enhance enforcement and monitoring of environmental and social standards
5771	Improving Mangrove Conservation across the Eastern Tropical Pacific Seascape (ETPS) through Coordinated Regional and National Strategy Development and Implementation		Regional mangrove strategy adopted, and national plan updated National mangrove policy and threat assessments carried out Legislation passed to strengthen protection of mangroves in 3 countries Local development plans developed for 5 ecosystems Natural Capital Accounting scoping exercise to map levels of knowledge, methods and identify knowledge gaps, and synthesis workshop completed Training and participatory workshops from 15 - 230 individuals
5292	MENA: Morocco GEF Social and Integrated Agriculture (ASIMA)	9416 Direct project beneficiaries 2526 Small farmers using one biodiversity or soil conservation measure 3591 trained on land and biodiversity conservation measures 94% of small farmers satisfied with project 180 ha where sustainable land mgt. practices were adopted 5 beehive units and 2 animal feed units constructed	
5269	Adriatic Sea Environmental Pollution Control Project (I)	Nutrient load reduction 20 tn/year 15500 Direct project beneficiaries 43267 sea water quality measurements reported annually 105 Monitoring stations sampled	10 investment proposals prepared Strategic Environmental Assessment approved 4 Feasibility studies for the rehabilitation of leachate and wastewater treatment plants completed
5215	GGW: Forests and Adjacent Lands Management Project	8059 ha brought under sustainable management 19 forest management plans under implementation 2652 trained in integrated ecosystem management 16 gazetted forests with technical management units	Technical and financial management progress reports prepared and submitted

		193 community-based organizations created 847 trained in improved agricultural techniques 3189 ha forests reserves reforested 25 rural wood markets created	
5187	GGW: Community based Rural Development Project 3rd Phase with Sustainable Land and Forestry Management	4,046,760 Direct project beneficiaries 213,320 ha under sustainable land and water management 43752 trained 50 Rural Land Tenure Units operational 785 certificates of rural land ownership delivered 10 Local Land charters approved 96% of microprojects completed	4 updated management plans of select protected areas
5186	MENA: Desert Ecosystems and Livelihoods Knowledge Sharing and Coordination Project	8 Workshops, and 7 virtual meetings organised 479 attendees to workshops 26 members of national institutions trained on M&E system	14 reports prepared
5157	ESCO Moldova - Transforming the market for Urban Energy Efficiency in Moldova by Introducing Energy Service Companies	Completed 15 energy audits Prepared 10 pilot projects 150 participants in training activities	Public Green Procurement Guideline was developed, approved by the PB and handed over to the Municipality of Chisinau.
5097	Enhancing Capacity for Implementing Rio Conventions	250 people trained in ES valuation	Reports submitted to UN Environmental indicators designed and submitted Developed and published recourses on Valuing ES Baseline assessment conducted Developed technical guidelines on environmental protection planning
5041	Strengthening Decentralized Management of the Environment to Meet Rio Convention Objectives		Environmental management document distributed to 50 OACAP officers Representatives of partner institutions and representatives of the 4 pilot CR have been trained Training program tested in 4 areas MEAs integrated into the national decentralization strategy
5040	Investment Promotion on Env sound Management of Electrical and Electronic Waste	£220k equipment supplied to facility 4 extra individuals employed	Promotional leaflet produced People trained in lots of 50
5038	Implementation of BAT and BEP for Reduction of UP-POPs Releases from Open Burning Sources in Armenia	53 people trained on BAT/BEP 2 core staff intensively trained in UP/PO's 7 scientific publications 4 universities updated curriculum	Waste Management regulatory framework updated Cost and benefits of the available BAT/BEP measures for reducing POPs Pilot demonstration activities carried out in a selected site Awareness raising campaigns implemented
5026	MENA: Badia Ecosystem and Livelihoods Project (BELP)	\$536545 of new ecotourism related income 30768 Direct project beneficiaries 3000 ha successfully establishing and rehabilitating range reserves 135 stakeholders trained on ecotourism services 3000ha Increased vegetation cover 3556 benefitting from alternative livelihoods activities	Ecotourism Development Plan (ETDP) developed and approved First ecotourism destination piloted M&E system operational

4856	Oceans Finance Facility to Finance Effective Management and Transitional Reform of Oceanic Fisheries.	10 business cases developed (inc. CBA) 5 Technical analyses and capacity building activities 24 demand driven activities completed 16 Reports and publications	8 initiatives to increase capacity of member states Global think tank established
4690	Capturing Coral Reef and Related Ecosystem Services (CCRES)	4 Innovative models developed 19 project developed models and knowledge projects 18 ES plans 3001 direct project beneficiaries 4 ES function models developed 5 decision support systems 2 businesses linked to ecosystem services	
4584	Improving Sustainability of PA System in Desert Ecosystems through Promotion of Biodiversity-compatible Livelihoods in and around PAs	851,161 ha of new protected areas ecosystems 20 Demonstration projects Improved pasture management approaches demonstrated at 6 pastures covering a cumulative area of 32,000 ha	Several management plans produced technical assistance for monitoring protocols and training Evaluation tool developed and adopted Graduate course designed
4579	Sustainable Financing for Biodiversity Conservation and Natural Resources Management	1,323,428 ha under enhanced biodiversity protection 114521 ha under sustainable landscape management 6575 Direct project beneficiaries 3 Govt institutions w/ capacity improve mgt of forest 3039 Forest users trained 405 officials participating in capacity building activities	
4569	Improve the Health & Env of Artisanal & Small Scale Gold Mining Communities by Reducing Mercury Emissions & Promoting Sound Chemical Management	Approx 100 people received health education and technology training	Mercury free mining pilot project completed Increased income for mining participants
4500	GEF Large-City Congestion and Carbon Reduction Project	approx 100% passenger per hour Increase in bus ridership 2.53m tonnes Reduction GHG emissions in pilot cities 39 workshops held 2277 government officials and technical staff trained 6 km bus priority lanes	Adoption of the national policy framework 14 TA studies Piloted differentiated parking
4494	Integrated Ecosystem Approach to Biodiversity Mainstreaming and Conservation in the Buffer Zones of the Obo and Principe Natural Parks	increase the assets of about 1,060 households	Studies, awareness-raising and trainings have contributed to a change of vision of the institutional and field actors on their environment.
4488	Green Energy Schemes for Low-Carbon City in Shanghai, China	78083 Tones/year Annual energy savings 189946 tonnes Annual CO2 emission reduction \$332m Low-carbon investments supported by the Project	Innovative policy piloted to green-energy retrofitting of buildings 1 near zero emission building piloted Non-motorized transport system piloted
4621	Hebei Energy Efficiency Improvement and Emission Reduction Project	CO2 emission reduced is about 673,500 tons	8 sub projects funded and implemented



## Annex E. Assessment of administrative support options

### Summary

Table 8: Summary of options including upscaling of Darwin Initiative Fund and IWT Challenge Fund

Option	Cost	Benefits	Risks
<b>Option 1</b> Retender contract but keep payments within Defra (~ do nothing)	£1,680,000	<b>Moderate.</b> continue to benefit from technical expertise of consultants to deliver the services, while maintaining control over payments.	<b>Limited risks.</b> Lack of capacity in-house to administer increased payments may delay payments.
<b>Option 2</b> Bring all work in house	£994,682	<b>Low – moderate.</b> In the long-term this could, if investment in in-house capability results in increased in-house expertise and institutional knowledge, reducing reliance on external parties.	<b>Moderate-high risk.</b> Challenges due to the current lack of technical in-house expertise and capacity to administer increased payments. High risk of delays in the administration of the grants.
<b>Option 3</b> Compete all services in the open market	Between £1,700,000 - £2,000,000	<b>Very high,</b> benefit from international expertise, networks and economies of scale of potential Fund Managers.	<b>Limited risks.</b> Potential for delay in the short-term as the contract takes over payments from Defra

### Options for administration of scaled Darwin Initiative Fund and IWT Challenge Fund

We have assumed that the uplift of the Challenge Fund from £3-4m to £6.66m per annum; and of the Darwin Initiative from £10m to £30m per annum, would lead to a proportionate increase in workload, and have applied a **x2.64** increase to current Fund Manager contract values and costs to reflect this. This assumption can be modified, but as it is consistently applied across the options, the comparison between options will not change in relative terms.

**Calculation:** The total size of the IWTCF and Darwin Initiative grant schemes will increase from £14m (4+10) to £37m (7+30) per year; the costs would therefore be **x2.64** the current costs.

### Option 1: Retender contract but keep payments within Defra (~ do nothing)

Costs: **£1,679,633:** £1,518,000 for the Fund Manager (Table 9), plus £161,633 in-house costs, (Table 10)

The current Fund Manager cost for the services provided (processing applications, communication, M&E, training workshops), is approx. £575,000 incl. VAT based on a 4-year average. The Fund Manager contract to deliver the expected scaled-up funds<sup>52</sup> (an increase of x2.64), is **£1,518,000** per year.

Table 9: Contract costs (GBP, £)

	Total Excl VAT	Number	Total incl VAT
Annual fixed costs	370,625	-	<b>444,750</b>
per application costs	43	400-500 @ Stage 1; 80 @ Stage 2	<b>27,348</b>
Staff costs (estimated)	82,321	-	<b>102,902</b>
<b>Total</b>		Baseline	<b>575,000</b>
		Scaled-up (x 2.64 factor)	<b>1,518,000</b>

This includes:

- £370,625 (excl. VAT) 'fixed' costs per year for services as described in contract. 'Fixed' costs refers to costs fixed annually in the contract, but would increase proportional to the scale-up of programming (e.g. Project Management and M&E costs).
- £43 per application (excl. VAT) which come to approximately £22,790 (excl. VAT) based on 450 applications at Stage 1, and 80 at stage 2, and

<sup>52</sup> Darwin Initiative and IWTCF

- estimated additional staff costs of approx. £82,321 (excl. VAT)

### Cost of In-house payments

The current cost of making payments to grant recipients is estimated to be **£61,225**, covering the full costs of 1 HEO (0.25 FTE) and 2 AOs (0.5 FTE). If the number of payments increases by c.50% with the proposed scaling of the funds, from around 700 per year at present to 950-1,050 per year, it would result in an estimated cost of **£161,633** per year (Table 10).

Table 10: Option 1 FTE staff costs (GBP, £ including VAT and NI)

Grade	Salary	IT	SSLC	Overheads	Estates	Total	FTE	Total (£)
HEO	39,552	2,188	228.69	6,263	12,000	60,732	0.25	<b>15,183</b>
AO	24,862	2,188	228.69	6,263	12,000	46,042	0.5	<b>23,021</b>
AO	24,862	2,188	228.69	6,263	12,000	46,042	0.5	<b>23,021</b>
<b>TOTAL</b>							Baseline	<b>61,225</b>
							Scaled-up (x 2.64 factor)	<b>161,633</b>

**Benefits: Moderate.** The current contract arrangements have been effective and satisfactory to date, we have benefited from the technical expertise of consultants contracted to deliver services. However, the systems used to make payments in foreign currencies to grant recipients are not fit for purpose, requiring a significant amount of staff time and a separate form to be filled out for each forex payment.

**Risks: Limited risks:** linked to in-house capacity to administer increased payments may result in delayed.

### Option 2: Bring all work in house

**Costs: £994,682;** including £929,406 (Table 11 and Table 12) in staff costs and £45,276 (Table 13) in travel and workshops (incl. VAT).

To bring the work in-house, the estimated costs would be up to the FTE equivalent of the external staff who currently do this work. The current Fund Manager not only administers finances related to the funded projects (as in Option 1), they also a) conduct independent M&E assessments of bids, b) work with in-country offices to produce project evaluations, c) complete project evaluations annually with tailored recommendations and reports and d) run training on evaluations and workshops for applicants. Based on current externally contracted staff; the required in-house resourcing would be: 1 FTE HEO Administrator, 1 FTE EO Administrator; 1 FTE SEO Technical Support; 1 FTE M&E Specialist, 0.5 FTE HEO M&E Specialist.

Table 11: Option 2 FTE staff costs (GBP, £ including VAT and NI)

Grade	Salary	IT	SSLC	Overheads	Estates	Total	No. of staff	Total (£)
G7	65,449	2,188	228.69	6,263	12,000	86,129	1	86,129
SEO	48,442	2,188	228.69	6,263	12,000	69,122	1	69,122
HEO	39,552	2,188	228.69	6,263	12,000	60,232	1.5	90,348
EO	32,120	2,188	228.69	6,263	12,000	52,800	1	52,800
<b>TOTAL</b>							Baseline	<b>298,399</b>
							Scaled-up (x 2.64 factor)	<b>787,773</b>

Table 12: Option 2 In-house costs for managing payments FTE staff costs (GBP, £ including VAT and NI)

Grade	Salary	IT	SSLC	Overheads	Estates	Total	FTE	Total (£)
HEO	39,552	2,188	228.69	6,263	12,000	60,732	0.25	<b>15,183</b>
AO	24,862	2,188	228.69	6,263	12,000	46,042	0.5	<b>23,021</b>
AO	24,862	2,188	228.69	6,263	12,000	46,042	0.5	<b>23,021</b>
<b>TOTAL</b>							Baseline	<b>61,225</b>
							Scaled-up (x 2.64 factor)	<b>161,633</b>

Table 13 Option 2: Additional expenses (est. travel and training costs)

	Refreshments (30 pax/per event)	Venue <sup>53</sup>	Total	No. of events	TOTAL
Training events (1 full day / year)	450	0	450	4	<b>1,800</b>

<sup>53</sup> Assumes using a Defra venue; an external venue est. cost £1,000/day

2 Strategy days, 5 application workshops	450	0	450	7	<b>3,150</b>	
<b>TOTAL</b>					Baseline	<b>4,950</b>
					Scaled-up (x 2.64 factor)	<b>13,068</b>
	<b>Flights &amp; visa per pax</b>	<b>T&amp;S for 3 nights</b>	<b>Total</b>	<b>No. of trips</b>	<b>No. of staff</b>	<b>TOTAL</b>
In-country visits	1,000	525	1,525	4	2	12,200
<b>TOTAL</b>					Baseline	<b>12,200</b>
					Scaled-up (x 2.64 factor)	<b>32,208</b>

**Benefits: Low-moderate.** Funds could be managed in-house satisfactorily. At least in the short-medium term, Defra currently lacks the technical expertise to administer the funds to the same standard as an external contractor capable of demonstrating access to expertise and networks to draw on which Defra does not currently have in-house including technical expertise (biodiversity, poverty reduction, in-country experience, international finance, and MEL). In the long-term this could, if investment in in-house capability results in increased in-house expertise and institutional knowledge, reducing reliance on external parties

**Risks: Moderate-high risk.** Current lack of technical expertise within Defra and lack of capacity in-house to administer the schemes and the increased payments, risks delays in grant administration and payments.

### *Option 3: Compete all services in the open market*

**Costs:** Given the level of services required and the costs of the other options, the maximum cost for this option would be between **£550-600,000** per year (incl. VAT), based on current status and between **£1,700,000 - £2,000,000** (incl. VAT) for a scaled-up of programmes (x2.64) with additional services provided.

A cost range has been provided as the outsourced cost of making payments is not yet known.

**Benefits: Very high,** benefiting from international expertise, networks and economies of scale provided by a Fund Manager; open competition will support value for money and efficiency gains.

**Risks: Limited risks.** short-term risk of delays during transition, reducing over medium to long term.

## Annex F. Accounting Officer Tests

The primary accounting office tests have been considered throughout this business case:

**Affordability** (and financial sustainability): the intervention is *affordable*.

Projects work to agreed budgets and avoid unaffordable longer-term commitments, assessing proposed budgets and financial sustainability prior to award, with delivery monitored through the financial controls. The Initiative will be delivered subject to agreed budget availability with safeguards in place to curtail activities should future budgets not be secured, and grants awarded after an affordability assessment.

**Regularity:** The intervention is *regular* as it is compliant with the relevant legislation and guidance in *Managing Public Money*.

There is adequate legal authority for the spending under the powers in the International Development Act 2002, with poverty reduction being addressed both directly, e.g. activities that help secure increased income for local communities, and indirectly e.g. through avoiding the future impacts of climate change that would impact people, in particular the poor, disproportionately. Grants will be made in accordance with relevant legislation, the relevant delegated authority and all requirements specified in *Managing Public Money*.

**Propriety:** The intervention is *proper* as it meets the standards in *Managing Public Money* and accords with the generally understood principles of public life.

All risks are within the agreed risk profile, with a low appetite for fiduciary risk, but an appetite for delivery risk where there is potential for scaling or transformation. Established due diligence and safeguarding processes, will be applied to each potential grantee prior to award, and throughout the lifespan of the grant agreement. ODA funding will be allocated under the International Development Act 2002.

**Value for money:** the intervention is assessed as providing *value for money*.

Alternatives have been appraised to ensure value for money. This intervention provides greater scale and wider range of benefits that are more aligned with UK's strategic objectives, effective targeting, increased flexibility to innovate and an ability to respond to the changing priorities.

**Economy:** ensured through the optimal allocation of funding streams, and selection of projects on merit.

**Efficiency:** encouraged by utilising sectoral expertise to recommend projects for award, building on the effective work of the Darwin Initiative since 1992, and a systematic approach to learning and lesson sharing.

**Effectiveness:** achieved through a wider range of quality proposals, providing a scaling pathway for the best, effectively managing risk, and an improved results framework for measuring the outcomes and impacts.

**Equity:** ensured by valuing proposals contributing to reducing inequality between genders and marginalised groups, and utilise indicators to track equity performance.

The risk-reward profile is appropriate, given the urgency and impact of biodiversity loss and degradation, and poverty to a just transition. The programme will mainstream biodiversity into policy and practice, strengthening capacity and capability to scale up and sustain action.

**Feasibility:** the intervention is *feasible and deliverable*.

The Darwin Initiative was established in 1992 and has a track record of delivering projects for biodiversity and livelihoods, it therefore is considered feasible and deliverable. The case for its continued need, the impact and sustainability of the interventions is made in the Business Case.

# Annex G. Darwin Expert Committee

## Terms of Reference for The Darwin Expert Committee

### *Objectives*

The primary role of the Darwin Expert Committee (DEC) is to assess applications for funding, to enable Defra to advise ministers on the highest quality projects for funding. DEC helps to ensure that UK Government funding granted through the Darwin Initiative is spent on high quality projects aimed at conserving global biodiversity and achieving sustainable developing.

### *The objectives of DEC are:*

- To assess applications for funding based on the criteria set out by the Defra Secretariat
- To agree a list of high-quality projects which can be recommended to Defra ministers for funding
- To contribute to discussions on the future direction of the fund
- To represent and promote the fund

### *Membership*

Members are appointed to DEC based on fair and open competition following UK Government Public Appointments guidelines, with terms lasting three years, with an option to extend a further three years.

Ex-officio members will also sit on DEC, primarily representing Defra's arms-length bodies. Policy officials from Defra and other government departments also sit on DEC.

A stipend is offered, of £150 per day (up to a maximum of 10 days per annum) plus reimbursement of reasonable travel and subsistence costs for attending committee meetings.

### *Notice of Meetings*

The Defra Secretariat will endeavour to give as much notice as possible with regards to meetings dates, and at least 6 months wherever possible.

The agenda items for discussion and supporting papers will be emailed by the Defra Secretariat to the members of DEC, and any other person required to attend, no later than five working days before the meeting.

### *Frequency of meetings*

Meetings will be held twice annually. A one day sift meeting to discuss applications following Stage 1, and a one day sift meeting and one day strategy day following Stage 2 (three days in total). Meetings will usually be held in person where possible, although they may be conducted via videoconferencing in exceptional circumstances. One day refers to a full working day (9:00-17:00). Group members are expected to be available for all sift and strategy meetings.

Additional meetings may be held if required (for example to discuss arising issues, updates on the fuds, or consultations), however attendance at these is voluntary. In the instance that there are further meetings, these are likely to be held remotely.

### *Format of Meetings*

The format of meetings will be agreed between the Chair, the Defra Secretariat, and LTS International in advance of the meeting and will be outlined at the top of the meeting. At the sift 1 meeting this is likely to involve discussing the lowest scoring applications and working up, with a view to producing a list of applications which will be invited to submit a stage 2 bid. At sift 2 the meeting will usually work down from the highest scoring applications until the available budget has been allocated (plus reserve projects).

Members will declare a conflict of interest in advance of the assessment process, and will leave the meeting during the discussion of any application where there is a conflict. If the Chair has a conflict they will leave and nominate a deputy to lead the discussion.

Strategy meetings will involve presentations from LTS International, the Defra Secretariat, other HMG policy officials, and potentially from project leads. Discussions and questions will be led by the Chair.

### *Decision making*

Recommendations will be made following discussions at the sift meetings, and based on the general consensus of the group. Final decisions on funding and strategic changes always rest with Defra.

### *Chair*

The Chair will chair meetings. They will be appointed based on fair and open competition, following UK Government Public Appointments guidelines.

### *The Chair is responsible for:*

- Acting as the public face of DEC, alongside Defra and other government ministers, representing and promoting the strategic interests of the Darwin Initiative at the most senior levels across the public, business, academic sectors, and to non-governmental organisations
- Chairing meetings, including application sift meetings, and ensuring consistent standards of assessment are applied and that recommended projects demonstrate a strong evidence base and excellent value-for-money
- Guiding strategic discussion on the scheme aims, priorities and further development and advising on recommendations to be made to Ministers
- Attending and chairing/speaking at events including workshops, and conferences and seminars
- Advising the Darwin Initiative Secretariat (Defra) on preparations for application sift processes, advisory meetings, and other matters
- Sitting as Chair on the interview panel for new members of DEC.

## Current membership of The Darwin Expert Committee

Chair	
	University of Oxford
Members	
	University of Stirling
	Fauna and Flora International (FFI)
	Community Centred Conservation (C3)
	University of Oxford
	Fauna and Flora International (FFI)
	Independent
	Bangor University
	UN Environment Programme - World Conservation Monitoring Centre (UNEP-WCMC)
	Fauna and Flora International (FFI)
	Fauna and Flora International (FFI)
	Independent
	International Institute for Environment and Development (IIED)
	Botanic Gardens Conservation International (BGCI)
	World Wild Fund for Nature (WWF)
	Independent
	Royal Botanic Garden, Edinburgh
Ex-officio members:	
	Defra
	National History Museum
	Centre for Environment, Fisheries, and Aquaculture Science (Cefas)
	Joint Nature Conservation Committee (JNCC)
	Royal Botanic Gardens, Kew

## Annex H. Eligible Geographies

The Darwin Initiative is a global challenge fund seeking proposals that have the potential to be transformational at the landscape and regional scale, or application in new geographies or lead to systematic change. See Section 5.4 for further details on geographies.

### Low Income Countries

Afghanistan	Ethiopia	Mali	South Sudan
Bangladesh	Gambia	Mauritania	Sudan
Benin	Guinea	Mozambique	Tanzania
Bhutan	Guinea-Bissau	Myanmar	Timor-Leste
Burkina Faso	Haiti	Nepal	Togo
Burundi	Kiribati	Niger	Tuvalu
Cambodia	Korea, Democratic People's	Rwanda	Uganda
Central African Rep.	Republic	São Tomé & Príncipe	Yemen
Chad	Laos	Senegal	Zambia
Comoros	Lesotho	Sierra Leone	Zimbabwe
Congo, Dem. Rep.	Liberia	Solomon Islands	
Djibouti	Madagascar	Somalia	
Eritrea	Malawi		

### Lower Middle-Income Countries

Angola	Georgia	Mongolia	Tunisia
Armenia	Ghana	Morocco	Uzbekistan
Bolivia	Guatemala	Nicaragua	Vanuatu
Cabo Verde	Honduras	Nigeria	Viet Nam
Cameroon	India	Pakistan	West Bank & Gaza Strip
Congo, Rep.	Indonesia	Papua New Guinea	
Côte d'Ivoire	Jordan	Philippines	
Egypt	Kenya	Sri Lanka	
El Salvador	Kyrgyzstan	Syria	
Eswatini	Micronesia, Fed. States	Tajikistan	

### Upper Middle-Income Countries (limited access to support, see Section 5.4)

Algeria	Fiji	Mauritius	St Lucia
Argentina	Gabon	Mexico	St Vincent & the Grenadines
Belize	Grenada	Montserrat	Suriname
Botswana	Guyana	Namibia	Thailand
Brazil	Iran	Nauru	Tonga
China	Iraq	Niue	Turkey
Colombia	Jamaica	Pakistan	Turkmenistan
Costa Rica	Kazakhstan	Paraguay	Venezuela
Cuba	Lebanon	Peru	
Dominica	Libya	Pitcairn Islands	
Dominican Republic	Malaysia	Samoa	
Ecuador	Maldives	South Africa	
Equatorial Guinea	Marshall Islands	St Helena & Tristan da Cunha	

## Annex I. Draft Logframe, assumptions and indicators

Draft Logframe with assumptions (underpinning Options 1 and 2, Economic Case) and examples of potential indicators, to be strengthened further through the ongoing independent evaluation contract with Ecorys.

Indicative estimates against outcome and output indicators are based on project results from previous round/s and scaled in line with the analysis in the economic case (approximately 7). A range is presented accounting for +-25% potential variation in results.

Estimates reflect the results that might be achieved by the end of the project lifetimes (2027/28) and do not account for any post-project results. Estimates are conservative: past project results are based only on projects reporting the relevant indicators, and so only represent a subset; restructuring of Darwin likely to generate stronger scale up.

### Impact

The rates of biodiversity loss and degradation are slowed, halted or reversed, and poverty reduced in developing countries.

#### Potential Indicators:

- National Biodiversity Strategies and Action Plans /CBD Post-2020 Framework Scorecard.
- SDG Scorecard.
- Transformational change (methodology to be developed, but to be influenced by the ICF KPI 15)

### Outcome

Local communities and stakeholders have sustained improvement in policy and practice that results in gains for biodiversity and poverty reduction.

#### Assumptions:

- Not exceeded by other negative pressures on biodiversity/poverty
- Policy and practice replicable and applicable in other locations
- Finance available to scale approaches beyond Darwin Initiative
- Capability sufficient to sustain outcomes for impact
- Monitoring, Evaluation and Learning systems are capable of assessing the outcome.

#### Potential Indicators:

- Area of biodiversity with improved management (disaggregated by protected areas/non-protected areas, landscape/seascape/ecosystem). Between **4-6 million hectares** under improved management.
- Number of people with improved outcomes: i) income; ii) disaster/climate resilience; iii) representation/protections iv) water, food security and nutrition (all disaggregated by gender). i) Between **200-350k individual** beneficiaries of income improving or generating activities. iv) Between **40,000-65,000 individuals** with improved food security.
- Number of laws, regulations, and policies with new biodiversity provisions that have been enacted or amended.
- Finance leveraged by new activities building on evidence, best practices and projects. **£110m-£125m** of additional post-project finance for biodiversity-related activities.

### Output 1

#### Indicators

Capability and capacity of national and local stakeholders enhanced.

- 1.1 Number of indigenous and local communities, and stakeholders with improved capacity.
- 1.2 Number of grants awarded to applicants based in eligible countries.
- 1.3 Number of people completing structured training (disaggregated by gender). **Between 45,000-80,000 people trained.**
- 1.4 Number of secondments or placements conducted (disaggregated by gender).

### Output 2

#### Indicators

Biodiversity-Poverty Reduction Policies and Management Plans are available and accessible.

- 2.1 Number of new/improved biodiversity (Species/Habitat) management plans (including sustainable use, restoration and invasive species control). **Between 800-1300 action plans produced.**
- 2.2 Number of policies strengthened, developed or formally contributed to at local and national levels on biodiversity-poverty reduction issues by projects.



Output 3	Indicators
Evidence is utilised, and Best Practices are developed, refined and made available.	<p>3.1 Number of best practice guides developed or strengthened (e.g. working with marginalised communities, gender best practices, developing enterprises, programme management etc.). Between <b>400-700 species</b> guides produced.</p> <p>3.2 No. of conservation assessments (habitat/species) or species stock assessments conducted and published.</p> <p>3.3 No. of downloads of peer reviewed publications and best practices. Between <b>500-900</b> papers published in peer reviewed journals.</p>

Output 4	Indicators
Programme management adapts to strengthen delivery of the challenge fund.	<p>4.1 Proportion of grants awarded to applications received (potential number of applications that met an expected standard, or some pragmatic measure of application quality)</p> <p>4.2 Leverage achieved by projects (disaggregated by public/private finance) at application (matching finance element of the application process).</p> <p>4.3 The number of change requests received by active projects.</p> <p>4.4 Project Annual Review and Final Review Scores (Scorecard)</p>

**Assumptions:**

- Poverty reduction and biodiversity benefits are achievable and compatible (not mutually exclusive or involve significant trade-offs)
- Built capacity remains available (stays in the sector and country)
- Appetite exists to adopt new policies and best practices
- The barriers are proven to be true, and can be addressed; no significant unforeseen barriers are identified.
- Finance available convert outputs into outcomes (ODA and leveraged)
- Country stability supports planned delivery of projects.
- Stakeholders, communities, enterprises, local and national government bodies, non-governmental organisations, and academics are engaged early and appropriately.
- Delivery partner stability does not negatively affect project activities.
- Monitoring, Evaluation and Learning systems are robust and pragmatic

**Activities**

- Assistance with programme development and management (webinars and written materials)
- Expert review, including guidance for 2-stage schemes, to robustly identify the best projects
- Building a better understanding of biodiversity
- Building a better understanding of poverty reduction
- Convening & engaging stakeholders
- Supply/installation of equipment/plants/animals
- Training (technical and programme), and skill share
- Technical advice, introduction of best practices & evidence
- Baseline/assessments
- Evaluating practices and lessons learnt

**Assumptions:**

- Expert Committee only identifies the strongest proposals.
- In-country organisations wish to engage and develop capability and capacity
- Lessons learnt, and best practices are efficiently captured and shared by the programme, and reflected in project design and delivery.
- Duplication of existing work is avoided.

**Inputs**

- Finance (HMG and leveraged)
- Defra Resourcing
- Knowledge & Expertise (verbal and written)

**Assumptions:**

- Darwin Initiative remains aligned to HMG Strategy and continues to receive support.
- High quality and eligible applications are received